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Summary record of the 11th meeting
Held at Headquarters, New York, on Wednesday, 16 October 2013, at 3 p.m.

Chair: Ms. Brown (Vice-Chair) .... (Jamaica)

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13-51378 (E)

In the absence of Mr. Diallo (Senegal), Ms. Brown (Jamaica), Vice-Chair, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 17: Macroeconomic policy questions (*continued*)

(b) International financial system and development (*continued*) (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 (*continued*) (A/68/78-E/2013/66 and A/68/357)

1. **Mr. de Aguiar Patriota** (Brazil) said that five years after the onset of the global financial crisis, it was far from clear that recovery would become a sustainable trend, despite signs of recovery in some developed countries. Given the lingering sovereign debt crises in some eurozone countries and the possibility of a serious debt issue in the world's largest economy, a resumed global recession was still a possibility.

2. Restoring sustainable growth to the world economy was the collective responsibility of the international community. Remodelling the relationship between fiscal and monetary policies while tackling the imbalances and gaps in global economic governance structures, particularly with regard to the international financial institutions, would not only contribute to a strong, sustainable and balanced recovery, but was essential for building an enabling environment for the post-2015 development agenda.

3. Developed and developing countries must find the appropriate mix of fiscal adjustment and stimulus measures. That task involved, first of all, keeping the macroeconomic focus on the resumption of economic growth and job creation. Sound macroeconomic and fiscal policy must be reinforced by strong social protection programmes, which were, inter alia, an essential tool for reactivating aggregate demand. Second, developed countries in particular must put in place short-term stimulus measures. Fiscal space and sustainability in the medium term were possible only through sustained economic growth. Third, developed country partners, and especially issuers of international reserve currencies, must take into account the spillover effects of their monetary policy decisions, especially on developing countries. Finally, capital control and macroprudential measures must be seen as effective tools to avoid excessive volatility of capital flows arising from unconventional monetary policies of developed countries.

4. Efforts to reform the Bretton Woods institutions should be redoubled. Adequate representation for the developing world was necessary to strengthen the global financial safety net and mobilize new and additional financial resources for debt-ridden countries. The delayed implementation of the 2010 International Monetary Fund quota and governance reforms was cause for serious concern. A new comprehensive review of the quota formula was also long overdue.

5. The systemic approach of the Monterrey Consensus of the International Conference on Financing for Development and the Doha Declaration on Financing for Development could provide a useful platform for the implementation and follow-up process for financing for development. In that connection, Brazil welcomed the work of the Open Working Group on Sustainable Development Goals and the Intergovernmental Committee of Experts on Sustainable Development Financing in defining sustainable development goals and exploring new and innovative ways of financing their achievement.

6. As agreed in Doha, a decision must be taken by the end of 2013 to convene a conference on financing for development no later than 2015. The conference would establish a financing for development commission as part of the Economic and Social Council in order to bridge the gap between political commitments and implementation. His delegation urged the General Assembly to launch the preparatory process for the conference.

7. Official development assistance (ODA) would remain essential to eradicate poverty and hunger. However, the reduction of ODA levels for the second consecutive year was a source of serious concern, especially at a time of falling global demand and private flows. Donors were encouraged to implement their international commitments in full.

8. The use of private sector and other non-budgetary resources to finance United Nations initiatives should be under the supervision of Member States and should never come at the expense of the regular resources traditionally allocated to the development pillar. Donor countries should scale up existing bilateral and

multilateral ODA and set clear, transparent timetables to reach agreed levels of ODA. Unmet ODA commitments should be taken into account in the context of the post-2015 development agenda. Given the current low interest rates, parameters to measure the concessionality of loans to developing countries should be approved in order to avoid inflated ODA figures.

9. **Mr. Gaumakwe** (Botswana) said that economies in the South were recovering slowly from the financial and economic crisis of 2008, and more turmoil was feared. The crisis had affected the commodities market, seriously undermining many countries' revenue streams. Weak global demand and falling mineral prices had led to reduced exports and revenue for Botswana, starting in the last quarter of 2008. National development and infrastructure programmes necessary for achievement of the Millennium Development Goals (MDGs) had been scaled back. During two consecutive fiscal years, Botswana had been forced to use some 10 per cent of its budget for deficit reduction. The crisis had led to the layoff of 39 per cent of the labour force in the mining sector, 37 per cent in the services sector and 15 per cent in the manufacturing sector.

