

Compilation and Facilitators' Proposals: 19 November 2008

Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

47. Despite several efforts, progress in addressing systemic issues since the Monterrey Conference has been limited [EU: ~~“Despite several efforts, progress in addressing systemic issues since the Monterrey Conference has been limited.”~~ Insert “Some results have been achieved since Monterrey in addressing systemic issues. But much progress is needed in this regard.”] [CANZ: ~~“Despite several efforts, progress in addressing systemic issues since the Monterrey Conference has been limited.”~~ Insert “Since Monterrey, there has been some incremental progress in addressing systemic issues”] [US: ~~“Despite several efforts, progress in addressing systemic issues since the Monterrey Conference has been limited”~~] We resolve [US: Insert “will continue”] to undertake more decisive [US: “more decisive” Insert “appropriate”] and timely steps to [CANZ: ~~“undertake more decisive and timely steps to”~~ Insert “further”] improve the functioning of the international economic system to promote global growth and to better support development efforts. This is crucial for an integrated implementation of the Monterrey Consensus and to help achieve [JPN: Insert “sustained and inclusive economic growth, poverty reduction, and”] the internationally agreed development goals, including the Millennium Development Goals.

[G77 proposed 47alt: “Progress in addressing systemic issues since Monterrey has been minimal. We had recognized the urgent need to enhance coherence governance and consistency of international monetary, financial and trading systems. We had charged the Multilateral Financial Institutions, in particular the IMF, to inter alia, strengthen the surveillance of all economies, give high priority to the identification and prevention of potential crises and to strengthening the underpinnings of international financial stability; to reform the international financial architecture to provide greater transparency and effective participation of developing countries and countries with economies in transition ; and to broaden and strengthen the participation of developing countries with economies in transition in international decision-making and norm-setting. They failed. This partly explains the current deep and broadening financial crisis as well as the continued weaknesses in the international financial system.”]

[G77 proposed 47bis: “We resolve to urgently undertake decisive and concrete steps to address the current financial crisis and to ensure an inclusive, equitable, fair and transparent international economic system, including through addressing its structural aspects in the shortest possible time, inter alia, to promote global growth and to better support development efforts. We reaffirm our commitment to strengthen the leadership role of the United Nations in these efforts. Such an approach is critical for an integrated implementation of the Monterrey Consensus and to help achieve the internationally agreed development goals, including the Millennium Development Goals.”]

[G77 proposed 47ter: “We reaffirm that the enhancement of voice and participation of developing countries in international financial institutions, including the Bretton Woods Institutions, is vital to enhance the legitimacy and effectiveness of these institutions. The agreement regarding the recent quota review in the IMF is a modest step in the right direction, yet greater efforts are urgently needed to substantially increase the share of votes held by developing countries. A comprehensive examination of the role of BWIs is also required. We acknowledge that there is little justification for weighted voting in norm-setting and regulatory institutions. We also emphasize the need to review special drawing rights allocation.”]

[G77 proposed 47quat: “Reform efforts should also be extended to other non-representative bodies like the Financial Stability Forum and the Basel Committee. Most efforts in the formulation of standards and codes have taken place outside the multilateral system. We decide to ensure an effective and equitable representation of developing countries in standards and norms-setting bodies. We recognize that the implementation of standards and codes in developing countries with less advanced financial systems should be flexible.”]

[G77 proposed 47quint: “We reiterate our resolve to work on the basis of sound, nationally owned parts of reform paying due regard to the special needs and capacities of developing countries and to invigorate the UN system and to strengthen its relationship and coordination with multilateral financial, trade and development institutions.”]

Facilitators’ proposal for para 47: Despite efforts, progress in addressing systemic issues since the Monterrey Conference has been limited. Some results have been achieved but much progress is still needed in this regard. The progress expected after Monterrey from the multilateral financial institutions, in particular the IMF, to strengthen the surveillance of all economies, give high priority to the identification and prevention of potential crises and to strengthening the underpinnings of international financial stability did not take place. This partly explains the current deep and broadening financial crisis as well as the continued weaknesses in the international financial system. The reform of the international financial architecture to provide greater transparency and the broadening and strengthening of the voice and participation of developing countries and countries with economies in transition in international decision-making and norm-setting remains incomplete. Thus, we resolve to undertake appropriate and timely steps to improve the functioning of the international economic and financial system, noting that the Summit on Financial Markets and the World Economy on 15 November 2008 addressed several of the above issues as a contribution to the efforts to promote global growth and to better support development. It is essential to widen the scope of these efforts and broaden participation, along with strengthening the leadership role of the United Nations in this undertaking. This is crucial for an integrated implementation of the Monterrey Consensus and to help achieve the internationally agreed development goals, including the Millennium Development Goals.

