

June 18, 2009

Dear Colleagues and Friends,

Thank you very much for participating in the e-discussion. To date, we have received 10 valuable and detailed contributions. We would like to take this opportunity to encapsulate some of the key points raised at the discussion. You can also view the full contributions we have received at [the website of the UN Conference on the World Financial and Economic Crisis and Its Impact on Development](#).

We have organized our summary around the following key areas:

1. Responses of the global system to the crisis and where it should be directed in the future:
 - Some noted that international institutions have created awareness and knowledge about the scope and future consequences of the crisis, and the impact on developing countries. As a result, there has been a shared appreciation of the channels and impacts of the crisis. High-level conferences such as the G20 meetings, have contributed to an articulation of the response of the largest economies. [For your reference, the communiqué from the most recent G20 meeting held in London is attached herewith].
 - Several noted the need for the global economic governance system to develop robust monitoring mechanisms that can at least flag potential problems. Apart from identifying systemic problems, there needs to be support by the international community to national governments in conducting their assessment on the impact on livelihoods and welfare of different population groups. This could include technical support to strengthen preparedness and mechanisms like an early warning system and rapid response.
 - The crisis has also highlighted the urgent necessity for developing countries to build their own domestic demand for goods and services. This can only be done through improving livelihoods and raising incomes, including those of the rural population who are mostly engaged in agriculture. The UN should support initiatives that lead to this. The UN system should engage itself in these longer term solution, especially by developing state capacities.
 - At a time when more cost effective use of resources is needed, international institutions compete for funding and duplicate efforts. It is critical to streamline these by going back to the Paris Declaration on aid effectiveness and the following Accra agenda for action.
2. Challenges that remain to be addressed:
 - How are the desired responses highlighted in the previous section to be realized? Virtually all of the \$1.1 trillion promised by the G20 as assistance is in the

form of loans, raising the spectre of debt problems in the future. There is a need to strengthen the systems for resolving this speedily and in an orderly manner.

- Several concerns were raised about the possible conditionalities attached to loans from the International Monetary Fund (IMF), especially in view of its prescriptions during the Asian crisis. The IMF itself has claimed a change in its policies – advocating expansionary fiscal policy in Tanzania and Mozambique, permitting a budget deficit in the short run in Ukraine and Latvia, introducing a new flexible credit line with no conditions for eligible countries and arguing that ‘policies to protect the poor and other vulnerable groups’ is a key ingredient – see the recent *Economist* article [click here](#)). Has this really changed things on the ground – what is the report from countries receiving assistance? Which countries benefit? For what duration?
- The system as it exists is not representative enough – it needs greater representativeness and legitimacy, and perhaps new coordination mechanisms. At the same time national self interests often guide policies, and get in the way of global cooperation and regulation. How is this to be resolved? How can there be effective voice to the many state and non-state stakeholders?

Please give us your ideas and solutions to these concerns and challenges at this forum. We have received only one contribution from the civil society. Your voices are important. We look forward to hearing from you.

Kind regards,

Selim Jahan and Rob Vos

June 25, 2009

Dear Colleagues and Friends,

As you know, the UN Conference on the World Financial and Economic Crisis and Its Impact on Development has started yesterday. To make this global event more open, interactive and transparent, the present e-discussion has been facilitating the exchange of various points of views, connecting people ranging from NGOs, the United Nations to the academia. We are happy to inform you that we are going to disseminate the summary of key issues raised by this e-discussion to participants of the Conference and relevant side events. The full contribution will be also soon posted at the [UN Conference website](#).

Since the last moderators’ message on June 18, we have received twelve additional contributions. We would like to thank all the contributors in particular those who brought non-UN perspectives.

Following are the key areas highlighted by the contributors.

