

11. Capital flight is a major hindrance to the mobilization of domestic resources for development, and efforts should be strengthened to address the various factors that contribute to it.

11bis. It is vital to address the problem of illicit financial flows **especially money laundering**. Additional measures should be sought to prevent the transfer abroad of stolen assets, **including to safe havens**, and to assist in their recovery **and return of such assets, in particular to their countries of origin, consistent with the United Nations Convention Against Corruption**, as well as to prevent capital flows that have criminal intent, ~~such as the financing of terrorism~~. **In this regard, we urge as a matter of priority all States that have not yet done so to consider becoming parties to the International Convention for the Suppression of the Financing of Terrorism, and call for increased cooperation with the same objective.**

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~~ **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. 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.

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.

~~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.~~

~~49. Countries should continue to enhance macroeconomic policies and strengthen their financial system. 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. (placement to be decided) 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.~~

~~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.~~

~~51. — 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.~~

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.**

52. — ~~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.~~

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.

53. — ~~We reaffirm that the Bretton Woods institutions should be the key pillars of a deal with the. 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.~~

54. ~~Regional development banks are key actors~~ **can play a strong role** in supporting development and ~~furthering~~ **assisting** regional integration efforts. ~~They play a vital role in the respective regional governance structure.~~ We must **will** ensure, **where necessary**, that they have the ~~necessary~~ **required** 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. We encourage those arrangements 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 **also** play a significant role in the provision of information, including assessment of corporate and sovereign risk. **The ongoing financial crisis has clearly demonstrated the systemic failure in the way credit rating agencies currently operate. In view of the systemic role of the major bond rating agencies in the present financial crisis we call for increased transparency and** 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 agree** We recognize the need to establish an appropriate, inclusive process to **enhance regulatory oversight of these agencies including their accountability.** 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 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.

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, **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.** 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.