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To: Members of the Executive Board

From: The Secretary

Subject: United Nations General Assembly—Report on Issues Related to the Fund

Attached for the information of the Executive Directors is a report on the 1999 session of the United Nations General Assembly held in New York from September 14 through December 23, 1999.

Mr. Munzberg (ext. 36675) is available to answer technical or factual questions relating to this paper.

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INTERNATIONAL MONETARY FUND

UN General Assembly – Report on Issues Related to the Fund

Prepared by the Special Representative to the United Nations

Approved by Reinhard Munzberg

January 5, 2000

The United Nations General Assembly, which met from September 14 through December 23, 1999, discussed a number of topics related to the Fund. Discussions focused in particular on:

- Globalization and interdependence
- The international financial system
- Eradication of poverty
- External debt
- The event on financing for development planned for the year 2001 and its preparatory process

This paper, which is prepared for the information of the Executive Board, summarizes the relevant resolutions¹ adopted by the General Assembly on December 22, 1999. The resolutions are attached.

I. HIGH –LEVEL INTERNATIONAL CONSIDERATION OF FINANCING FOR DEVELOPMENT

In December 1997, the *General Assembly* agreed to consider convening a “High Level Intergovernmental Event on Financing for Development” to be held in 2001. A *Working Group*, with the mandate to evolve recommendations on the form, scope, and agenda for the event, finalized its report in May 1999 and submitted it to the General Assembly. The scope, ideas for an agenda and the form of the event have been broadly outlined in that report. (Relevant paragraphs are shown in *Attachment I*.) Regarding the role envisaged for the IMF,

¹ The resolutions are shown as recommended by the Second Committee and as adopted by the General Assembly. Final resolutions are not yet available.

the report states that “both the final event and the preparatory process should involve as active partners the IMF and the World Bank.”

The *ECOSOC* meeting in *July 1999* decided to request the General Assembly to consider exploring the possibility of establishing a Joint Task Force with the Bretton Woods institutions for the preparation of the “event,” specifically, it:

17. “*Further welcomes* the broad agreement reached in the context of the Ad Hoc Open-ended Working Group of the General Assembly on financing for Development on the need to involve the Bretton Woods institutions in the process on financing for development, as reflected in the report of the Working Group.”
18. “*Recommends* in this context that the General Assembly consider exploring during its fifty-fourth session the possibility of inviting the Bretton Woods institutions to participate in a joint task force with the United Nations with the aim of facilitating the further involvement of the Bretton Woods institutions in this process.”

The *1999 General Assembly* adopted a resolution (*Attachment II*) which reflects agreement on the following points:

- There should be an “event” on Financing for Development at the “intergovernmental” level.
- The preparatory process (on the UN side) should be conducted at the “intergovernmental” level. A Bureau consisting of delegates and a preparatory committee will be established.
- The report of the Working Group on Financing for Development was endorsed as a framework for the deliberations on the scope, agenda, and form of the final event. However, the form of the final event, whether it will be a summit, conference, or a special session of the General Assembly, or other high-level intergovernmental forum, and the agenda will only be considered and clarified in the context of the preparatory committee.
- The participation of the Bretton Woods institutions (and other relevant institutions, e.g., WTO, UNCTAD) would be desirable. There will be a consultation with the Bretton Woods institutions on the “modalities” of participation, i.e. as to whether and in what form they would be prepared to participate. The Secretary-General will approach the Fund in the near future on this issue. This will include a consultation on the Fund’s participation in a “Joint Task Force” that would prepare the work for the preparatory committee. There is also a second consultation at the level of the Bureau which will approach the Fund on the issue of participation.

II. TOWARD A STABLE INTERNATIONAL FINANCIAL SYSTEM, RESPONSIVE TO THE CHALLENGES OF DEVELOPMENT, ESPECIALLY IN DEVELOPING COUNTRIES

Some of the issues contained in the framework of the working group on financing for development are also addressed in the resolution (*Attachment III*) on the topic "*Toward a stable international financial system, responsive to the challenges of development, especially in developing countries.*" The President of the General Assembly is requested to send this resolution "to the Boards of Directors of the World Bank and IMF in order to bring it to their attention as an input to their discussions on these matters." While it was originally proposed to invite the Fund to consider the resolution in its discussions, in light of the relationship between the United Nations and the Fund, the final formulation only brings this resolution to the attention of the Fund.

This resolution was not adopted by consensus, as is the usual procedure. The resolution came to a vote, with 155 countries in favor and one country opposed. In the explanation of the opposing vote, it was, *inter alia*, stated that the international financial institutions should remain the competent fora for discussions of the international financial system.

The resolution calls for continued and deepened collaboration and dialogue between the UN system, specifically ECOSOC, and the Bretton Woods institutions. Topics should include the provision of adequate financial resources for development and a wide range of reforms in the international financial architecture, in particular, the modalities to achieve a strengthened and more stable international financial system responsive to the challenges of development, especially in developing countries; and the promotion of economic and social equity in the global economy. It is recommended that the next high level dialogue between the ECOSOC and the Bretton Woods institutions focus on the latter topic.

There is also a call for continued constructive dialogue on this topic between developing and developed countries in the relevant fora and institutions. In that context, the resolution reiterates "the need for broadening and strengthening the participation of developing countries in the international economic decision-making process in order to promote more efficient international financial institutions and arrangements in which all relevant interests can be effectively represented." This text represents a compromise after considerable debate.

In light of the overall objective of promoting financial stability, there are calls, including on the Fund, for further work in areas such as: enhancing "the stabilizing role of regional and interregional financial institutions and arrangements in supporting the management of monetary and financial issues," development of early warning capacities, surveillance, transparency, disclosure (including by investors), regulation, supervision, involvement of the private sector and equitable distribution of costs, regulatory frameworks for short-term capital flows and trade in currencies, highly leveraged operations, and objectivity and transparency of risk assessment by private sector agencies and appropriate standards for their work.

The need for adequate resources for the Fund to provide emergency financing is underscored. The resolution also stresses “the need for institutions dealing with financial crises to keep in mind the overall objective of facilitating long-term development.” More generally, it emphasizes that “international financial institutions, in providing policy advice and supporting adjustment programmes, should ensure that they are sensitive to the specific circumstances of concerned countries and to the special needs of developing countries and work toward the best possible outcome in terms of growth and development including poverty eradication, including through protection of effective social expenditure determined by each country in accordance with their national economic and social development strategies.”

The resolution underlines that the opening of the capital account must be carried out in an orderly, gradual and well-sequenced manner, underscores the crucial importance of solid domestic financial systems, invites the Fund (the Bank, and international regulatory bodies) “to contribute to this process, and in this context recognizes that all countries have autonomy in the management of capital accounts in accordance with their own national priorities and needs.”

The resolution also stresses the importance of strengthened collaboration between the Fund and the Bank “in specific areas where collaboration is needed, such as the financial sector....”

In its report to the next General Assembly on the implementation of the resolution, the Secretary-General is invited, *inter alia*, to present “recommendations for an agenda for a strengthened and more stable international financial system responsive to the priorities of growth and development, in particular of developing countries and to the promotion of economic and social equity in the global economy.”

III. THE ROLE OF THE UNITED NATIONS IN PROMOTING DEVELOPMENT IN THE CONTEXT OF GLOBALIZATION AND INTERDEPENDENCE

Globalization, and in particular the integration of developing countries into a globalized economy, was one of the dominant themes of this General Assembly in the economic field (*Attachment IV*). The resolution as adopted after considerable debate recognizes that globalization brings with it opportunities as well as challenges. Discussions focused on the degree of severity of the negative impact of globalization on developing countries, the risks of marginalization and the increase in vulnerability for developing countries.