Facilitators’ proposal for para 47 bis: We resolve to invigorate the UN system and to strengthen its relationship and coordination with multilateral financial, trade and development institutions. It is vital, in particular, to enhance coordination and coherence between the United Nations, the Bretton Woods Institutions and the WTO.

48. The globalization process [~~US: “The globalization process”~~ Insert “Globalization”] has continued to accelerate, bringing [~~US: “accelerate, bringing”~~ Insert “bring”] closer economic links coupled with significant economic benefits to many countries and peoples. However, this process is leaving behind [~~EU: “this process is leaving behind”~~] a considerable number of countries [~~LICH: Insert “communities”~~] as well as individuals [~~EU: Insert “are still left behind”~~]. [~~CANZ: “However, this process is leaving behind a considerable number of countries as well as individuals”~~ Insert “However, an increased effort is necessary to ensure that other countries, including regions and localities within countries, as well as groups, and individuals, particularly women and other marginalized people, are not left behind in this process.”] This implies new [~~EU: “new”~~ Insert “remaining”] challenges and demands on the [~~EU: “the”~~ Insert “national”] global economic institutions and their coherence and governance systems [~~JPN: “demands on the global economic institutions and their coherence and governance systems”~~ Insert “opportunities on which we should work together”]. [~~G77: “The globalization process has continued to accelerate, bringing closer economic links coupled with significant economic benefits to many countries and peoples. However, this process is leaving behind a considerable number of countries as well as individuals. This implies new challenges and demands on the global economic institutions and their coherence and governance systems.”~~][~~NOR: Insert “An important dimension in meeting these challenges is promoting gender equality and the empowerment of women.”~~][~~RUS: “The globalization process has continued to accelerate, bringing closer economic links coupled with significant economic benefits to many countries and peoples. However, this process is leaving behind a considerable number of countries as well as individuals. This implies new challenges and demands on the global economic institutions and their coherence and governance systems.”~~]

Facilitators' proposal for para 48: deleted

49. Countries should continue to enhance [US: ~~“continue to enhance”~~ Insert “pursue sound”] macroeconomic [US: Insert “and microeconomic”] policies and [US: Insert “structural reform, while also”]] strengthen [US: ~~“strengthen”~~ Insert “strengthening”] their financial system [US: ~~“system”~~ Insert: “systems and economic institutions”] . [G77: ~~“Countries should continue to enhance macroeconomic policies and strengthen their financial system.”~~][CANZ: Insert “Improved coordination among the relevant ministries and institutions in both developed and developing countries can assist in the formulation and effective implementation of policies at all levels”] It is equally important that [EU:Insert “regional”] international development institutions and developed countries [ROK: ~~“developed countries”~~ Insert “major economies”] tailor their international economic policies more to [EU: ~~“tailor their international economic policies more to”~~ Insert “sufficiently consider”] [CANZ: ~~“tailor their international economic policies more to”~~ Insert “make best efforts to remain sensitive to”] the needs of both low-income and middle-income countries[EU: Insert “for sustainable development, when formulating their international economic policies”]. [US: ~~“It is equally important that international development institutions and developed countries tailor their international economic policies more to the needs of both low-income and middle-income countries.”~~] Improved coordination [US: ~~“coordination”~~ Insert “cooperation”] [IMF: consider keeping the word “coordination”] among the relevant ministries and institutions in [ROK: ~~“the relevant ministries and institutions in”~~]both developed and developing countries remains necessary for a coherent formulation and effective implementation of policies at all levels.[G77:~~“Improved coordination among the relevant ministries and institutions in both developed and developing countries remains necessary for a coherent formulation and effective implementation of policies at all levels.”~~] [EU: Insert “We call on all countries whose policies have an impact on developing countries as well as developing countries themselves to increase their efforts to formulate policies consistent with the objectives of poverty eradication and sustainable development”] [CANZ: ~~“Improved coordination among the relevant ministries and institutions in both developed and developing countries remains necessary for a coherent formulation and effective implementation of policies at all levels.”~~]- moved, with editions, to become second sentence in the paragraph]