10. Foreign direct investment (FDI) was an important driver of economic development. Botswana had created a climate conducive to FDI through various government initiatives, including one to streamline State and public entities. A new organization had been established in 2012 to spearhead investment promotion and export development activities. Botswana's FDI receipts were nonetheless modest because the country was landlocked and had a small economy.

11. Middle-income countries should not be punished, but should instead receive assistance to sustain their development progress. It was important to ensure that the middle-income countries did not experience economic slowdown. In his report on development cooperation with middle-income countries (A/68/265), the Secretary-General would have done well to note that the fact that a mere 13 of the countries graduating to middle-income status in 1960 had moved to the high-income category was a failure on the part of the international community.

12. Policies for meeting development financing needs in middle-income countries should be tailored to the individual needs of countries and expanded to include infrastructure development; capacity-building; industrialization; development and use of technology; and skills development. His delegation urged the Intergovernmental Committee of Experts on Sustainable Development Financing to propose a mechanism for financing the development priorities of middle-income countries in the post-2015 development agenda.

13. **Mr. Weisleder** (Costa Rica) said that the new development agenda required a balanced and financially viable agreement that would strengthen the underpinnings of international development. That called for open dialogue to formulate the just aspirations of developing countries in cooperation with the developed countries, based on the principle of common but differentiated responsibilities.

14. How best to mobilize national and international resources, both public and private, and attract and manage FDI and remittances were questions to be considered. In the equally important area of international trade, a just outcome to the Doha Round must be reached without delay. Lamenting the reduction of ODA over the previous two years, he said that it remained vital to the development of middle-income countries and urged the developed countries to meet their international development financing commitments under the Monterrey Consensus and the Doha Declaration. The United Nations had a central role to play in coordinating the follow-up process of development financing and should strengthen its cooperation with the World Bank, IMF and the World Trade Organization (WTO). His delegation welcomed all efforts to that end, in particular the sixth High-level Dialogue on Financing for Development.

15. Open, transparent consultations to consider and analyse innovative financing should continue. The huge challenges ahead — climate change and significant reductions in poverty, including eradication of extreme poverty and hunger — would require not only massive resources, but also their appropriate and efficient use, avoiding waste and corruption.

16. **Ms. Pacheco** (Plurinational State of Bolivia) said that in the aftermath of the recent financial crisis, the world's poor were once again paying the price for a capitalist crisis. Capitalism generated far more losers than winners, and the losers included Mother Earth.

17. The structural causes of the global capitalist crisis included the concentration of wealth in a few countries and in the hands of small groups; the use of large amounts of capital to produce and market goods and

resources that generated great wealth very rapidly; the promotion of excessive consumption; speculation designed to achieve quick profits; financial practices that damaged States' economies and sovereignty, in particular those of developing countries, and monopolized control of natural resources and profit; and a system based on the myth that foreign investment was a panacea, in which major investors dominated and States and peoples were subservient.

18. Economic development should not be oriented towards markets, capital and profits, but should instead be holistic and aim to maximize human happiness, harmony and balance with Mother Earth. In that connection, the Plurinational State of Bolivia proposed to all peoples of the world an alternative to capitalism that sought to glorify life, rather than profit. It was an approach that favoured neither exploitation of some human beings by others nor the exploitation of nature.

19. The international financial architecture must change significantly. Developing countries should participate in decision-making and the new financial system should be designed to eradicate poverty, support sustainable development, foster respect for countries' sovereign decisions and root out financial colonialism, in which international financial organizations intervened in countries' affairs, using debt as a mechanism for blackmail and imposing alien policies. She called for a new intergovernmental mechanism that would foster financing for development and another follow-up conference on financing for development. The United Nations must play a central role in the follow-up process.

20. **Mr. Kushneruk** (Ukraine) said that there was a global tendency towards stagnant economic development and growing poverty in some parts of the world. While each country had the primary responsibility for its own development, it was important to meet international commitments to developing countries, including middle-income countries.