The resolution underlines “the importance of appropriate policy responses at the national level by all countries to the challenges of globalization, in particular, by pursuing sound macroeconomic and social policies” and “conducive to economic growth and to promoting a favourable global economic environment.” The “importance of an enabling environment for investment in particular foreign direct investment, of market access, governance responsive to the needs of people with efficient, participatory, transparent and accountable public service,

policy-making process and administration,” is underlined. The reference to governance was a subject of controversy and was maintained only after protracted negotiations.

Regarding the global environment, there are calls for “integration of developing countries into the world economy in order to enable them to make the fullest possible advantage of the trading opportunities arising from globalization and liberalization” and for developing and implementing “policies to promote equity, transparency and inclusion.” The crucial role of information and technology is noted, and the resolution suggests a number of concrete measures in this area.

The resolution emphasizes the central role of the United Nations in promoting greater policy coherence, and stresses that the UN, the Bretton Woods institutions, and the WTO “should intensify their collaboration, as appropriate, in promoting policy coherence, complementarity, and coordination on economic, financial, trade and development issues at the global level, which should aim at optimizing the benefits and minimizing the negative consequences of globalization, liberalization and interdependence, taking into account the specific vulnerabilities, concerns, and needs of developing countries.” This should include “integrated consideration of trade, finance, technology transfer and development issues by relevant international institutions.” The resolution calls specifically for a “continuation of a wide range of reforms of the international financial system.”

A recurrent theme is governance of globalization. While the original draft resolution called “for effective governance of globalization through democratization of international economic decision-making” and “greater participation by the developing countries in the decision-making process of the international financial institutions,” the resolution as adopted after considerable debate refers to “increased international cooperation to address the challenges of globalization through enhanced participation of developing countries in the international economic decision-making process.”

IV. IMPLEMENTATION OF THE FIRST UNITED NATIONS DECADE FOR THE ERADICATION OF POVERTY

The resolution on the Implementation of the first UN Decade for the Eradication of Poverty (*Attachment V*) highlights the “multi-dimensional nature of poverty and the national and international conditions that are conducive to its eradication.” It urges “that international efforts to assist developing countries in their efforts to alleviate poverty be strengthened, including by creating an enabling environment that would facilitate the integration of developing countries into the world economy, improving their market access, facilitating the flow of resources and implementing fully and effectively all initiatives already taken regarding debt relief for developing countries....” The crucial role of “growth that favours the poor, creates substantive expansion in productive opportunities and employment, increases income,

promotes equitable income distribution and minimizes environmental degradation” is highlighted.

Regarding the state of the global economy, there was a considerable divergence of views in particular, with respect to the situation of developing countries. While some stressed the effects of recent crises, ultimately more nuanced language was adopted which points to the slowing down of economic growth in developing countries, as a result, inter alia, and in particular, the 1997-98 financial crisis and the declining trend in commodity prices, but also notes that, while some of the most visible effects of the crisis are being overcome in some regions and sectors, there is a need to sustain and expand the recovery momentum.

There is agreement that in addressing the objective of poverty eradication, sound domestic macroeconomic and social policies are crucial. Specifically, it is recognized that it is the primary responsibility of states to attain social development. In that context, the resolution invites states to focus in their national strategies on the causes of poverty and to address, in particular, the issues of environment, food security, population, migration, health, shelter, the development of human resources, including inter alia, education, and gender issues. The roles of capacity building and access to information, and the usefulness of microcredit mechanisms are also highlighted. Strategies should also contain time-bound targets for poverty reduction. The call for a 20-20 percent allocation of development assistance and national budget resources is reiterated.

There is a call on international organizations, including the World Bank and the Fund, within their mandates to continue to support member states carrying forward their strategies for the achievements set within the framework of the first UN Decade for the Eradication of Poverty. The resolution recalls the objective of reducing by one half, by 2015, the proportion of people living in extreme poverty.

The resolution “notes with appreciation the Cologne Initiative, the decisions taken by the international community to assign priority to the eradication of poverty in the programmes and policy advice of the Bretton Woods institutions.” It encourages “the continued examination in all relevant intergovernmental forums of ways and means to integrate poverty reduction objectives and strategies into discussions on international financial and development issues.”

It also welcomes the enhanced HIPC Initiative, providing more rapid, deeper, and broader debt relief, thereby contributing to the reduction of poverty in a sustainable manner. The international community is urged to consider further appropriate measures that would lead to “effective, equitable, development-oriented and durable solutions to the external debt and debt servicing problems of developing countries so that they can share equally in the benefits of globalization, cope with its negative effects, avoid being marginalized from the process of globalization, and achieve full integration into the world economy.”

The resolution refers specifically to the difficulties of highly indebted middle-income developing countries, and notes the worsening situation in some of them, “which may require

debt treatment, including, as appropriate, debt reduction measures that will assist them in their efforts effectively to combat poverty.”

V. ENHANCING INTERNATIONAL COOPERATION TOWARD A DURABLE SOLUTION TO THE EXTERNAL DEBT PROBLEM OF DEVELOPING COUNTRIES

The resolution (*Attachment VI*) stresses the need to find durable solutions to the debt problem of low-income countries. It welcomes the Cologne Initiative and the decisions of the IMF and the World Bank on the enhanced HIPC Initiative. The resolution welcomes the link of the HIPC Initiative to members' poverty strategies. Resources freed as a result of the HIPC Initiative should be redirected to poverty eradication. The resolution states that this initiative should not be to the detriment of other assistance and encourages new financial flows in support of adjustment efforts. While recognizing the flexibility added by the changes to the HIPC Initiative, it stresses the importance of increased flexibility with regard, in particular to eligibility criteria, specifically in borderline and post-conflict cases. It calls for the full and speedy implementation of that initiative.

The IMF and the World Bank are invited to “continue to strengthen the transparency and integrity of debt sustainability analysis, and encouraged to further commission “relevant independent studies on the debt problem of developing countries.” This language is a compromise elaborated after considerable debate. The original text had referred to “the commissioning and making use of studies prepared by impartial sources that are selected in consultation with creditors and debtors and relevant United Nations bodies, as appropriate.”

The resolution also notes the difficulties faced by a growing number of highly indebted middle-income countries in meeting their external debt servicing obligations, and states that their situation may require as appropriate, debt reduction measures.

The resolution states that debt relief alone will not lead to poverty reduction. It emphasizes the importance of countries' efforts to pursue economic reform, stabilization, and structural adjustment programs, to promote a favorable environment for attracting foreign investment, and to strengthen their debt management capacity. It also refers to the role of continuing global economic growth, of a supportive international environment, and to the role of trade. The resolution acknowledges the benefits of liberalization of international capital flows, but points to the adverse impact of volatility of short-term flows, and the need to approach liberalization in an orderly, gradual, and well-sequenced manner.

VI. OTHER ISSUES

The General Assembly adopted a number of procedural resolutions, which give direction to the planning of upcoming events.

- ***Review of the outcome of the World Summit for Social Development***, held in Copenhagen in 1995. A Special Session of the General Assembly will be held in Geneva from June 26-30, 2000 (***Geneva 2000***). It will assess the implementation of the Copenhagen Declaration and Program of Action and consider further initiatives. The resolution emphasizes the urgency of placing the goals of social development as contained in the Copenhagen Declaration at the center of economic policymaking. Countries are invited to participate in the Special Session at the highest political level. Specialized agencies are also expected to intervene. All relevant institutions, including the Fund, are invited to contribute to the preparatory process.
- A ***Millennium Summit***, to which heads of state and government will be invited, will take place in New York from September 6-8, 2000. It will focus on the theme "***The United Nations in the 21st Century***," with the following subtopics: (a) peace and security, including disarmament; (b) development, including poverty eradication; (c) human rights; and (d) strengthening the United Nations. The Summit will be followed by the ***Millennium General Assembly***.
- Under the heading, "Implementation of the Program of Action for the Least Developed Countries for the 1990s," a resolution was adopted, which decided to convene the ***Third UN Conference on Least Developed Countries***. The conference will be hosted by the European Union in Brussels in 2001.
- The preparations for the five-year review of the Fourth World Conference on Women – ***Women 2000*** – was mandated in 1998. The General Assembly decided to hold a Special Session at UN headquarters from June 5-9, 2000 to review the implementation of the Beijing Platform for Action, adopted in 1995. Preparations for "Women 2000" are underway and include a preparatory committee; UN programs and specialized agencies are invited to participate in the preparation and in the final event.
- A Special Session of the General Assembly for an Overall Review and Appraisal of the Implementation of the Habitat Agenda, "***Istanbul + 5***," has been planned for June 2001 at UN headquarters in New York.