Facilitators' proposal for para 49: Improved coordination and enhanced coherence among the relevant ministries can assist in the formulation and effective implementation of policies at all levels. It is equally important that international development institutions tailor their international economic policies more to the needs of both low-income and middle-income countries. We call on all countries whose policies have an impact on developing countries to increase their efforts to formulate policies consistent with the objectives of sustained growth, poverty eradication, and sustainable development.

50. [EU: Insert “International financial and economic stability is a global public good.”] The foundations of stable international financial markets rest on sound macroeconomic and [JPN: ~~“and”~~] financial [JPN: insert “and monetary”] policies. Solid financial institutions at the country level are an essential pillar of a well-functioning international financial architecture. It is crucial, in particular, that [US: ~~“crucial, in particular, that”~~ Insert “important for all”] countries [US: Insert “and those”] with large [US: ~~“large”~~ Insert “systemically important”] economies [US: Insert “in particular, to”] manage them in ways that contribute to global stability and economic growth. [G77: ~~“The foundations of stable international financial markets rest on sound macroeconomic and financial policies. Solid financial institutions at the country level are an essential pillar of a well-functioning international financial architecture. It is crucial, in particular, that countries with large economies manage them in ways that contribute to global stability and economic growth.”~~]

Facilitators' proposal for para 50: The foundations of stable international financial markets rest on sound macroeconomic, financial, and monetary policies. Solid financial institutions at the country level are an

essential pillar of a well-functioning international financial architecture. Countries should continue to pursue sound macroeconomic policies and, as appropriate, structural reform while also strengthening their financial systems and economic institutions. It is crucial that countries, in particular systemically important economies, manage macroeconomic and financial policies in ways that contribute to global stability and economic growth.

51. [EU: Insert “We must strengthen the resilience of the international financial system. An improved oversight and regulatory framework to shape the financial sector is thus required.”] Enhanced financial information and transparency in the financial operations of public and private financial institutions, particularly banks, are key elements for a well-functioning international financial system. [CANZ: ~~“Enhanced financial information and transparency in the financial operations of public and private financial institutions, particularly banks, are key elements for a well-functioning international financial system.”~~] Insert “We recognize that reforms to the regulatory and institutional regimes for the world’s financial sectors are needed to remedy deficiencies exposed by the current financial crisis.”] National regulators should enhance financial information and transparency at the domestic level. [CANZ: Insert “The central bank, or other appropriate agency, in each country should have responsibility for financial system stability”] We will further endeavour to strengthen cooperation among national regulators to adopt adequate common [CANZ: “common”] standards, as financial resources flow increasingly across borders. [EU: “That includes timely and adequate risks disclosure in order to improve the foundation of decisions of investors.”] [G77: ~~“Enhanced financial information and transparency in the financial operations of public and private financial institutions, particularly banks, are key elements for a well-functioning international financial system. National regulators should enhance financial information and transparency at the domestic level. We will further endeavour to strengthen cooperation among national regulators to adopt adequate common standards, as financial resources flow increasingly across borders.”~~]

[G77 proposed 51alt: “Deep rooted weaknesses in regulatory and supervisory frameworks, as well as the absence of agreed standards have facilitated an increased prominence and wide spread use of highly complex globalized financial instruments, and increased the risks to the integrity of the world economy. It is important to undertake fundamental reform of the regulatory and supervisory frameworks as well as to develop better accounting standards, in order to address factors that might trigger systemic crises, in particular with regards to these new and innovative financial instruments. We will further endeavor to increase cooperation among national regulators to develop adequate common standards with equitable and universal representation, taking into account the particular circumstances of developing countries.”]

[US proposed 51: “We will further endeavour to strengthen cooperation among national regulators to strengthen international financial standards, as financial resources flow increasingly across borders. We welcome the Financial Stability Forum’s recommendation to strengthen financial systems, and the work by international standard setting bodies and by domestic bodies to implement these recommendations. We note in particular the need for enhanced transparency by financial institutions.”]

