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Macroeconomic policy questions: international financial system and development

Report of the Second Committee*

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I. Introduction

1. The Second Committee held a substantive debate on agenda item 18 (see A/67/435, para. 2). Action on sub-item (b) was taken at the 29th and 38th meetings, on 15 November and 14 December 2012. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/67/SR.29 and 38).

II. Consideration of proposals

A. Draft resolutions A/C.2/67/L.24 and A/C.2/67/L.62

2. At the 29th meeting, on 15 November, the representative of Algeria, on behalf of the Group of 77 and China, introduced a draft resolution entitled "International financial system and development" (A/C.2/67/L.24), which read:

"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

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22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008, 64/190 of 21 December 2009, 65/143 of 20 December 2010 and 66/187 of 22 December 2011,

“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, the Rio Declaration on Environment and Development, Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Plan of Implementation of the World Summit on Sustainable Development (‘Johannesburg Plan of Implementation’),

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

“Recalling also the high-level plenary meeting of the General Assembly on the Millennium Development Goals and its outcome document,

“Recalling further the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012 and its outcome document entitled ‘The future we want’,

“Recognizing the work undertaken by the 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, and taking note of its progress report, and reiterating the need to ensure proper follow-up to the outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development and the decision to explore the most efficient modalities for the intergovernmental follow-up process of that Conference,

“Expressing deep concern over the adverse impact of the ongoing world financial and economic crisis on developing countries, which highlighted long-standing systemic fragilities and inequalities in the global financial markets, and stressing that the recovery has been threatened by new circumstances, including the deepening and widespread fiscal strains in the economies of developed countries, as well as the excessively expansionary monetary policies pursued by central banks of developed countries, and that the systemic problems facing the global economy have to be resolved, including through the full accomplishment of the reform of the global financial system and architecture,

“Expressing deep concern also over the future possible impacts on developing countries of the current sovereign debt crisis in Europe, which is costly and disruptive, including for employment and productive investment, and is being followed by cuts in public spending,

“Noting that, while some developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks, recalling the commitments

made to support strong, sustainable, balanced and inclusive growth, and reaffirming the need to work cooperatively to meet development commitments to achieve the Millennium Development Goals by 2015,

“Reaffirming the purposes of the United Nations, as set forth in its Charter, including to achieve international cooperation in solving international problems of, inter alia, an economic and social 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,

“Emphasizing the urgent need for the United Nations to assume a central and proactive role in global economic governance, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

“Reiterating that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, the creation of jobs and efforts to eradicate poverty and hunger in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

“Recalling the Fourth United Nations Conference on the Least Developed Countries and the Programme of Action for the Least Developed Countries for the Decade 2011-2020, and recognizing, in this context, that the international financial system should be supportive, as appropriate, of the special needs and priorities of the least developed countries, and that the international financial and trade architecture should be supportive of and responsive to the special needs and priorities of the least developed countries and that there should be enhanced coordination and coherence among the different policy areas of the international development architecture, including official development assistance, trade, foreign direct investment, debt and finance, taking into account new and emerging challenges,

“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,

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

“2. *Reiterates* the urgent need and commitment to enhance the coherence 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, inclusive and equitable economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;

“3. *Stresses* the need to act decisively to tackle the challenges confronting the global economy in order to ensure balanced, sustainable, inclusive and equitable global growth with full and productive employment and quality jobs, and also stresses the need for significant mobilization of

resources from a variety of sources in order to promote full and productive employment and decent work for all;

“4. *Expresses serious alarm* over the substantial increase in the financial stability risks of many developed economies, and in particular their high structural fragilities in financing sovereign debt created in part as a result of transferring private risk to the public sector, and calls for urgent and coherent solutions to reduce sovereign risk in developed economies to prevent contagion and to mitigate its impact on the international financial system;

“5. *Notes with concern* that the ongoing economic and financial crisis continues to threaten growth, productive investments and jobs in developing countries;

“6. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, and recognizes that more needs to be done in order to ensure a full return to growth with full and productive employment and quality jobs, to reform and strengthen financial systems, to create strong, sustained and balanced global growth and to ensure sustainable development;

“7. *Also notes* that the United Nations, on the basis of its universal membership and legitimacy, provides a unique and key forum for discussing international economic issues and their impact on development, and reaffirms that the United Nations 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;