Excerpts from the report of the ad hoc open-ended WorkingGroup on Financing for Development:

15. "The high level intergovernmental event for the year 2001 will address national, international and systemic issues relating to financing for development in a holistic manner in the context of globalization and interdependence. By so doing, the event will also address development through the perspective of finance."
16. "Within this overall context, the event should also address the mobilization of financial resources for the full implementation of the outcome of major conferences and summits organized during the 1990s by the United Nations and of the Agenda for Development and in particular for poverty eradication."
17. "The Ad Hoc Working Group recommends that the scope of the event should be as follows:
 - a) domestic financial resources;
 - b) international resources; trade, foreign direct investments and other private flows;
 - c) enhancing coherence and consistency of the international monetary, financial and trading systems in support of development and avoidance of international financial crisis and excessive financial volatility, enhancing effective participation and integration of developing countries and countries with economies in transition into the global economic system, including through capacity building and;
 - d) special needs of Africa, LDCs, SIDS, landlocked developing countries, and other developing countries with special difficulties in attracting financing for development."
18. "The Working Group undertook an in-depth examination of inputs concerning financing for development, requested by the General Assembly in resolutions 52/179 and 53/173, with a view to formulating recommendations on the agenda of the prospective high-level international event in 2001. The discussions which took place in two informal sessions were rich, intense, constructive and conducted in a positive and participatory spirit. The annex reflects the ideas, issues, experiences etc. that were brought up by delegations during exchanges and provide for the basis for further discussions on an agenda for the event in 2001 within the scope as defined above, in the substantive preparatory process that is expected to begin in 2000."

19. “The annex elaborates on the following eight items:
 1. Mobilizing domestic resources for development
 2. Mobilizing international private financial flows for development
 3. International financial cooperation for development
 4. External debt (bilateral, multilateral and commercial)
 5. Financing for development and trade
 6. Innovative sources of financing
 7. Governance of the international monetary, financial and trade systems
 8. Interrelationship between major elements and other special topics”
20. “We have an opportunity to begin the new millennium with a historic and goal oriented collective political gesture of global solidarity for development and practical commitment to achieving it. To be successful, however, the momentum that is building at the United nations will have to be nurtured and made to include all our prospective partners. An inclusive and continuing preparatory process will increase awareness and building international support and participation, while it deepens the substance of the final event. Without prejudice to the decision that might be taken on the form of the final event, discussions have so far indicated consensus on the following features that should characterise both the preparatory process and the final event.
 - “(a) The final event should be a high level intergovernmental meeting of political decision-makers, at least at the ministerial level
 - “(b) The final event needs to have a comprehensive agenda that would attract the attention of diverse national departments and Ministries e.g. Finance, Commerce, Development, Foreign Affairs etc.
 - “(c) Both the final event and the preparatory process should involve participation by all relevant stakeholders, including interactive and other innovative modalities for exchange of views
 - “(d) Both the final event and the preparatory process should involve as active partners the IMF and the World Bank
 - “(e) Both the final event and the preparatory process should include participation from all other relevant parts of the UN system, particularly the specialised agencies

and regional bodies, the WTO as well as other international organizations that are working on specialised aspects of financing for development

“(f) The final event could be a self-standing event linked with the General Assembly, including a high level segment of 3-4 days duration

“(g) The high level segment itself should be preceded by an effective and participatory preparatory stage.

“(h) Both the final event and preparatory process should have high level of public and media visibility and public awareness.”

21. “In order to prepare for the high level intergovernmental international event in 2001, the Working Group feels that it would be desirable to establish a substantive preparatory process that draws on the successful experiences of this Working Group. This preparatory process should be open to all member States of the United Nations, members of the specialised agencies, participation of observers etc., and should report to the 55th session of the General Assembly on the progress of work.”

III. Recommendation of the Second Committee

8. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

High-level international intergovernmental consideration of financing for development

The General Assembly,

Recalling its resolutions 52/179 of 18 December 1997 and 53/173 of 15 December 1998,

Taking note of the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development,¹

Taking note also of Economic and Social Council resolution 1999/51 of 29 July 1999 on the restructuring and revitalization of the United Nations in the economic, social and related fields and cooperation between the United Nations and the Bretton Woods institutions,

1. *Endorses* the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development,¹ as an important input for the continuation of the process, as it provides the framework and reference for the scope, agenda and form of the final event of the high-level international intergovernmental consideration of financing for development, as well as the preparatory process;

2. *Decides* to convene in 2001 a high-level intergovernmental event of political decision makers, at least at the ministerial level, on financing for development, in the context of paragraph 20 of the report of the Working Group;

3. *Decides* that the high-level intergovernmental event in 2001 will address national, international and systemic issues relating to financing for development in a holistic manner in the context of globalization and interdependence, and, by so doing, will also address development through the perspective of finance; within this overall context, the event should also address the mobilization of financial resources for the full implementation of the outcome of major conferences and summits organized by the United Nations during the 1990s and the implementation of the Agenda for Development,² in particular with regard to poverty eradication;

4. *Reiterates*, as identified in the report of the Working Group, that both the preparatory process and the high-level intergovernmental event should involve the participation of all relevant stakeholders;

5. *Decides* to establish an intergovernmental Preparatory Committee, open to all States, to carry out the substantive preparations for the high-level intergovernmental event;

6. *Also decides* that the Preparatory Committee, at its resumed organizational session, based on the results of consultations to be held with all relevant stakeholders in a flexible manner, should consider innovative ways and mechanisms to facilitate the active involvement of all relevant stakeholders in both the preparatory process and the high-level intergovernmental event;

¹ *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 28 (A/54/28).*

² Resolution 51/240, annex.

7. *Requests* the Secretary-General, in consultation with Member States and within the context of paragraphs 20 and 21 of the report of the Working Group and paragraphs 17 and 18 of Economic and Social Council resolution 1999/51, to initiate as soon as possible preliminary consultations with all relevant stakeholders, in particular the World Bank, the International Monetary Fund and the World Trade Organization, on the potential modalities of their participation in both the substantive preparatory process and the high-level intergovernmental event, and also requests the Secretary-General to provide the results of these consultations to the Preparatory Committee for consideration at the first part of its organizational session;

8. *Decides* to constitute a Bureau of the Preparatory Committee, which will consist of fifteen representatives of States Members of the United Nations selected according to the principle of equitable geographical representation and will be presided over by two Co-chairmen;

9. *Also decides* that the first organizational session of the Preparatory Committee should be held as soon as possible and no later than the end of January 2000 to elect the Bureau, and in this regard requests the President of the General Assembly to begin consultations with Member States as soon as possible;

10. *Requests* the Bureau, *inter alia*, within the context of paragraphs 20 and 21 of the report of the Working Group and paragraphs 17 and 18 of Economic and Social Council resolution 1999/51 and with the further assistance of the Secretary-General, to continue consultations with all relevant stakeholders on the modalities of their participation, including the possibility of creating a joint task force, in both the substantive preparatory process and the high-level intergovernmental event, and also requests the Bureau to submit proposals to the Preparatory Committee at its resumed organizational session on the modalities of participation of all relevant stakeholders;