Facilitators’ proposal for para 51: We will work to strengthen the resilience of the international financial system. It is important to undertake fundamental reform of the regulatory and supervisory frameworks, as well as to develop better accounting standards, in order to address factors that might trigger systemic crises, in particular with regards to the new and innovative financial instruments. An improved oversight and regulatory framework to shape the financial sector is urgently needed to address weaknesses and remedy deficiencies exposed by the current financial crisis. National regulators should enhance financial information and transparency at the domestic level; particularly there is a need for enhanced transparency by financial institutions. As financial resources flow increasingly across borders we will further enhance cooperation among national regulators from all countries to strengthen international financial standards,

taking into consideration development perspectives. These efforts should address timely and adequate risk disclosure standards in order to improve the foundation of decisions of investors.

52. The emergence of new and highly globalized financial instruments is changing the nature of risks in the world economy[EU: Insert “, thus calling for better regulation of the markets”]. [CANZ: ~~“The emergence of new and highly globalized financial instruments is changing the nature of risks in the world economy”~~] It is [CANZ: Insert “also”] important that [CANZ: Insert “national”] regulatory [CANZ: Insert “and policy”] agencies, in cooperation with IMF, the Financial Stability Forum and other agencies, both public and private, examine [EU: Insert “in a concerted way”] the factors that might increase systemic risks and trigger systemic crises, in particular [SWZ: ~~“in particular”~~ Insert “including”] the various unregulated activities in international financial markets, [CANZ: ~~“in particular the various unregulated activities in international financial markets,”~~] with a view to assessing whether [EU: ~~“whether”~~ Insert “the modalities of”] further regulation at the national [EU: Insert “regional”] and international levels is necessary[EU: ~~“is necessary”~~] [CANZ: ~~“assessing whether further regulation at the national and international levels is necessary”~~ Insert “bolstering oversight and stability”]. [G77: ~~“The emergence of new and highly globalized financial instruments is changing the nature of risks in the world economy. It is important that regulatory agencies, in cooperation with IMF, the Financial Stability Forum and other agencies, both public and private, examine the factors that might increase systemic risks and trigger systemic crises, in particular the various unregulated activities in international financial markets, with a view to assessing whether further regulation at the national and international levels is necessary.”~~][EU: Insert “Regulators and banking supervisors shall work towards improving rating and disclosure practices. The IFIs, in accordance with their mandates, should enhance their capacity to assist developing countries concerning financial markets’ questions, such as stability, transparency, oversight, as well as providing assistance in situations of scarce liquidity.”] [CANZ: Insert “These discussions must involve both developed and developing countries to ensure these reforms meet emerging challenges.”] [MEX: Insert “We encourage all relevant national authorities to seriously consider the implementation of the recommendations regarding best practices in financial supervision and other key policy issues developed by the FSF.”]

[G77 proposed 52alt: “Enhanced financial information, transparency and regulatory control in the operation of the multilateral financial institutions is also key to a well functioning international financial system. A strengthened international financial architecture should have the capacity to anticipate and deal with the management and swift resolution of financial crises in a manner that elicits and facilitates international cooperation. We reaffirm the need for enhanced mechanism to assess the need for further regulation at the national and international levels. We support the need to have international institutions with the requisite technical capacities, credit facilities and financial resources necessary to assist countries in preventing financial crises and helping them to deal with the adverse effects of large fluctuations in the price of key commodities.”]

[CANZ proposes merging 51 and 52]

[NOR proposed 52 bis: “A reduction in tax evasion and illicit capital flight can make significant additional funds available for development. We therefore resolve to strengthen multilateral efforts to combat tax evasion and illicit capital flight.”]

Facilitators’ proposal for para 52: The emergence of new and highly globalized financial instruments is changing the nature of risks in the world economy, thus calling for better regulation of the markets. It is also important that national regulatory agencies, in cooperation with the IMF, and other relevant fora, both public and private, examine in a concerted way, the factors that might increase systemic risks and trigger systemic crises, including the various unregulated activities in international financial markets, with a view to assessing whether further regulation at the national, regional and international levels is necessary. It is also important that regulators and banking supervisors pay special attention to improving rating and disclosure practices. Enhanced disclosure practices and transparency should assist efforts to reduce tax evasion and illicit capital flight, making significant additional funds available for development.