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

“9. *Also recalls* that countries must have the flexibility necessary to implement countercyclical measures and to pursue tailored and targeted responses to the crisis, and calls for conditionalities to be streamlined to ensure that they are timely, tailored and targeted and that they support developing countries in the face of financial, economic and development challenges;

“10. *Further recalls*, in this regard, the 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 precautionary and liquidity line, while also noting that new and ongoing programmes should not contain unwarranted procyclical conditionalities;

“11. *Urges* the multilateral development banks to continue to move forward on flexible, concessional, fast-disbursing and front-loaded instruments that will substantially and quickly assist developing countries facing financing gaps in their efforts to achieve the Millennium Development Goals, taking into

consideration the individual absorptive capacities and debt sustainability of those countries;

“12. *Notes with concern* that both private and official capital flows to developing countries remain unpredictable;

“13. *Recognizes* the role of private capital flows in mobilizing financing for development, stresses the challenges posed by excessive short-term capital inflows to many developing countries, recognizes the necessary policy space for the adoption of macroprudential and capital control measures available to mitigate the impact of volatile capital flows, and requests the Secretary-General to take this into account in preparing his report on the implementation of the present resolution;

“14. *Notes* that 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 to stabilize macroeconomic developments;

“15. *Encourages* the establishment of international statutory mechanisms to facilitate timely debt restructuring and debt resolution and to provide greater clarity concerning the rules by which sovereign debt restructuring and debt resolution will occur, thereby contributing to international financial stability;

“16. *Reaffirms* the importance of ensuring the full participation of developing countries in international economic and financial decision-making and norm-setting, and in this regard takes note of important but still insufficient decisions on reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, and reiterates the importance of a much more ambitious reform process of the governance structure of those institutions and of an accelerated road map for further reforms on the voice, participation and enhanced voting power of developing countries based on an approach that truly reflects their development mandate and delivers more effective, credible, accountable and legitimate institutions;

“17. *Notes*, in this regard, the decisions taken by the World Bank Group on voice and participation and further institutional reforms to meet new challenges, and the addition of the twenty-fifth Chair to the Boards of Executive Directors of the World Bank Group, looks forward to progress in its institutional reforms, and calls for the swift implementation of the 2010 quota and governance reform of the International Monetary Fund;

“18. *Stresses* the importance of the comprehensive review of the quota formula to better reflect the current realities and ensure the full voice and participation of developing countries in a manner that results in a meaningful increase in the quota shares of developing countries, without such an increase coming at the expense of other developing countries;

“19. *Reiterates* the importance of an open, transparent and merit-based process for selecting the heads of the International Monetary Fund and other international financial institutions;

“20. *Emphasizes* the need for more government action and public surveillance so as to ensure an appropriate regulation of the market that

promotes the public interest, and in this regard recognizes the need to better regulate financial markets to promote economic stability and ensure the soundness of the financial system and its correspondence with the real economy;

“21. *Stresses* that the current international reserve system based on a single national currency contributes to economic imbalances and market instability, takes note of proposals for reforming the current system, including with regard to the functions of expanded special drawing rights, encourages continued discussion on this issue, and requests the Secretary-General to prepare a detailed study on the feasibility of a more efficient and equitable reserve system, including a stronger role for regional commercial and reserve arrangements, and contingent facilities for balance of payments problems;

“22. *Reiterates* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, and stresses the need to continue strengthening surveillance of financial policies of countries;

“23. *Stresses* in this regard the need to strengthen intergovernmental and independent surveillance of developed countries’ financial policies and their impact, inter alia, on international interest rates, exchange rates and capital flows, including private and public financing in developing countries;

“24. *Recognizes* the need for better coordination of financial and economic policies at the international level to tackle pressing financial and economic challenges;

“25. *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 play a significant role in the provision of information, including the assessment of corporate and sovereign risks, and in this regard reiterates the invitation to the President of the General Assembly to convene a thematic debate on the role of credit-rating agencies in the international financial system, and requests the Secretary-General to report on new and ongoing measures to establish new or improve existing credit-rating agencies and their capacity to accurately assess the creditworthiness of borrowers;

“26. *Invites* the international financial and banking institutions to continue enhancing 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 institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