11. *Decides* that the resumed organizational session of the Preparatory Committee will be held as soon as possible and no later than March 2000, and, on the basis of the report of the Working Group and the proposals on modalities to be submitted by the Bureau, and taking into account the outcome of the consultations of the Secretary-General, will consider the following questions:

(a) The form of the final event, including a possible summit, international conference, special session of the General Assembly or other high-level international intergovernmental forum on financing for development;

(b) The venue of the final event;

(c) The timing, duration and format of the final event;

(d) Clarification of the agenda;

(e) Modalities for the participation of institutional stakeholders in both the preparatory process and the high-level intergovernmental event, notably:

(i) The World Bank, the International Monetary Fund and the World Trade Organization, as well as, in the latter case, participation at the secretariat level and of member and observer States;

(ii) The United Nations Conference on Trade and Development and the regional commissions;

(f) Modalities for the participation of other stakeholders, notably non-governmental organizations and the private sector, in both the preparatory process and high-level intergovernmental event;

- (g) The programme of work of the Preparatory Committee;
12. *Also decides* that the first substantive session of the Preparatory Committee should be held in May 2000;
13. *Invites* Member States to consider sending experts to participate in the preparatory process, and encourages bilateral and multilateral donors to facilitate the participation of developing countries in both the preparatory process and the high-level intergovernmental event;
14. *Calls upon* the relevant entities of the United Nations system, including the United Nations Conference on Trade and Development and the regional commissions, as well as the regional development banks and all other relevant stakeholders, to provide inputs for consideration during the preparatory process;
15. *Requests* the relevant entities of the United Nations system, in accordance with their respective mandates, to take into account the schedule of the Preparatory Committee and meetings of the regional commissions, in assisting countries, in particular developing countries and countries with economies in transition, in preparing for the discussion on financing for development;
16. *Requests* the United Nations Conference on Trade and Development to take into account the schedule of the Preparatory Committee and meetings of the regional commissions, in assisting developing countries and countries with economies in transition, in preparing for the discussion on financing for development;
17. *Requests* the Secretary-General, in close consultation with all Member States, to provide the Preparatory Committee and the high-level intergovernmental event with a secretariat commensurate with the level of the event and with adequate staff and other resources, further invites the Secretary-General in this context to explore, in consultation with all relevant institutional stakeholders, the possibility of utilizing in this secretariat staff from among these stakeholders, as appropriate, and also requests the Secretary-General to make proposals in this regard to the Preparatory Committee at its resumed organizational session in accordance with the rules and procedures of the United Nations;
18. *Also requests* the Secretary-General to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution and on the overall work undertaken with regard to the high-level international intergovernmental consideration of financing for development;
19. *Decides* to include in the provisional agenda of its fifty-fifth session the item entitled "High-level international intergovernmental consideration of financing for development".
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III. Recommendation of the Second Committee

10. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Towards a stable international financial system, responsive to the challenges of development, especially in the developing countries

The General Assembly,

Reaffirming its resolution 53/172 of 15 December 1998 on the financial crisis and its impact on growth and development, especially in the developing countries,

Noting the high-level regional meeting on the theme "Towards a stable and predictable international financial system and its relationship to social development", held at Mexico City on 5 and 6 September 1999, in collaboration with the Economic Commission for Latin America and the Caribbean, in order to contribute to the process launched by the General Assembly in its resolution 53/172,

Recognizing that the increasing globalization of financial markets and capital flows has presented Governments, the multilateral financial institutions and the international community at large with new challenges and opportunities for the mobilization of adequate and more stable resources for promoting economic development and social welfare,

Stressing the importance of the provision of adequate financial resources for the development of all countries, in particular developing countries, *inter alia*, through public and private financial flows, international trade, official development assistance, and on adequate level of funding support for debt relief, in particular the agreement for an overall financing plan for the enhanced Heavily Indebted Poor Countries Debt Initiative, as well as mobilization of domestic resources, and that the comprehensive and integrated consideration of those issues should continue in the framework of the dialogue and collaboration between the United Nations system and the Bretton Woods institutions,

Deeply concerned at the overall declining trend in official development assistance, which is a significant external resource for financing development and an important source of support to the efforts of developing countries, in particular the least developed countries, to create an enabling environment for eradicating poverty and tackling basic social needs, especially where private capital flows may be either inadequate or unavailable,

Emphasizing the importance of finding a durable solution to the problem of developing countries in meeting their external debt and debt-servicing obligations in order to release resources for financing their development efforts, welcoming, in this context, the Cologne debt initiative launched in June 1999 and the recent decisions of the International Monetary Fund and the World Bank on the enhanced Heavily Indebted Poor Countries Debt Initiative, which should provide deeper, broader and faster relief, and in this regard stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries,

Noting the establishment of credit contingency lines by the International Monetary Fund and the efforts to create and strengthen the regional reserves in some regions,

Expressing the need for future multilateral trade negotiations to result, *inter alia*, in increased access to markets for goods and services that are of export interest to developing countries, in particular the least developed countries, as trade is an important source of financial resources for their development efforts,

Mindful of the need for the benefits of the increasing integration of global markets to be extended to all nations and peoples, in particular to the developing countries, especially the least developed among them, noting that, while a number of developing countries have been able to take advantage of globalization of finance, not all countries have benefited from such flows, as they may be unavailable, inadequate or too concentrated to satisfy the needs of developing countries, especially the least developed among them, and therefore noting the need to expand private capital flows while reducing the risks of volatility and to broaden access by developing countries to those flows,

Noting the desirability of having financial regulatory frameworks so that capital mobility may benefit developing economies rather than undermine their development efforts, and noting in particular that short-term speculative capital flows, owing to their highly volatile nature, can often have negative impacts on the long-term goals of developing countries,

Regretting that the recent financial crises led to a significant slowdown in the economic growth of many developing countries and other affected countries and had negative impacts in terms of social development, with the gravest impact on the most vulnerable, and in this context noting that, while some of the most visible effects of the crises are being overcome in some regions and sectors, continued action on a wide range of reforms needs to be taken so as to strengthen the international financial system and to adopt as well as implement economic and legal frameworks, while reaffirming the need for continued efforts by individual economies to avoid the repetition of those crises,

Recognizing that the recent financial crises have exposed weaknesses in the international financial system, and underlining the urgent need to continue to work on a wide range of reforms for a strengthened and more stable international financial system with a view to enabling it to deal more effectively and in a timely manner with the new challenges of development in the context of global financial integration,

Emphasizing that the United Nations, in fulfilling its role in the promotion of development, in particular of developing countries, plays an important role in the international efforts to build up the necessary international consensus on the continuation of a wide range of reforms needed for a strengthened and more stable international financial system that is responsive to the challenges of development, especially in the developing countries, and to the promotion of economic and social equity in the global economy,