21. He expressed concern about the impact of the financial crisis on trade, especially in developing countries and on efforts to achieve the MDGs. The Doha Development Round must be brought to a successful conclusion, as further delay in reaching agreement on a response to the global financial and economic crisis could lead to staggering losses, millions of people trapped in poverty and further erosion of development gains. The Monterrey Consensus had led to global discussions on effectiveness, currently being led by the Global Partnership for Effective Development Cooperation.

22. Ukraine was a steadfast supporter of initiatives by the United Nations Conference on Trade and Development (UNCTAD) to strengthen the trade capacities of its member States. UNCTAD had recently launched a new technical project to assess competition law in Ukraine.

23. The economy of Ukraine had accelerated in 2013, according to the World Bank, but it would need to be rebalanced. That scenario assumed a slow but orderly settlement of the crisis in Europe and resumed growth in the eurozone. Higher external demand would help the economy of Ukraine to further accelerate its pace. Tighter fiscal policy and a more flexible exchange rate policy would improve resilience to external shocks. A credible policy mix was key to securing financing to cover external imbalances. The investment climate must improve so that implementation of structural reforms could move forward, boosting long-term economic growth.

24. Huge accumulations of foreign reserves by the central banks of some countries had caused economic imbalances. The best way to achieve genuine economic growth worldwide was to invest money in real economic sectors, such as construction and production.

25. **Ms. Subramaniam** (International Monetary Fund) said that in December 2010, the Board of Governors of the International Monetary Fund had approved a package of seminal reforms to the quota and governance structure of the Fund, thus completing the fourteenth General Review of Quotas. The reform package would result in an unprecedented 100 per cent increase in total quotas and a major realignment of quota shares to better reflect changing relative weights of Fund member countries in the global economy. The reforms strengthened representation of emerging market countries through quota increases for 54 countries. They also enhanced the voice and participation of low-income countries, almost tripling their votes. The fourteenth General Review would nearly double quotas from approximately 238.5 billion special drawing rights to 477 billion. More than 6 per cent of quota shares would shift from overrepresented to underrepresented members that were dynamic emerging market and developing countries. China

would become the third largest member of the Fund. Brazil, India and the Russian Federation would be among the top 10 largest shareholders. The quota and voting share of the poorest members would also be preserved.

26. There had also been unprecedented changes in the rules for selecting members of the Executive Board, eliminating the right of certain large shareholders to appoint an executive director. All future executive directors would be elected. The share of members of the Board from European countries had been reduced compared to the number who were from the developing world. Two member groups from sub-Saharan Africa had been allocated two additional alternative executive directors.

27. The reforms had been ratified by the vast majority of member country parliaments and would go into effect as soon as the very few outstanding ratifications were completed.

28. **Ms. Barth** (International Labour Organization) said that the number of unemployed worldwide was expected to reach 202 million in 2013, of whom 73 million would be young people. Overall, the crisis had led over the past five years to an increase of 32 million in the number of unemployed people. In addition, there were some 870 million working poor who did not earn enough to lift themselves and their families out of poverty. In developing economies, the share of informal employment was still unacceptably high, standing at 40 per cent in two thirds of the countries for which data was available.

29. The lack of employment opportunities for young people was one of the greatest problems of the day. The resultant economic losses, social unrest and political instability would be felt for generations. Youth unemployment rates were two to three times higher than average and would continue to rise. The number of young people who were not in employment, education or training had increased to 15.8 per cent in industrialized economies.

30. By 2030, the world's labour force was expected to grow by some 470 million. The fundamental post-2015 challenge was to create 600 million new jobs in the next 15 years. There could be no long-term sustainable development without job creation. Policymakers must therefore meet the challenge of integrating macroeconomic, financial and labour market policies to promote growth and employment. Such actions should include measures to foster a sound investment and business climate, especially for small enterprises and start-ups. They should also include reforms to foster job creation, reduce informality and fully respect workers' rights and social protections. Labour market and social investment policies should support aggregate demand; reduce inequality; set minimum wages appropriately; reinforce the links between productivity, wages and employment; increase labour force participation, including among youth, women, older workers and persons with disabilities; reduce structural and long-term unemployment and underemployment; provide skills training, especially to vulnerable groups; and extend national social protection floors.

The meeting rose at 3.55 p.m.