“27. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue 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, stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts,

thus enhancing their ownership and overall efficiency, and in this regard welcomes recent capital increases at multilateral and regional development banks and, in addition, encourages efforts to ensure that subregional development banks are adequately funded;

“28. *Encourages* enhanced regional and subregional cooperation, including through regional and subregional development banks, commercial and reserve currency arrangements and other regional and subregional initiatives;

“29. *Stresses* the need to continuously improve standards of corporate and public sector governance, where appropriate in a manner consistent with national legislation, including those related to accounting, auditing and measures to ensure transparency, particularly in the fiscal field, noting the disruptive effects of inadequate policies;

“30. *Requests* the Secretary-General to submit to the General Assembly at its sixty-eighth session a report on the implementation of the present resolution, to be prepared in cooperation with the Bretton Woods institutions and other relevant stakeholders;

“31. *Decides* to include in the provisional agenda of its sixty-eighth session, under the item entitled ‘Macroeconomic policy questions’, the sub-item entitled ‘International financial system and development’.”

3. At its 38th meeting, on 14 December, the Committee had before it a draft resolution entitled “International financial system and development” (A/C.2/67/L.62), submitted by the Vice-Chair of the Committee, Mr. Stefano Stefanile (Italy), on the basis of informal consultations held on draft resolution A/C.2/67/L.24.

4. At the same meeting, upon the proposal of the Chair, the Committee agreed to waive the relevant provisions of rule 120 of the rules of procedure of the General Assembly and to proceed to act on draft resolution A/C.2/67/L.62.

5. Also at the same meeting, the Committee was informed that draft resolution A/C.2/67/L.62 had no programme budget implications.

6. Also at the 38th meeting, the Vice-Chair of the Committee orally corrected the draft resolution (see A/C.2/67/SR.38).

7. At the same meeting, the Committee adopted draft resolution A/C.2/67/L.62, as orally corrected (see para. 12).

8. In the light of the adoption of draft resolution A/C.2/67/L.62, draft resolution A/C.2/67/L.24 was withdrawn by its sponsors.

B. Draft resolution A/C.2/67/L.25

9. At the 29th meeting, on 15 November, the representative of Algeria, on behalf of the Group of 77 and China, introduced a draft resolution entitled “Follow-up to the Conference on the World Financial and Economic Crisis and Its Impact on Development” (A/C.2/67/L.25), which read:

“The General Assembly,

“Recalling its resolution 63/303 of 9 July 2009, in which it endorsed the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, held in New York from 24 to 30 June 2009,

“Recalling also its resolution 63/305 of 31 July 2009, in which it decided to establish 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,

“Recalling further its decision of 13 September 2010 to take note of the progress report of the 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,

“Recalling the proposal, contained in the progress report of the Ad Hoc Open-ended Working Group, to hold a follow-up conference on the world financial and economic crisis and its impact on development, as put forward by a large number of Member States for further consideration by the General Assembly,

“Recalling also its resolution 65/313 of 12 September 2011, and its decision to explore further the most efficient modalities for the intergovernmental follow-up process of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and its request to the President of the General Assembly to hold open, inclusive, timely and transparent consultations with all Member States,

“Recalling further the decision of the President of the General Assembly to hold a high-level thematic debate on 17 and 18 May 2012, to contribute to the consultations among Member States regarding the follow-up process of the outcomes of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

“Recalling the urgent call made by Heads of State during the high-level debate, as they stressed the need for more action by the United Nations to follow up the Conference on the World Financial and Economic Crisis and Its Impact on Development,

“Recognizing the need to ensure proper follow-up to the outcomes of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

“1. *Decides* to hold a follow-up conference on the world financial and economic crisis in May 2013, and in this regard welcomes the offer of the Government of Kazakhstan to host the conference;

“2. *Also decides* to include in the provisional agenda of its sixty-eighth session under an item entitled ‘International Financial System and Development’, a sub-item entitled ‘Follow-up to and implementation of the outcome of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development’.”

10. At the 38th meeting, on 14 December, the Chair of the Committee, George Wilfred Talbot (Guyana), made a statement, in the course of which he informed the Committee that a number of paragraphs of draft resolution A/C.2/67/L.25 had been incorporated into draft resolution A/C.2/67/L.62, which had just been adopted.