1. *Takes note with appreciation* of the report of the Secretary-General,² and the note by the United Nations Conference on Trade and Development³ on the financial crisis and its impact on growth and development, especially in the developing countries, the report of the Task Force of the Executive Committee on Economic and Social Affairs of the United Nations Secretariat entitled "Towards a new international financial architecture", the *World Economic and Social Survey, 1999*⁴ and the *Trade and Development Report, 1999*;⁵
2. *Emphasizes* the need to renew national, regional and international efforts to promote international financial stability and, to this end, to improve early warning, prevention and response capabilities for dealing with the emergence and spread of financial crises in a timely manner, taking a comprehensive and long-term perspective while remaining responsive to the challenges of development and the protection of the most vulnerable countries and social groups;
3. *Stresses* the importance of having an enabling international environment through strong cooperative efforts by all countries and institutions to promote global economic development, and to this end calls upon all countries, in particular major industrialized countries, which have significant weight in influencing world economic growth, to adopt and pursue coordinated policies conducive to world economic growth and international financial stability and the promotion of an external economic environment favourable to a widespread economic recovery, including the full recovery of crisis-affected countries;
4. *Recognizes* the importance of international financial stability, and in this context invites developed countries, in particular major industrialized countries, when formulating their macroeconomic policies, to take into account the priorities of growth and development, in particular of developing countries,
5. *Stresses* the importance at the national level of strong domestic institutions to promote the achievement of growth and development, *inter alia*, through sound macroeconomic policies and policies aimed at strengthening the regulatory and supervisory systems of the financial and banking sectors, including appropriate institutional arrangements in the countries of both origin and destination of international capital flows;
6. *Recognizes* the importance of accelerating the growth and development prospects of the least developed countries, which remain the poorest and most vulnerable of the international community, and calls upon development partners to carry on with their efforts to increase official development assistance and their efforts aimed at strengthening debt relief, improving market access and enhancing balance-of-payments support;
7. *Stresses* the need for a continued and constructive dialogue in the relevant institutions and forums among developed and developing countries, at the regional and subregional levels, among others, on the need for the international community to continue to work together in formulating approaches to promoting financial stability and on issues related to strengthening and reforming the international financial system, and in this context reiterates the need for broadening and strengthening the participation of developing countries in the international economic decision-making process in order to promote more efficient international financial institutions and arrangements in which all relevant interests can be effectively represented;

² A/54/471.

³ A/54/512/Add.1.

⁴ United Nations publication, Sales No. E.99.II.C.1.

⁵ United Nations publication, Sales No. E.99.II.D.1.

8. *Encourages* the deepening of the dialogue between the Economic and Social Council and the Bretton Woods institutions in order to promote the wide range of reforms needed in an international financial architecture that reflects the global interests of the international community, and in this regard recommends that their next high-level meeting give priority to the consideration of the modalities needed to achieve a strengthened and more stable international financial system responsive to the challenges of development, especially in the developing countries, and to the promotion of economic and social equity in the global economy;

9. *Emphasizes* that the international financial institutions, in providing policy advice and supporting adjustment programmes, should ensure that they are sensitive to the specific circumstances of concerned countries and to the special needs of developing countries and should work towards the best possible outcomes in terms of growth and development, including poverty eradication, *inter alia*, through the protection of effective social expenditure determined by each country in accordance with its national economic and social development strategies;

10. *Stresses* the need to further define the role and improve the capacities of the international, regional and subregional financial institutions with regard to the prevention, management and resolution in a timely and effective manner of international financial crises, encourages efforts to enhance the stabilizing role of regional and subregional financial institutions and arrangements in supporting the management of monetary and financial issues, in accordance with the mandate of each institution, and requests the regional commissions to provide their views on this matter to the General Assembly at its fifty-fifth session through their regular reports to the Economic and Social Council;

11. *Emphasizes* the need to further develop early warning capacities and modalities to prevent or, as the case may be, to take timely action to address the threat of financial crisis, and in this regard encourages the International Monetary Fund and other relevant international and regional institutions to continue their efforts to contribute to this process;

12. *Underscores* the need for the enhancement of worldwide financial stability, *inter alia*, through the provision to the international financial institutions, in particular the International Monetary Fund, of adequate resources to provide emergency financing in a timely manner to countries affected by financial crisis;

13. *Stresses* that the opening of capital accounts must be carried out in an orderly, gradual and well-sequenced manner, at a pace that is in line with the strengthening ability of countries to cope with its consequences, underscores the crucial importance of solid domestic financial systems and of an effective prudential framework, invites the International Monetary Fund, the World Bank and relevant international regulatory bodies to contribute to this process, and in this context recognizes that all countries have autonomy in the management of capital accounts in accordance with their own national priorities and needs;

14. *Reaffirms* the need to strengthen international and national financial systems through more effective national, regional and international surveillance of both the public and private sectors, based, *inter alia*, on the improved availability and transparency of information, as appropriate, and possible additional regulatory and voluntary disclosure measures concerning financial market participants, including international institutional investors, in particular concerning highly leveraged operations, and in this context also reaffirms the importance of continuing to work in the relevant forums on questions related to surveillance, transparency and disclosure, regulation and supervision;

15. *Stresses* the importance of strengthened collaboration between the World Bank and the International Monetary Fund in specific areas where collaboration is needed, such as the financial sector, while recognizing the specific mandates of the two institutions, and also stresses the need for institutions dealing with financial crises to keep in mind the overall objective of facilitating long-term development;

16. *Calls* for the renewal of national, regional and international efforts to promote the greater involvement of the private sector in the prevention and resolution of financial crisis, underscores in this context the importance of a more equitable distribution of the cost of adjustments between the public and private sectors and among debtors, creditors and investors, and requests the United Nations Conference on Trade and Development to inform the General Assembly at its fifty-fifth session concerning the work it has undertaken on this matter;

17. *Reiterates its call* upon the international community to pursue national, regional and international efforts to contribute to minimizing the negative impacts of excessive volatility of global financial flows, reiterates in this context the need to consider the establishment of regulatory frameworks for short-term capital flows and trade in currencies, and invites the International Monetary Fund and the relevant regulatory bodies to contribute to this process;

18. *Emphasizes* that it is important for sovereign risk assessments made by private sector agencies to be based on objective and transparent parameters, and in this regard invites the relevant national, regional and international regulatory bodies to contribute to the development of appropriate standards to ensure that risk-assessment agencies provide complete and accurate information on a timely and regular basis;

19. *Encourages* the continuing efforts of the World Bank and regional development banks to help Governments to address the social consequences of crisis, in particular through the strengthening of social safety nets in developing countries, particularly for the most vulnerable groups, without losing sight of the long-term goals of development;

20. *Requests* the Secretary-General to support, *inter alia*, through collaboration with the regional commissions and regional and subregional initiatives, the ongoing work on the identification of measures that will contribute to a more stable and predictable international financial system that is responsive to the challenges of development, in particular of developing countries, and in this regard requests the Secretary-General to make available the results of those exercises to the General Assembly at its fifty-fifth session;

21. *Also requests* the Secretary-General, in close cooperation with all relevant entities of the United Nations, including the United Nations Conference on Trade and Development and the regional commissions, within their respective mandates, and in consultation with the Bretton Woods institutions, to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution under the sub-item entitled "Financing of development, including net transfer of resources between developing and developed countries", with an analysis of the current trend in global financial flows and recommendations for an agenda for a strengthened and more stable international financial system that is responsive to the priorities of growth and development, in particular of developing countries, and to the promotion of economic and social equity in the global economy;

22. *Requests* the President of the General Assembly to transmit the present resolution to the Board of Executive Directors of the World Bank and the Executive Board of the International Monetary Fund, in order to bring it to their attention as an input to their discussions on the matters addressed herein.