53. We reaffirm that the Bretton Woods institutions [RUS: Insert “as part of the United Nations System,”] should be the key pillars of a strengthened international financial architecture [EU: Insert “each according to its mandate”]. They should have the capacity to deal with the management and swift resolution of financial crises in a manner that elicits and facilitates international cooperation. [EU: Insert “The IMF authority should be strengthened.”] [JPN: Insert “Especially the IMF has a critical mandate to foster the multilateral cooperation needed to restore and safeguard international monetary and financial stability and should stand ready to quickly make available substantial resources to help countries cover financing needs. The World Bank can also play a role to mitigate the difficulties countries face.”] We will undertake measures [EU: “~~undertake measures~~” Insert “make efforts”] to ensure that the Bretton Woods institutions have the technical capacities, credit facilities and financial resources necessary to assist countries in preventing financial crises and helping them to deal with [CANZ: “~~deal with~~” Insert “manage”]the adverse effects of large fluctuations in the price of key commodities[EU: “for example through the reformed IMF Exogenous Shocks Facility”]. The need for special drawing rights allocation should be kept under review. [G77: “~~We reaffirm that the Bretton Woods institutions should be the key pillars of a strengthened international financial architecture. They should have the capacity to deal with the management and swift resolution of financial crises in a manner that elicits and facilitates international cooperation. We will undertake measures to ensure that the Bretton Woods institutions have the technical capacities, credit facilities and financial resources necessary to assist countries in preventing financial crises and helping them to deal with the adverse effects of large fluctuations in the price of key commodities. The need for special drawing rights allocation should be kept under review.~~”] [MEX: “The need for special drawing rights allocation should be kept under review.”][EU: Insert “We need to ensure that the BWIs, within their mandates, are responsive and effective in helping developing countries tackle both short-term crises and long-term development needs”] [IMF: “The need for special drawing rights allocation should be kept under review.”]

[US proposal for revised, combined 52 and 53: “We reaffirm that the Bretton Woods Institutions should be the key pillars of the international financial architecture. They should have the capacity to deal with the management and swift resolution of financial crises in a manner that elicits and facilitates international cooperation. The emergence of new and highly globalized financial instruments is changing the nature of risks in the world economy, and it is important that regulatory agencies in cooperation with the IMF, the Financial Stability Forum and other agencies, both public and private, examine the factors that might increase systemic risks and trigger systemic crises.”]

Facilitators’ proposal for para 53: We reaffirm that the international financial architecture, including the Bretton Woods Institutions, needs to be reformed. The multilateral financial institutions should have the capacity to deal with the management and swift resolution of financial crises in a manner that elicits and facilitates international cooperation. A reformed IMF should foster the multilateral cooperation needed to restore and safeguard international monetary and financial stability and should stand ready to quickly make available sufficient resources to help countries cover financing needs. Similarly, the World Bank can also play a significant role to mitigate the difficulties countries face. We will strengthen efforts to ensure that the Bretton Woods institutions have the technical capacities, credit facilities and financial resources necessary to assist countries in preventing financial crises and helping them to deal with the adverse effects of large fluctuations in the prices of key commodities, for example, through the reformed IMF Exogenous Shocks Facility. We also recognize the need for keeping under review the allocation of special drawing rights.

54. Regional development banks are key actors [G77: “~~are key actors~~” Insert “can play a strong role”] in supporting development and furthering [G77: “~~furthering~~” Insert “assisting”] regional integration efforts. They play a vital role in the respective regional governance structure [US: “~~regional~~”]

~~governance structure”~~ Insert “region’s economic development”). [G77: ~~“They play a vital role in the respective regional governance structure.”~~] We must [G77: ~~“must”~~ Insert “will”] ensure [G77: Insert “where necessary”] that they have the necessary [G77: ~~“necessary”~~] resources [G77: Insert “required”] to accomplish their tasks. [US: ~~“We must ensure that they have the necessary resources to accomplish their tasks”.~~] [CANZ: ~~“We must ensure that they have the necessary resources to accomplish their tasks”.~~] Other regional cooperation frameworks such as financial and monetary arrangements that complement the international financial system can be instrumental in fostering development and financial stability among its members [EU: Insert “if they are in accordance with the existing multilateral framework”]. We encourage [CANZ: ~~“We encourage”~~ Insert “Those..”] those arrangements [EU: Insert “,in close coordination with the IFIs,”] as they [CANZ: ~~“as they”~~ Insert “may also”] facilitate financial flows, lower transaction costs, serve as mechanisms that assist in the prevention of financial crises and render parties of such arrangements more resilient.