11. At the same meeting, in the light of the adoption of draft resolution A/C.2/67/L.62, draft resolution A/C.2/67/L.25 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

12. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

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, 63/205 of 19 December 2008, 64/190 of 21 December 2009, 65/143 of 20 December 2010 and 66/187 of 22 December 2011,

Recalling also the United Nations Millennium Declaration¹ 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,² the Rio Declaration on Environment and Development,³ Agenda 21,⁴ the Programme for the Further Implementation of Agenda 21,⁵ and the Plan of Implementation of the World Summit on Sustainable Development (“Johannesburg Plan of Implementation”),⁶

Recalling further 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 2008,⁷

Recalling the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,⁸

Recalling also the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome document,⁹

¹ Resolution 55/2.

² *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

³ *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex I.

⁴ *Ibid.*, annex II.

⁵ Resolution S-19/2, annex.

⁶ *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

⁷ Resolution 63/239, annex.

⁸ Resolution 63/303, annex.

⁹ Resolution 65/1.

Recalling further the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012 and its outcome document, entitled “The future we want”,¹⁰

Recognizing the work undertaken by the 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, and taking note of its progress report,¹¹

Recalling the high-level thematic debate of 17 and 18 May 2012 on the state of the world economy and finance and its impact on development, convened by the President of the General Assembly to contribute to the consultations among Member States regarding the follow-up process of the outcomes of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

Expressing deep concern about the ongoing adverse impacts of the world financial and economic crisis, particularly on development, cognizant that the global economy, notwithstanding significant efforts, remains in a challenging phase with elevated downside risks, including turbulence in global financial and commodity markets, high unemployment and indebtedness in several countries and widespread fiscal strains, which threaten the global economic recovery and reflect limited progress towards sustaining and rebalancing global demand, and stressing the need to continue to address the systemic fragilities and imbalances and the need for continuing efforts to reform and strengthen the international financial system,

Noting that, while some developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks, recalling the commitments made to support strong, sustainable, balanced and inclusive growth, and reaffirming the need to work cooperatively to meet development commitments to achieve the Millennium Development Goals by 2015,

Recalling the commitment to work in solidarity on a coordinated and comprehensive global response to the ongoing adverse impacts of the world economic and financial crisis on development and to take actions aimed at, inter alia, restoring confidence, sustaining economic growth, and creating full and productive employment and decent work for all,

Reaffirming 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 common ends, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

Recognizing that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, job creation and efforts to eradicate poverty and hunger in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

¹⁰ Resolution 66/288, annex.

¹¹ A/64/884.

Recalling the Fourth United Nations Conference on the Least Developed Countries and the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020,¹² and recognizing, in this context, that the international financial institutions should be supportive, in accordance with their mandates, of the special needs and priorities of the least developed countries,

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,

1. *Takes note* of the report of the Secretary-General;¹³
2. *Recognizes* the need to continue and intensify efforts to enhance the coherence and consistency of the international monetary, financial and trading systems, and reiterates the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained, inclusive and equitable economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;
3. *Stresses* the need to act decisively to tackle the challenges confronting the global economy in order to ensure balanced, sustainable, inclusive and equitable global growth with full and productive employment and quality jobs, and also stresses the need for significant mobilization of resources from a variety of sources and the effective use of financing in order to promote full and productive employment and decent work for all;
4. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, and recognizes that more needs to be done in order to promote the economic recovery, to address turbulence in global financial and commodity markets, to tackle high unemployment and indebtedness in several countries, as well as widespread fiscal strains, to reinforce the banking sector, including by increasing its transparency and accountability, to address systemic fragilities and imbalances and to reform and strengthen the international financial system;
5. *Notes* the initiative of the Government of the Republic of Kazakhstan to host an international conference in Astana from 22 to 24 May 2013 entitled “World Anti-Crisis Conference: effective countermeasures to global uncertainty and economic downturns”;
6. *Recognizes* the need for continued and enhanced coordination of financial and economic policies at the international level to tackle pressing financial and economic challenges;
7. *Notes* that the United Nations, on the basis of its universal membership and legitimacy, provides a unique and key forum for discussing international economic issues and their impact on development, and reaffirms that the United Nations is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial

¹² *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011* (United Nations publication, Sales No. 11.II.A.1), chap. II.