III. Recommendation of the Second Committee

16. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Role of the United Nations in promoting development in the context of globalization and interdependence

The General Assembly,

Recalling its resolution 53/169 of 15 December 1998,

Recognizing the challenges and opportunities of globalization and interdependence,

Expressing serious concern over the increasing risks of marginalization of a large number of developing countries from the globalization process, including in the finance, trade and technology sectors, and the additional vulnerability of those developing countries that are in the process of integrating into the world economy, resulting in particular from the volatility of short-term capital flows and the accentuation of income disparities within and among countries,

Recognizing that globalization and interdependence are opening new opportunities through trade, investment and capital flows, and advancements in technology, including information technology, for the growth of the world economy, for development and for the improvement of living standards around the world,

Emphasizing that the international systems dealing with development, finance, trade and transfer of technology should further address the negative impacts of globalization on developing countries,

Expressing grave concern over the generally widening technological gap between the developed and developing countries, particularly in the area of information and communication technology, which is shaping the contours of globalization,

Mindful, in the process of trade liberalization, of the diminution of trade preferential margins for developing countries, particularly the least developed countries and small island developing States, and of the need for countries to take measures, as appropriate, in accordance with the rules of the World Trade Organization, to address that diminution with a view to offsetting it,

Underlining the need to continue work on a wide range of reforms to create a strengthened international financial system,

Recognizing the importance of appropriate policy responses at the national level by all countries to the challenges of globalization, in particular by pursuing sound macroeconomic and social policies, noting the need for support from the international community for the efforts of the least developed countries, in particular, to improve their institutional and management capacities, and also recognizing that all countries should pursue policies conducive to economic growth and to promoting a favourable global economic environment,

Underlining the importance of promoting the integration of developing countries into the world economy in order to enable them to take the fullest possible advantage of the trading opportunities arising from globalization and liberalization,

Underscoring the urgent need to mitigate the negative consequences of globalization and interdependence for all developing countries, including landlocked developing countries, small island developing States and, in particular, African countries and the least developed countries,

Convinced of the need, in the context of globalization and interdependence, to develop and implement policies to promote equity, transparency and inclusion, with the goal of promoting development, particularly of developing countries,

Reiterating that the United Nations, as a universal forum, is in a unique position to achieve international cooperation in addressing the challenges of promoting development in the context of globalization and interdependence,

Convinced that the United Nations has a key role to play in fostering greater coherence, complementarity and coordination in addressing economic and development issues at the global level,

Noting the report of the Secretary-General on the role of the United Nations in promoting development in the context of globalization and interdependence,¹

Noting also the *Human Development Report, 1999*,² which focuses on globalization with a human face,

Taking note, in the context of globalization and interdependence, of the ongoing work of the Commonwealth Secretariat/World Bank Joint Task Force on Small States,

Noting with appreciation that the United Nations Conference on Trade and Development, at its tenth session, to be held at Bangkok in February 2000, will focus on "Development strategies in an increasingly interdependent world: applying the lessons of the past to make globalization an effective instrument for the development of all countries and all people",

Welcoming the decision of the Economic and Social Council to devote the high-level segment of its substantive session of 2000 to the theme "Development and international

¹ A/54/358.

² New York, Oxford University Press, 1999.

A/54/592

cooperation in the twenty-first century: the role of information technology in the context of a knowledge-based global economy",³

1. *Reaffirms* that the United Nations has a central role to play in promoting international cooperation for development and in promoting greater policy coherence on global development issues, including in the context of globalization and interdependence;

2. *Strongly stresses* that the United Nations, the Bretton Woods institutions and the World Trade Organization should intensify their collaboration, as appropriate, in promoting policy coherence, complementarity and coordination on economic, financial, trade and development issues at the global level, which should aim at optimizing the benefits and minimizing the negative consequences of globalization, liberalization and interdependence, taking into account the specific vulnerabilities, concerns and needs of developing countries;

3. *Calls* for increased international cooperation to address the challenges of globalization through the enhanced participation of developing countries in the international economic policy decision-making process; integrated consideration of trade, finance, technology transfer and development issues by the relevant international institutions; and the continuation of a wide range of reforms of the international financial system;

4. *Calls upon* all countries, in particular the major developed economies, to enhance coherence among their financial, trade and development cooperation policies, with a view to creating an enabling international economic environment supportive of development, in particular of developing countries;

5. *Stresses* the importance, at the national level, of maintaining sound macroeconomic policies and developing effective institutional and regulatory frameworks and human resources, so as to realize the mutually reinforcing objectives of poverty eradication and development, *inter alia* through national poverty reduction strategies and enhanced policy coherence;

6. *Urges* the international community to promote international development cooperation aimed at enhancing the participation of developing countries in the globalizing world economy;

7. *Also urges* the international community to adopt policies that promote equity in finance, trade and transfer of technology and address the problems of developing countries in the areas of external debt and transfer of resources, financial vulnerability, declining terms of trade and market access;

8. *Welcomes* the efforts of the United Nations Conference on Trade and Development and the International Trade Centre and other multilateral and bilateral efforts to help developing countries, including landlocked developing countries, small island developing States and, in particular, African countries and the least developed countries, in addressing their specific concerns within the globalizing economy, in particular through technology-related assistance in the fields of trade and policy; in the improvement of trade efficiency and policies and trade in services, and in electronic commerce;

9. *Emphasizes* the importance of recognizing and addressing the specific concerns of countries with economies in transition so as to help them to benefit from globalization with a view to their full integration into the world economy;

10. *Strongly underlines* the importance of an enabling environment for investment, in particular foreign direct investment, and of market access, governance responsive to the

³ Economic and Social Council decision 1999/281.

needs of the people with efficient, participatory, transparent and accountable public service, policy-making processes and administration, an increase in the volume and effectiveness of official development assistance, tackling unsustainable debt burdens, including debt conversion measures and flexibility in the implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative and, as recommended in the report of the Secretary-General,⁴ support for regional cooperation and integration as priority areas that need to be addressed in order to achieve sustainable development in African countries and to encourage the participation of all African countries in the global economy;

11. *Emphasizes* the technology-led dimension of globalization and the importance of facilitating access to and transfer of information and communication technology and corresponding knowledge, in particular to developing countries, on favourable terms, including concessional and preferential terms, as mutually agreed, taking into account the need to protect intellectual property rights, as well as the special needs of developing countries, to enable them to benefit from globalization through full and effective integration into the emerging global information network;

12. *Strongly emphasizes* the need for the regional and national capacity-building programmes of the United Nations system, the regional commissions, United Nations funds and programmes and the specialized agencies to have a strong component oriented towards assisting developing countries, as well as countries with economies in transition, in the area of information and communication technology;

13. *Requests* the Secretary-General to prepare, in close collaboration with the United Nations Conference on Trade and Development and in consultation with other relevant organizations, a comprehensive report containing action-oriented recommendations on further promoting the role of the United Nations system in the transfer of information and communication technology to developing countries and also on its role in promoting policy coherence, complementarity and coordination on economic, financial, trade, technology and development issues at the global level in order to optimize the benefits of globalization;

14. *Also requests* the Secretary-General to convene, if possible, from extrabudgetary resources, a meeting of a high-level panel of experts on information and communication technology, taking into account equitable geographical representation, and in consultation with Member States, to prepare a report, to be made available in early June 2000, containing recommendations on the role of the United Nations in enhancing the integration of developing countries in the emerging global information network; facilitating access for developing countries to information and communication technology, including access on preferential and concessional terms, where appropriate, and promoting the participation of developing countries, *inter alia* through infrastructure facilities, in knowledge-intensive sectors of the global economy;

15. *Invites* countries, and other relevant entities in a position to do so, to provide the necessary extrabudgetary resources for the convening of the high-level panel;

16. *Decides* to include in the provisional agenda of its fifty-fifth session the item entitled "Globalization and interdependence".

⁴ A/52/871-S/1998/318.

III. Recommendation of the Second Committee

10. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Implementation of the first United Nations Decade for the Eradication of Poverty

The General Assembly,

Recalling its resolutions 50/107 of 20 December 1995 and 53/198 of 15 December 1998 regarding the first United Nations Decade for the Eradication of Poverty (1997-2006), and all of its other resolutions relating to international cooperation for the eradication of poverty in the developing countries,

Recalling also the declarations and programmes of action of the major United Nations conferences and summits in the 1990s as they relate to the eradication of poverty,

Taking note of the report of the Secretary-General on the implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006),¹

Expressing its deep concern that the number of people living in extreme poverty continues to increase, with women and children constituting the majority and the most affected group,

Expressing its deep concern also that efforts to reduce poverty have been severely constrained because of the slowing down of economic growth in developing countries, as a result of, *inter alia* and in particular, the 1997-1998 financial crisis and declining commodity prices, and noting that while some of the most visible effects of the crisis are being overcome in some regions and sectors, there is a need to sustain and expand the momentum of recovery,

Recognizing that, while the process of globalization brings with it opportunities, it poses new challenges and risks for developing countries, in particular the least developed among them, at a time when they are intensifying their efforts to achieve sustained economic growth and directing their national policies towards the eradication of poverty through the implementation of comprehensive strategies, policies and programmes, including those with a long-term perspective,

¹ A/54/316.

