

Ad-Hoc Open-Ended Working Group follow-up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and its Impact on Development.

Helen Clark

Ms. Clark mentioned that many developing countries have little fiscal space within which they can move and little social protection to offer their people.

Already facing adverse problems from the global food and hunger crises, the recent financial crisis complicated the difficult position that a lot of these nations found themselves in. The effect the concurrent crises have had is indeed painful, especially considering how these countries that were not responsible for the outbreak of the financial crisis are suffering for it.

Global public policy needs to be able to deal with interconnected, cross-border, and complex economic, social and environmental challenges. Global governance systems need to rise to these challenges and should facilitate both more coherent and better coordinated multilateral responses to crises, and be supported to institutions which are representative, inclusive and effective i.e. able to tackle global economic imbalances.

Ms Clark commented, however, that the current governance structures in place in our increasingly multi-polar world often struggle to adapt and to address the issues we face effectively. For example, in trade, developing countries bear the brunt of the stalemate in the WTO's Doha Round and have fewer cards to play in bilateral trade negotiations.

She remarked that a renewed commitment to multilateralism in trade and concluding the Doha Round is badly needed.

Additionally, global economic governance needs to reflect the geopolitical leadership of the 21st century. Similar change is required for the UN Security Council since the world looks very different now from the way it looked in the late 1960s when the Bretton Woods Institutions, which remain in use now, were created. The Reform of the UN Security Council is yet to gain momentum and keep up with the changing times.

The absence of formal multilateral mechanisms able to tackle the global economic crisis comprehensively and decisively has brought the G20 to the fore. However, as few as the countries making up the G20 maybe, their decisions have spillover effects on the to other 170 countries, whose economies account for the remaining 20% of the world economy not controlled by the G20. As such, there is a dire need for representativeness. However, there is no certain platform right now through which this can happen.

The UN is not a part of the preparatory process for G20 meetings, which is unfortunate because the UN has huge expertise relevant to and which can inform global economic discussion.

She also suggested some reform that the UN could go through to improve its contribution to. For example, a reconsideration of the proposals put forward in the past to strengthen ECOSOC in order to help the body develop in the way envisaged by the UN's founders.

Quoting the Outcome Document of the Conference of the World Financial and Economic Crisis and its Impact on Development, she called for further development of the UN development system's comprehensive crisis response in support of national development strategies through a coordinated approach by the UN funds and programs, specialized agencies and the IFIs.

She alluded to efforts by the UNDP in Namibia, Syria, Jamaica, Paraguay, Moldova, and others to help countries with their efforts at recovery from the crisis.

She concluded saying that we needed both developing and developed countries, and multilateral systems in a bid to help solve the challenges, including those of an economic nature and that the UN needs to be linked into debates about the Global economy and the global governance system

Prof Antonio De Lecea spoke about the current crisis of public debt; how the EU dealt with the financial crisis and how the EU is combining the measures to deal with this crisis within the unions with its efforts to combat the implications of the crisis for developing countries, particularly in Africa.

He mentioned that when the crisis burst out, the EU effectively pushed to shape a globally coordinated response and to frame its own response within this global effort i.e. within the UN, G20 and the G*. He said they acted quickly and efficiently to translate pledges into concrete commitments to help developing countries cope with the crisis.

EU efforts to mitigate impact of crisis on developing countries include

1. Actions at the multilateral level such as (through the G20)
 - a. Coordinated efforts aimed at reinforcing the resources, financial facilities, and governance of IFIs.
 - b. Agreeing to support full relief of Haiti's debt by all IFIs, including through burden sharing.
 - c. Setting up the Framework For Growth to coordinate economic policies to ensure a global growth model that reduces current account imbalances and the income gap between advanced and developing countries.
 - d. Deciding to examine how to strengthen global financial safety nets so as to help countries respond to financial and balance of payment crises, especially those stemming from sudden fluctuations in capital flows.
 - e. Setting up a Financial Inclusion Experts Group to identify lessons learned on innovative approaches to providing financial services to the poor and SMEs, promoting successful regulatory and policy approaches, and elaborate standards on financial access, financial literacy and consumer protection.
 - f. Finally, remaining committed to keeping markets open and fighting protectionism. Cognizant of the fact that that regional integration and trade are crucial to enable our partners to develop growth and jobs and generate resources to sustain progress towards the MDGS. Hence, the EU will continue to work towards an ambitious, balanced and comprehensive outcome of the Doha Development Agenda as well as bilateral and regional trade agreements with a wide variety of developing countries, taking into account their different needs and development situations.

Unilaterally, the EU has endeavored to provide duty free and quota-free market access for all products from all LDCs (following the commitment made in the 2005 WTO Hong Kong Ministerial Declaration) and calls on other developed countries, emerging economies and those developing countries in a position to do so to fulfill this commitment and thus to open up their markets for LDC exports.

The EU and its Member states have already reached their collective target to spend 2 billion Euros annually on trade related assistance, and their total Aid for Trade has reached record high levels of 10.4 billion Euros. The EU calls on other partners to make similar efforts.

The EU also accounts almost 60% of ODA and has reaffirmed its commitment to increasing its aid spending to reach 0.7% of GNI by 2015. Despite the crisis, many member states have managed to maintain or raise their ODA spending.

Furthermore, the EU has set up and is currently implementing a very concrete and short term ad hoc mechanism called the Vulnerability FLEX, to support the most vulnerable countries with poor resilience capacity with a view to enabling them to maintain priority spending, notably social sectors. It has also reallocated funding, frontloading of aid where feasible. Calls on all other international partners to increase their level of ambition and commitment to increase global development efforts.

EU considers UN has an important role in global financial and political governance. UN has indisputable comparative advantage in global representation and hence is a great forum for balanced decision-making and is calling for adequate reforms to the UN systems in order to strengthen its capacity and improve its effectiveness.

Chrystia Freeland commented on what the crisis looks like from a journalistic perspective. She remarked that journalistic coverage was in a phase known as the 'search for villains'. This phase is an important part of the crisis since it's important to know who made the mistakes. However, this becomes dangerous at a policy/structural level when the zealous pursuit for the individual faces of the crisis diverts attention from the real structural problems, which created room for the mistakes. The issues are a lot more complicated and boil down to what are the systemic incentives and implications.

Business has globalised more quickly than has political structures. The lag is problematic. Crisis has demonstrated how important structure is and how globalized the world economy is. Journalists are interested in following the money and where they money will go. Hence, in terms of journalism becoming a constructive tool the UN can take advantage of in efforts to reduce the impact of the crisis on developing countries, until the UN has the right to determine global leverage of global financial institutions, financial press is not very interested in the UN

Questions for consideration:

What role have religious institutions played in cushioning or lessening the impact of the financial crisis on developing countries?

What is the place of the UN and religious bodies like the AUNO in G20 summits?

G20 is neither universal nor global and hence what are the implications of this on recovery in developing countries?

Following the presentations, the floor was opened for questions.