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Macroeconomic policy questions: international financial system and development

Morocco:* draft resolution

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled “Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity”, as well as its resolution 57/241 of 20 December 2002,

Recalling also the United Nations Millennium Declaration,¹ adopted by the heads of State and Government on 8 September 2000, its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,² as well as the Plan of Implementation of the World Summit on Sustainable Development (“Johannesburg Plan of Implementation”),³ adopted on 4 September 2002,

Emphasizing that the international financial system should support sustainable development, sustained economic growth and poverty reduction, while allowing for the coherent mobilization of all sources of financing for development, including the mobilization of domestic resources, international investment flows, official development assistance, external debt relief and an open, equitable, rules-based, predictable and non-discriminatory global trade system,

* On behalf of States Members of the United Nations that are members of the Group of 77 and China.

¹ Resolution 55/2.

² *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

³ *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.



Reiterating the need to strengthen the leading role of the United Nations in promoting and coordinating international economic and financial cooperation for development, in accordance with the provisions of chapters IX and X of the Charter, and welcoming in this regard the growing interaction between the United Nations and the international financial and trade institutions,

Expressing concern about the slow progress on the issue of participation of developing countries in decision-making and norm-setting processes of the Bretton Woods institutions and other economic and financial institutions,

Recognizing the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems, which should be equitable, fair and inclusive in order to complement national development efforts to ensure sustained economic growth and the achievement of the Millennium Development Goals,

1. *Takes note* of the report of the Secretary-General;⁴
2. *Expresses concern* about the uneven recovery of the global economy, which challenges efforts by developing countries to eradicate poverty and to ensure sustained economic growth, and stresses the importance of cooperative efforts by all countries and institutions to cope with risks of financial instability and ensure a strong and steady recovery;
3. *Invites* developed countries, in particular major industrialized economies, to take into account the effect of their macroeconomic policies on international growth and development;
4. *Expresses its concern* about the fact that in 2002 developing countries as a whole made net outward transfers of financial resources for the sixth consecutive year, reaching a record high of 192 billion United States dollars, and underscores the need for measures at the national and international levels to reverse this trend;
5. *Underlines* the importance of adopting effective measures, including new financial mechanisms, as appropriate, to support the efforts of developing countries to achieve sustained economic growth, sustainable development, poverty reduction and the strengthening of their democratic systems;
6. *Stresses* the importance of strong domestic institutions to promote business activities and financial stability for the achievement of growth and development, inter alia, through sound macroeconomic policies and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors, and also stresses that guidelines resulting from efforts towards international cooperation in these areas, such as those undertaken by the Basel Committee on Banking Supervision, should not undermine efforts of Member States to encourage flows of capital to developing countries;
7. *Underlines* the importance of promoting international financial stability and reducing the excessive volatility of short-term capital flows, and takes note of the efforts undertaken to this end by the International Monetary Fund and the Financial Stability Forum, while underscoring the need to continue to enhance crisis prevention, including through: an even-handed implementation of surveillance and a sharpening of surveillance on capital markets and systemically and regionally

⁴ A/58/369.

important countries; the enhancement of precautionary support to deal with external crises; and further improvements in the transparency of statistical information on international capital flows;

8. *Notes* the impact of financial crises and risks of contagion on developing countries and countries with economies in transition, regardless of their size, and underlines the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources to respond in a timely and appropriate way, in accordance with their policies, to such crises;

9. *Notes* the importance of reinvigorating ongoing efforts to reform the international financial architecture, emphasizes that those efforts need to include the effective participation of developing countries and countries with economies in transition, and in this regard encourages the International Monetary Fund and the World Bank to continue examining the issues of the voice and representation of those countries, as provided for in the communiqués of the International Monetary and Financial Committee and the Development Committee of the Fund at their last meetings, in Dubai, on 21 and 22 September 2003, with a view to establishing a timetable leading to an early achievement of this objective, as stated in the Monterrey Consensus;²

10. *Invites* the International Monetary Fund to continue its work on quotas, with a view to ensuring that the institution has adequate resources to fulfil its financial responsibilities and to enhance the voting power, voice and participation of developing countries in this institution, and in this regard stresses that the distribution of quotas and the quota formula needs to be updated to reflect changes in the world economy, including the different contributions of countries to the world gross domestic product over time;

11. *Emphasizes* that it is essential to ensure the effective and equitable participation of developing countries in international decision-making and norm-setting, including the formulation of financial standards and codes, and underscores the need to ensure their implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion;

12. *Invites* the multilateral and regional development banks to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, and underlines that regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts and are an essential source of knowledge and expertise for their developing member countries;

13. *Calls upon* multilateral financial institutions, in providing policy advice and financial support to member countries, to work on the basis of nationally owned reform and development strategies, to pay due regard to the special needs and implementing capacities of developing countries and countries with economies in transition, and to minimize negative impacts of the adjustment programmes on the vulnerable segments of society, while taking into account the importance of gender-sensitive employment and poverty eradication policies and strategies;

14. *Reiterates* the importance of the orderly resolution of sovereign debt crises, and in this regard takes note of the efforts led by sovereign debtors and private creditors to develop a voluntary code of conduct for the resolution of

sovereign debt crises, bearing in mind that such a code of conduct does not preclude emergency financing in times of crisis;

15. *Encourages* the efforts, including those of the Bretton Woods institutions, to improve the assessment of debt sustainability in low and middle-income countries through, inter alia, the development of better tools to deal with exogenous shocks and the need to take country-specific factors into account;

16. *Also encourages* the exploration of ways to generate innovative public and private mechanisms for financing development, without unduly burdening developing countries, and urges the International Monetary Fund to give urgent consideration to the proposal of using special drawing rights allocations for development purposes, set forth in paragraph 44 of the Monterrey Consensus;

17. *Requests* the Secretary-General to submit a report to the General Assembly at its fifty-ninth session on the implementation of the present resolution;

18. *Decides* to include in the provisional agenda of its fifty-ninth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".