Recognizing also that, while the rate of poverty in some countries has been reduced, some developing countries and disadvantaged groups are being marginalized, others are at risk of being marginalized and effectively excluded from the benefits of globalization, and there is increased income disparity among and within countries, thereby constraining efforts to eradicate poverty,

Recognizing further that the combined effects of natural disasters, conflicts, entrenched poverty, disease, especially malaria and the human immunodeficiency virus/acquired immunodeficiency syndrome epidemic, and lack of proper education affect the economic prospects of and efforts to eradicate poverty in the most severely affected countries, especially in Africa,

Recognizing that, while it is the primary responsibility of States to attain social development, the international community should support the efforts of the developing countries to eradicate poverty and to ensure basic social protection,

Expressing its appreciation to the developed countries that have agreed to and have reached the target of 0.7 per cent of their gross national product for overall official development assistance,

Emphasizing the need to strengthen further the efforts of international organizations, agencies, funds, programmes and bodies of the United Nations system, including the World Bank and the International Monetary Fund within their respective mandates, as well as the efforts of civil society, including non-governmental organizations, to implement measures and take action to eradicate poverty within the framework of the first United Nations Decade for the Eradication of Poverty,

Noting with appreciation the debt initiative launched by the Group of Seven major industrialized countries, at its meeting held at Cologne, Germany, from 18 to 20 June 1999, the decisions taken by the international community to assign priority to the eradication of poverty in the programmes and policy advice of the Bretton Woods institutions and the enhancement to the Heavily Indebted Poor Countries Debt Initiative introduced with a view to achieving more rapid, deeper and broader debt relief for the heavily indebted poor countries,

1. *Reiterates* that the main objective of the first United Nations Decade for the Eradication of Poverty is to achieve the goal of eradicating absolute poverty and reducing overall poverty substantially in the world through decisive national action and international cooperation;

2. *Reiterates also* the call for strengthened efforts at all levels to implement fully and effectively the relevant resolutions and decisions of the United Nations and all agreements and commitments adopted at major United Nations conferences and summits organized since 1990 as they relate to the eradication of poverty, and, in this context, calls for specific action aimed at achieving tangible results through an output-oriented approach to attaining the objectives of the Decade as soon as possible;

3. *Reaffirms* that, within the context of overall action for the eradication of poverty, special attention should be given to the multidimensional nature of poverty and the national and international conditions and policies that are conducive to its eradication by fostering, *inter alia*, the social and economic integration of people living in poverty, thus empowering them to participate in decision-making with regard to the policies that affect them, to the promotion and protection of all human rights and fundamental freedoms for all, including the right to development, and to an efficient, transparent and accountable public service and administration;

4. *Stresses* the importance of tackling the root causes of poverty and the necessity of meeting the basic needs of all and, in this context, emphasizes the fundamental role, in the eradication of poverty, of strong and sustained economic growth that favours the poor, creates substantive expansion in productive opportunities and employment, increases incomes, promotes equitable income distribution and minimizes environmental degradation;

5. *Recognizes* the importance of adopting appropriate policy responses to the challenges of globalization at the national level, in particular by pursuing sound and stable domestic policies, including sound macroeconomic and social policies, in order to realize the objective of eradicating poverty;

6. *Calls upon* all Governments to incorporate, as they deem appropriate, the recommendations made by the Secretary-General for possible action and initiatives for poverty eradication towards the new millennium² in the design and implementation of their national poverty alleviation strategies and to explore policies best suited to their national circumstances with a view to maximizing efforts aimed at poverty reduction and eradication;

7. *Reaffirms* that the causes of poverty should be addressed in the context of sectoral strategies, such as those on environment, food security, population, migration, health, shelter, the development of human resources including education, fresh water, rural development and productive employment, and of the specific needs of disadvantaged and vulnerable groups in such a way as to increase opportunities and choices for people living in poverty and to enable them to build and strengthen their assets so as to achieve social and economic integration;

8. *Urges* the strengthening of international assistance to developing countries in their efforts to alleviate poverty, including by creating an enabling environment that would facilitate the integration of developing countries into the world economy, improving their market access, facilitating the flow of financial resources and implementing fully and effectively all initiatives already launched regarding debt relief for developing countries, and emphasizes that the international community should consider further measures that would lead to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries so that they can share equally in the benefits of globalization, cope with its negative effects, avoid being marginalized in the process of globalization and achieve full integration into the world economy;

9. *Calls upon* all countries to formulate and implement outcome-oriented national strategies and programmes, including setting time-bound targets for poverty reduction, and, in this context, notes the efforts being made to achieve the target of reducing by one half, by 2015, the proportion of people living in extreme poverty, which requires strengthened national action and international assistance;

10. *Reaffirms* that all Governments and the United Nations system should promote an active and visible policy of mainstreaming a gender perspective in all policies and programmes aimed at the eradication of poverty, at both the national and international levels, and encourages the use of gender analysis as a tool for the integration of a gender dimension into planning the implementation of policies, strategies and programmes for the eradication of poverty;

11. *Calls upon* the developed countries to strengthen their efforts to achieve, as soon as possible, the agreed target of 0.7 per cent of their gross national product for overall

² A/54/316, sect. V.

official development assistance and, where agreed, within that target, to earmark 0.15 to 0.20 per cent of their gross national product for the least developed countries;

12. *Emphasizes* the importance of increasing the control of the poor over resources, including land, skills, knowledge, capital and social connections;

13. *Emphasizes also* the role of microcredit as an important anti-poverty tool that promotes the generation of productive self-employment and empowers people living in poverty, especially women, and therefore encourages Governments to adopt policies that support the development and capacity of microcredit institutions, and calls upon the international community, in particular the relevant organs, organizations and bodies of the United Nations system and international and regional financial institutions involved in the eradication of poverty, to support and explore the incorporation of the microcredit approach into their programmes and the further development, as appropriate, of other microfinancing instruments;

14. *Calls upon* the developed countries, by means of intensified and effective cooperation with developing countries, to promote capacity-building and to facilitate access to and transfer of technologies and corresponding knowledge, in particular to developing countries, on favourable terms, including concessional and preferential terms, as mutually agreed, taking into account the need to protect intellectual property rights, as well as the special needs of developing countries, by identifying and implementing practical steps to ensure the achievement of progress in this regard and to assist developing countries in their efforts to eradicate poverty in an era influenced in large measure by technology;

15. *Emphasizes* the critical role of both formal and non-formal education and training and basic education in the empowerment of those living in poverty, notes the importance of the world forum on education to be held at Dakar in April 2000, and invites the United Nations system, in particular the United Nations Educational, Scientific and Cultural Organization and the United Nations Children's Fund, to propose measures aimed at enhancing the role of the United Nations system, including the World Bank, in helping Member States to provide effective and equitable education for all;

16. *Welcomes* the efforts made by the United Nations system to assign priority to the eradication of poverty and to enhance coordination and, in this regard, encourages those agencies of the United Nations system, including the Bretton Woods institutions, and other partners in development to continue to support all Member States in carrying forward their own strategy for the achievement of the objectives of the Decade;

17. *Reaffirms* the importance of agreeing on a mutual commitment of interested developed and developing country partners to allocate, on average, 20 per cent of official development assistance and 20 per cent of the national budget, respectively, to basic social programmes, and welcomes the efforts made to implement the 20/20 initiative,³ which emphasizes that promoting access for all to basic social services is essential for sustainable and equitable development and is an integral part of the strategy for the eradication of poverty;

18. *Welcomes* the Cologne debt initiative, launched in June 1999, which called for substantial additional financing, and recognizes the importance of fair burden-sharing among creditors and the recent decisions of the International Monetary Fund and the World Bank on the enhanced Heavily Indebted Poor Countries Debt Initiative, which should provide deeper, broader and faster debt relief that will contribute to the reduction of poverty in a sustainable manner in those countries;

³ See A/51/140, annex.

