

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

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.

47bis. We resolve to urgently undertake more decisive and concrete and timely steps to address the current financial crisis and to ensure an inclusive, equitable, fair and transparent ~~improve the functioning of the~~ 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 ~~This is crucial~~ is critical for an integrated implementation of the Monterrey Consensus and to help achieve the internationally agreed development goals, including the Millennium Development Goals.

47. ter 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. The skewed decision making structures of these institutions, whereby only a small minority of members can often block key decisions, also needs to be reviewed. 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.

47. quat 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.

47. 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 inigurate the UN system and to strengthen its relationship and coordination with multilateral financial, trade and development institutions.

48. 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.

50. — 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.

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 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.

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 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.