

DRAFT DOHA OUTCOME DOCUMENT
on Reviewing the Implementation of the Monterrey Consensus

EU amendments - 23 October

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

EU suggest to revisit this chapter to take into account current developments.

47. Some results have been achieved since Monterrey, in addressing systemic issues. But much progress is still needed in this regard. We resolve to undertake more decisive and timely steps to 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 the IADGs, including the MDGs.

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48. The globalization process has continued to accelerate, bringing closer economic links coupled with significant economic benefits to many countries and peoples. However, a considerable number of countries as well as individuals are still left behind. This implies remaining challenges and demands on national and global economic institutions and their coherence and governance systems.

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49. Countries should continue to enhance macroeconomic policies and strengthen their financial system. It is equally important that regional, international development institutions and developed countries sufficiently consider the needs of both low-income and middle-income countries for sustainable development, when formulating their international economic policies. 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. 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.

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50. International financial and economic stability is a global public good. 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.

51. 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. National regulators should enhance financial information and transparency at the domestic level. We will further endeavor to strengthen cooperation among national regulators to adopt adequate common standards, as financial resources flow increasingly across borders. That includes timely and adequate risks disclosure 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, thus calling for better regulation of the markets. It is important that regulatory agencies in cooperation with the IMF, the Financial Stability Forum (FSF) and other agencies, both public and private, examine in a concerted way the factors that might increase systemic risks and trigger systemic crisis, in particular the various unregulated activities in international financial markets, with a view to assess the modalities of further regulation at the national, regional and international levels. Regulators and banking supervisors shall work towards improving rating and disclosure practices. The IFIs, in accordance with their mandate, should enhance their capacity to assist developing countries concerning financial markets' questions, such as stability, transparency, oversight, as well as to provide assistance in situations of scarce liquidity.

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53. We reaffirm that the Bretton Woods Institutions should be the key pillars of a strengthened international financial architecture, 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. The IMF authority should be strengthened. We will make efforts to ensure that the BWIs 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, for example through the reformed IMF Exogenous Shocks Facility. The need for special drawing rights allocation should be kept under review. We need to ensure that the BWIs are responsive and effective in helping developing countries tackle both short-term crisis and long-term development needs.

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54. Regional development banks are key actors in supporting development and furthering regional integration efforts. They play a vital role in the respective regional governance structure. 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, if they are in accordance with the existing multilateral framework. We encourage those arrangements, in close coordination with the IFIs, as they 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.

55. 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.

56. 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 standards and norms-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 take into account their specific capabilities.

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57. *[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 the 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 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 FSF and the Basel Committee 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].*

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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. We thus invite the International Monetary and Financial Committee to include this subject in the agenda of its next meetings, and to make appropriate recommendations to the IMF Board of Governors and the international community].*

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