Facilitators’ proposal for para 54: Regional development banks play a strong role in supporting development and assisting regional integration efforts. They play a vital role in their region’s economic development. We will ensure where necessary that they have the resources required to accomplish their tasks. Other regional cooperation frameworks such as financial and monetary arrangements that complement the international financial system can be instrumental in fostering development and financial stability among its members. Those arrangements can facilitate financial flows and lower transaction costs, and may serve as mechanisms that assist in the prevention of financial crises and render parties of such arrangements more resilient.

55. Credit rating agencies [G77: Insert “also”] play a significant role in the provision of information, including assessment of corporate and sovereign [G77: ~~“and sovereign”~~] risk. [G77: Insert ~~“The ongoing financial crisis has clearly demonstrated the systemic failure in the way credit rating agencies currently operate. In view of Tthe..”~~]The systemic [G77: ~~“systematic”~~] role of the major bond [G77: ~~“major bond”~~] rating agencies in the lead-up to the latest financial crisis has stimulated an international discussion about the need for more transparency and [G77: ~~“lead-up to the latest financial crisis has stimulated an international discussion about the need for more transparency and”~~ Insert “present financial crisis, we call for increased transparency and”] reduced conflict of interest in operations. We recognize the need [G77: ~~“We recognize the need”~~ Insert “We agree”] to establish an appropriate, inclusive process to [CANZ: ~~“establish an appropriate, inclusive process to”~~] consider measures aimed at improving agency oversight and increasing their accountability and transparency [G77: ~~“consider measures aimed at improving agency oversight and increasing their accountability and transparency”~~ Insert “enhance regulatory oversight of these agencies including their accountability”][CANZ: Insert “,including measures to encourage credit rating agencies to continue strengthening their risk assessment frameworks to better inform their customers of the risks inherent in their various financial products.”]. [US: ~~“Credit rating agencies play a significant role in the provision of information, including assessment of corporate and sovereign risk. The systemic role of the major bond rating agencies in the lead-up to the latest financial crisis has stimulated an international discussion about the need for more transparency and reduced conflict of interest in operations. We recognize the need to establish an appropriate, inclusive process to consider measures aimed at improving agency oversight and increasing their accountability and transparency.”~~]

[IMF proposed 55 bis: “The latest financial crisis has revealed weaknesses in accounting standards applicable to financial institutions: these standards should therefore be reviewed to ensure that the financial statements of such institutions accurately reflect their financial condition and form a proper basis for assessments of their capital adequacy”]

Facilitators’ proposal for para 55: Credit rating agencies also play a significant role in the provision of information, including assessment of corporate and sovereign risks. The ongoing financial crisis has reflected the systemic failure in the way credit rating agencies currently operate. The role of the major bond rating agencies in the lead-up to the latest financial crisis has stimulated an international discussion about

the need for more transparency and reduced conflict of interest in operations. We will work toward establishing an appropriate, inclusive process aimed at enhancing regulatory oversight over these agencies, including their accountability. The latest financial crisis has revealed weaknesses in accounting standards applicable to financial institutions. These standards should therefore be reviewed so that financial statements of these institutions accurately reflect their financial condition and form a proper basis for assessments of capital adequacy.