- Since the current crisis broke, there has been a significant increase in the participation of developing countries in the governance of international regulatory bodies such as the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Forum (FSF). Although this is a positive step, it needs to be improved in the following areas:
 - Small and medium countries should have some representation in international regulatory bodies with more consistent regional representation.
 - Attempts could be made to include some forms of representation from non-financial stakeholders, such as unions and non-financial corporations in both international and national financial regulatory bodies to balance their concerns, needs and perspectives.
 - Such regulatory bodies should be made accountable to established forms of political representation at the appropriate national and global levels.
 - Developing countries have benefited greatly from the support of the Group of 24 (G-24), which helps them develop their positions in relation to IMF and the World Bank matters. A similar body, possibly linked to the G-24, could be created for international regulatory issues, to help articulate developing country positions at bodies like FSF and BCBS.
 - It is highly desirable to work towards designing and creating a global financial regulator as financial markets will be even more global and sophisticated in the future.
- The crisis should not divert attention from core development challenges especially in Africa. Our discussion of the economic and financial crisis should be more comprehensive. The discourse should analyze social and environmental aspects, including basic principles of human rights. It was also emphasized that it is more cost-effective to invest in environmental management now than to spend to mitigate the effects of environmental degradation later. Any discussion on the future of the global economy will make little sense in the long run without taking into account the environmental issues.
- The crisis is expected to further impact the delivery of aid to poor countries at a time when the need is greatest. The consequences of the crisis originated in the richest countries, are being disproportionately borne by poor countries. Only \$9.4 billion of the \$28.3 billion - less than a third - pledged at the Gleneagles Summit in 2005 to be delivered to Sub-Saharan Africa by 2010, has actually been delivered.

- To complement the loans and performance indicators provided by the IFIs, the UN can complement them by supporting national governments with capacity development for monitoring, policy advocacy for social and environmental sectors. In addition, building effective partnership and coordination across development agencies and institutions is essential to respond to the many dimensions of the crisis.

We will keep you informed of the Conference updates and encourage further responses and thought you might have on the Conference.

Our e-discussion will remain open until July 3, 2009 to receive reflections and feedbacks on the outcomes of the Conference.

Kind regards,

Selim and Rob

July 2, 2009

Dear colleagues and friends,

The UN Conference on the World Financial and Economic Crisis and Its Impact on Development was organized from June 24 to 26. It has been concluded with the [outcome document](#), with a set of recommendations agreed by Member States. Meanwhile, we would like to take this opportunity to highlight what have been discussed among members of this e-discussion since our last message on June 26.

Firstly, some of the contributions reminded us of the most vulnerable people who are facing the brunt of the crisis. Among them are the poor, women, elderly and people with disabilities in many countries. NGOs, in particular grassroots organizations, are playing a critical role in attending to some of the immediate needs of those vulnerable people at a community level, and also in ensuring that their voice is heard in all fora.

Secondly, others noted steps that countries can take to prepare themselves better in the future. For example, low income commodity dependent economies can speed up their structural transformation by increasing the output share of manufacturing in national income through appropriate industrial policies. The international community should tolerate/allow a temporary protection of industries in those low-income countries, many of which are in Africa. Developed countries should fulfill their commitment to allowing free access to their markets by those commodity-dependent countries.

Revising human resource development policy is also critical. The links between education, training and work should be revisited. Health, labor and education ministries need to work together to tailor education and training to fit labor market conditions and individual needs. Utilizing well-established planning tools and models, which support comprehensive, integrated

long-term national development plans by enabling the analysis of alternative policy options could also help.

Finally, there was a contribution on the importance of the United Nations system. It is the UN which first came up with the need for debt relief for poorer countries in the 1970, for adjustment with a human face in the 1980s, and for human development in the 1990s with proposals for the MDGs in 2000. All these ideas are now translated into policies though they were initially met with skepticism or opposition when first proposed by the UN. In the same way, many specific proposals that included the needs of all countries were debated in the UN Conference on the World Finance and Economic Crisis, and deserve thoughtful consideration from some of the developed countries. These included ideas for institutional reform and innovative finance.

Various steps have been suggested in the Conference outcome document in full. We would like to receive your reflections and feedback on the recommendations in the document. Has the UN Conference lived up to your expectations? What should be, in your opinion, the next steps? We look forward to hearing from you.

This e-discussion remains open for contributions until July 8.

Best regards,

Selim and Rob