¹³ A/67/187.

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;

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

9. *Also recalls* that countries must have the flexibility necessary to implement countercyclical measures and to pursue tailored and targeted responses to the crisis, and calls for conditionalities to be streamlined to ensure that they are timely, tailored and targeted and that they support developing countries in the face of financial, economic and development challenges;

10. *Notes*, in this regard, the increase in resources and the 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 precautionary and liquidity line, a flexible credit line and a rapid financing instrument, while also noting that new and ongoing programmes should not contain unwarranted procyclical conditionalities;

11. *Urges*, in this regard, the multilateral development banks to continue 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, taking into consideration the individual absorptive capacities and debt sustainability of those countries;

12. *Recognizes* the role of private capital flows in mobilizing financing for development, stresses the challenges posed by excessive short-term capital inflows to many developing countries, notes that the design and implementation of capital flow management measures to address those challenges, such as macroeconomic policies, macroprudential measures and other forms of capital account regulations, need to take into account the specific circumstances of individual countries, and requests the Secretary-General to consider the benefits and disadvantages of these measures in preparing his report on the implementation of the present resolution;

13. *Reaffirms* the importance of broadening and strengthening the participation of developing countries in international economic decision-making and norm-setting, takes note, in this regard, of the important steps taken on the reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, which go in the direction of better reflecting current realities and enhancing the voice, the participation and the voting rights of developing countries, and recognizes the importance of continuing such reform processes in an ambitious and expeditious manner in order to deliver more effective, credible, accountable and legitimate institutions;

14. *Notes*, in this regard, the decisions taken by the World Bank Group on voice and participation and further institutional reforms to meet new challenges, and the addition of the twenty-fifth Chair to the Boards of Executive Directors of the World Bank Group, and looks forward to progress in its institutional reforms;

15. *Calls for* the swift implementation of the 2010 quota and governance reform of the International Monetary Fund, and stresses the importance of the comprehensive review of the International Monetary Fund quota formula, to be completed by January 2013;

16. *Recognizes* the importance of an open, transparent and merit-based process for selecting the heads of the international financial institutions, including the Bretton Woods institutions;

17. *Emphasizes* the need for more effective government involvement in order to ensure an appropriate regulation of the market, which promotes the public interest, and recognizes, in this regard, the need to better regulate financial markets to promote economic stability and sustained, equitable and inclusive growth;

18. *Recognizes* the role of special drawing rights as an international reserve asset, acknowledges that special drawing rights allocations helped to supplement international reserves in response to the world financial and economic crisis, thus contributing to the stability of the international financial system and global economic resilience, also 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;

19. *Reiterates* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, and stresses the need to continue strengthening surveillance of the financial policies of countries;

20. *Stresses* in this regard the need to strengthen intergovernmental and independent surveillance of national financial policies and their impact on international interest rates, exchange rates and capital flows;

21. *Invites* the international financial and banking institutions to continue 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 institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

22. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue 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, stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, welcomes, in this regard, recent capital increases at multilateral and regional development banks, and, in addition, encourages efforts to ensure that subregional development banks are adequately funded;

23. *Encourages* enhanced regional and subregional cooperation, including through regional and subregional development banks, commercial and reserve currency arrangements and other regional and subregional initiatives;

24. *Stresses* the need to continuously improve standards of corporate and public sector governance, including those related to accounting, auditing and

measures to ensure transparency, noting the disruptive effects of inadequate policies;

25. *Decides* to convene at its sixty-eighth session a separate meeting of the Second Committee under the item entitled “Macroeconomic policy questions” to discuss actions in response to the world financial and economic crisis and its impact on development and prospects for restoring confidence and economic growth, as a further contribution to the follow-up to the Conference on the World Financial and Economic Crisis and Its Impact on Development;

26. *Requests* the Secretary-General to submit to the General Assembly at its sixty-eighth session a report on the implementation of the present resolution, to be prepared in cooperation with the Bretton Woods institutions and other relevant stakeholders;

27. *Decides* to include in the provisional agenda of its sixty-eighth session, under the item entitled “Macroeconomic policy questions”, the sub-item entitled “International financial system and development”.