56. Most efforts in the formulation of standards and codes have taken place outside the multilateral system [SWZ: ~~“outside the multilateral system”~~ Insert **“firstly at national level”**][IMF: consider rephrasing **“multilateral system”** since relevant bodies in this area may be considered multilateral]. [ROK: ~~“Most efforts in the formulation of standards and codes have taken place outside the multilateral system”~~] It is crucial to ensure an effective and equitable [US: ~~“Most efforts in the formulation of standards and codes have taken place outside the multilateral system. It is crucial to ensure an effective and equitable”~~ Insert **“As efforts to strengthen standards and codes continue, we welcome the participation and”**] representation of developing countries in standard and norm-setting bodies [NOR: **“which should also promote gender equality and the empowerment of women”**]. [ROK: ~~“It is crucial to ensure an effective and equitable representation of developing countries in standard and norm-setting bodies”~~ – sentence to be edited and moved to paragraph 58, as shown below] [US: Insert **“We encourage further broadening the participation of emerging economies in the work of such bodies.”**] While these bodies have increased consultation with some countries, more should be done to broaden the participation [CANZ: **“where appropriate”**]. We recognize that the implementation of standards and codes in developing countries with less advanced financial systems should be flexible [EU: **“be flexible”** Insert **“take into account their specific capabilities”**]. [G77: ~~“Most efforts in the formulation of standards and codes have taken place outside the multilateral system. It is crucial to ensure an effective and equitable representation of developing countries in standard and norm-setting bodies. While these bodies have increased consultation with some countries, more should be done to broaden the participation. We recognize that the implementation of standards and codes in developing countries with less advanced financial systems should be flexible.”~~][CANZ: **“We recognize that the implementation of standards and codes in developing countries with less advanced financial systems should be flexible.”**] [US: ~~“While these bodies have increased consultation with some countries, more should be done to broaden the participation. We recognize that the implementation of standards and codes in developing countries with less advanced financial systems should be flexible.”~~ Insert **“We appreciate the work by standard-setting bodies to develop high-level standards that can accommodate differences in implementation methodologies across countries to reflect diverse financial systems.”**]

Facilitators’ proposal for para 56: Most efforts in the formulation of standards and codes have taken place in forums that gather a limited number of countries. We recognize the work undertaken by standard-setting bodies, such as the Financial Stability Forum and the Basel Committee on Banking Supervision, to develop high-level standards that can accommodate differences in implementation methodologies across countries to reflect diverse financial systems. We will therefore work to ensure effective and equitable membership of developing countries in these bodies. We recognize that the implementation of standards and codes in developing countries with less advanced financial systems should be flexible and take into account their specific capabilities.

57. We recognize that [CANZ: ~~“that”~~ Insert **“the importance of”**] changes in the governance regime of the global economic and financial institutions are needed [CANZ: **“are needed”** Insert **“being adopted”**]. The [IMF: insert **“recent”**] agreement regarding the recent [IMF: ~~“recent”~~] quota review [CANZ: **“review”** Insert **“and voice reforms”**] [IMF: ~~“review”~~ Insert **“and voice reform”**] in IMF is a step in the right direction; [IMF: ~~“;”~~] Insert **“and the World Bank has also recently taken similar steps. Yet..”**] yet, greater efforts need to be exerted to increase the voice and participation of developing

countries on the IMF Executive Board [CANZ: ~~“is a step in the right direction; yet, greater efforts need to be exerted to increase the voice and participation of developing countries on the IMF Executive Board”~~ Insert “is a positive step in increasing the participation of developing countries on the board”] [JPN: ~~“to increase the voice and participation of developing countries on the IMF Executive Board”~~ Insert “to ensure that voice and participation in these institutions reflect members’ relative positions in the world economy”] [IMF: “IMF Executive Board” Insert “Executive Boards of both institutions”]. [CANZ: Insert “We welcome the recent agreement to improve the representation of low-income countries at the World Bank.”] It is also important to examine conditions by which only a few members can at times block key decisions. [JPN: ~~“It is also important to examine conditions by which only a few members can at times block key decisions.”~~] The World Bank and [IMF: ~~“It is also important to examine conditions by which only a few members can at times block key decisions. The World Bank and”~~] other [IMF: ~~“other”~~ Insert “Other”] entities such as the Financial Stability Forum and the Basel Committee on Banking Supervision should [IMF: Insert “also”] consider taking similar [IMF: ~~“similar”~~] steps to achieve a more equitable participation of all members of the international community; the same applies to other bodies engaged in international economic decision-making. [G77: ~~“We recognize that changes in the governance regime of the global economic and financial institutions are needed. The agreement regarding the recent quota review in IMF is a step in the right direction; yet, greater efforts need to be exerted to increase the voice and participation of developing countries on the IMF Executive Board. It is also important to examine conditions by which only a few members can at times block key decisions. The World Bank and other entities such as the Financial Stability Forum and the Basel Committee on Banking Supervision should consider taking similar steps to achieve a more equitable participation of all members of the international community; the same applies to other bodies engaged in international economic decision-making.”~~][CANZ: ~~“It is also important to examine conditions by which only a few members can at times block key decisions. The World Bank and other entities such as the Financial Stability Forum and the Basel Committee on Banking Supervision should consider taking similar steps to achieve a more equitable participation of all members of the international community; the same applies to other bodies engaged in international economic decision-making.”~~]

[EU: keep paragraph 57 open in brackets]

[SWZ: keep paragraph 57 open in brackets]

[US proposed paragraph 57 (delete original paragraph except revised first sentence): “We recognize that changes in the governance regime of the global economic and financial institutions are needed and ongoing. We welcome efforts by the Bretton Woods Institutions and other international institutions to enhance their roles in support of sustainable economic growth, development and financial stability. Specifically, we recognize the measures taken by the Board of Governors of the International Monetary Fund (IMF) on April 28, 2008, to reform the IMF’s governance structure, providing greater representation and voice to emerging market and developing countries and creating a more flexible system that will support further changes over time as the relative positions of countries in the world economy evolve. We support the related efforts being made to enhance the voice and participation of the poorest countries in the World Bank Group, especially the creation of an additional chair in the executive board for Sub-Saharan African countries. We look forward to engaging with all our partners in taking a new look over the next few years at the basic formula for shareholding at the Bank”]

Facilitators’ proposal for para 57: We reaffirm that the enhancement of voice and participation of developing countries in the Bretton Woods Institutions is central to the legitimacy and effectiveness of these institutions. The recent agreement regarding the quota review and voice reforms in the IMF is a step in the right direction; and the World Bank has also recently taken similar steps. Yet, greater efforts are urgently needed to increase the share of votes of developing countries on the Executive Boards of both institutions. It is also important to examine conditions by which only a few members can at times block key decisions.

58. Taking note of recent proposals, we acknowledge the need to convene a major international conference to review the international financial and monetary architecture and global economic governance structures [G77: **Insert “,and request the United Nations in cooperation with the BWIs to urgently commence preparations for the same. Such a conference should be at the Summit level in order to permit a full examination of the structural issues that underpin international economic and financial governance.”**][JPN: ~~“we acknowledge the need to convene a major international conference to review the international financial and monetary architecture and global economic governance structures”~~ **Insert “we continue to encourage the IMF to review the international financial and monetary architecture and global governance structures”**]. We thus invite the International Monetary and Financial Committee to include this subject in the agenda of its forthcoming meetings, and to make appropriate recommendations to the IMF Board of Governors and the international community. [G77: ~~“We thus invite the International Monetary and Financial Committee to include this subject in the agenda of its forthcoming meetings, and to make appropriate recommendations to the IMF Board of Governors and the international community.”~~] [ROK: ~~“We thus invite the International Monetary and Financial Committee to include this subject in the agenda of its forthcoming meetings, and to make appropriate recommendations to the IMF Board of Governors and the international community.”~~ **Insert “It will be crucial to ensure an effective and equitable representation of all countries concerned in this review and possibly standard and norm setting process.”**] [US: ~~“Taking note of recent proposals, we acknowledge the need to convene a major international conference to review the international financial and monetary architecture and global economic governance structures. We thus invite the International Monetary and Financial Committee to include this subject in the agenda of its forthcoming meetings, and to make appropriate recommendations to the IMF Board of Governors and the international community.”~~]

[CANZ proposed 58 alt: **Welcoming the ongoing international discussions on global economic governance structures, we acknowledge the need to ensure all countries, including low-income countries, are able to effectively participate in this process. We invite the International Monetary and Financial Committee and the Development Committee to take the appropriate actions to ensure full and equitable participation in the reform discussions.”**]

[EU: **keep paragraph 58 open in brackets**]

[MEX: **keep paragraph 58 open in brackets**]

[NOR: **keep paragraph 58 open in brackets**]

[SWZ: **keep paragraph 58 open in brackets**]

Facilitators’ proposal for para 58: In light of this review and recent events, we stress the need to convene a major international conference to review the international financial and monetary architecture and global economic governance structures. Such a conference should be at the Summit level and undertake a full examination of the structural issues that underpin international economic and financial governance. We will consider the modalities for such a conference in 2009.