19. *Recognizes* the difficulties of highly indebted middle-income developing countries and other highly indebted middle-income countries in meeting their external debt and debt-servicing obligations and notes the worsening situation in some of them in the context, *inter alia*, of higher liquidity constraints, which may require debt treatment including, as appropriate, debt-reduction measures that will assist them in their efforts effectively to combat poverty;

20. *Encourages* the continued examination in all relevant intergovernmental forums of ways and means to integrate poverty reduction objectives and strategies into discussions on international financial and development issues;

21. *Requests* the Secretary-General to report to it at its fifty-fifth session on the progress made in the implementation of measures, recommendations and activities relating to the first United Nations Decade for the Eradication of Poverty, including a thorough examination of the impact of globalization on the eradication of poverty, recommendations for possible action and initiatives for the eradication of poverty and proposals for better coordination of action taken by the United Nations system, as well as on the implementation of the present resolution;

22. *Decides* to include in the provisional agenda of its fifty-fifth session the item entitled "Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)".

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997 and 53/175 of 15 December 1998 on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

Reaffirming the urgent need for further implementation in an effective, equitable and development-oriented way of existing mechanisms for the treatment of the external debt and debt-servicing problems of developing countries in order to help them to exit from the rescheduling process and unsustainable debt burdens,

Welcoming and emphasizing the importance of the efforts of debtor countries, despite the great social cost often involved, in pursuing economic reform, stabilization and structural adjustment programmes aimed at achieving stability, raising domestic savings and investments, attaining competitiveness to take advantage of market access opportunities where available, reducing inflation, improving economic efficiency and addressing the social aspects of development, including the eradication of poverty as well as the development of social safety nets for the vulnerable and poorer strata of their populations, and encouraging them to continue in these efforts,

Welcoming the debt initiative launched by the Group of Seven major industrialized countries at its meeting held in Cologne, Germany, from 18 to 20 June 1999, and the recent decisions of the International Monetary Fund and the World Bank on the enhanced Heavily Indebted Poor Countries Debt Initiative, which should provide deeper, broader and faster debt relief,

Noting with great concern that one of the major obstacles to the speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative is financial constraints, stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries, and in this regard stressing also that the Heavily Indebted Poor Countries Trust Fund must be adequately funded,

Welcoming the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries through the cancellation and equivalent relief of bilateral debts,

Noting with concern the continuing debt and debt-servicing problems of heavily indebted developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating once and for all, where applicable, the onerous debt and debt-service burden with the aim of attaining a sustainable level of debt and debt service on the basis of an effective, equitable, development-oriented and durable approach, and, where appropriate, addressing the full stock of debt of the poorest and most indebted developing countries as a matter of priority,

Noting with great concern the continuing high debt burden borne by most African countries and least developed countries as exacerbated, *inter alia*, by the declining trend in many commodity prices,

Noting also with great concern that the recent financial crisis has aggravated the debt-service burdens of many developing countries, including low-income and middle-income countries, particularly in the context of meeting their international debt and debt-servicing obligations in a timely fashion despite serious external and domestic financial constraints,

Noting with concern that a growing number of highly indebted middle-income developing countries are facing difficulties in meeting their external debt-servicing obligations, owing, *inter alia*, to liquidity constraints,

Stressing that effective management of the debt of developing countries, including middle-income countries, is an important factor among others in their sustained economic growth and in the smooth functioning of the world economy,

Noting with great concern that the debt overhang of the heavily indebted poor countries still constitutes a problem hampering their development, and in this context emphasizing the importance of the full and speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative,

Stressing the need for evolving debt strategies to continue to address the debt sustainability of developing countries, and in this connection stressing also the urgent need for full and swift implementation of initiatives that will further assist developing countries, in particular the poorest and most heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high levels of total debt stock and debt-service burdens,

Stressing also the need for continuing global economic growth and a continuing supportive international economic environment with regard to, *inter alia*, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries, in accordance with the relevant General Assembly resolutions and recent United Nations conferences,

Noting that mechanisms such as debt rescheduling and debt conversions alone are not sufficient to resolve all the problems relating to long-term debt sustainability,

Stressing the importance of a sound enabling environment for effective debt management,

Recognizing those efforts of the international community that contribute to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, and emphasizing that the international community should consider further appropriate measures to that end,

1. *Takes note* of the report of the Secretary-General on recent developments in the debt situation of developing countries;¹

2. *Recognizes* that effective, equitable, development-oriented and durable solutions to external debt and debt-service burdens of developing countries can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development in accordance with the relevant General Assembly resolutions and recent United Nations conferences;

3. *Also recognizes* that the Cologne debt initiative and the recent decisions of the World Bank and the International Monetary Fund on the enhanced Heavily Indebted Poor Countries Debt Initiative contribute to achieving durable solutions to the external debt and debt-service burdens of the heavily indebted poor developing countries;

4. *Reiterates* the call for industrialized countries that have not yet contributed to the Enhanced Structural Adjustment Facility (now renamed Poverty Reduction and Growth

¹ A/54/370.

Facility) and the Heavily Indebted Poor Countries Trust Fund to come forward immediately with their contribution;

5. *Notes* the agreement on the elements of a financing plan for multilateral development banks and in this regard stresses the urgency of providing new and additional resources to secure adequate funding for an overall financing plan for the enhanced Heavily Indebted Poor Countries Debt Initiative, including in particular the Heavily Indebted Poor Countries Trust Fund in the context of equitable and transparent burden-sharing that would permit the Initiative to be launched and the delivery of debt relief to begin for those countries requiring retroactive relief and those expected to reach their decision points over the near term, without compromising the financing made available through concessional windows such as the International Development Association, and in this regard stresses the importance of applying the enhanced Initiative in those eligible countries that have already reached their decision and completion points within the framework of the previous Initiative;

6. *Also notes* that the so-called floating completion points approach offers the opportunity to shorten the time-frame for implementation of the Heavily Indebted Poor Countries Debt Initiative to countries that meet the necessary conditions so that debt relief can be provided faster than under the original heavily indebted poor countries framework, and in this regard urges speedy implementation of the approach and welcomes the flexibility that the enhanced Initiative provides in terms of interim assistance and front-loading of the delivery of debt to qualifying eligible countries;

7. *Stresses* the importance of implementing the Heavily Indebted Poor Countries Debt Initiative flexibly, including shortening the interval between the decision and completion points, taking due account of the policy performance of the countries concerned in a transparent manner and with the full involvement of the debtor countries;

8. *Notes* that there is now a possibility of expanding eligibility under the Heavily Indebted Poor Countries Debt Initiative to thirty-six countries, and in this regard looks forward to an early review of the list of heavily indebted poor countries;

9. *Stresses* the importance of considering increased flexibility with regard to Heavily Indebted Poor Countries Debt Initiative eligibility criteria, including continuously evaluating and actively monitoring the implication of existing terms of the eligibility criteria so as to ensure sufficient coverage of heavily indebted poor countries, increased flexibility being, in this context, particularly important for known borderline cases and countries in post-conflict situations, in respect of, *inter alia*, avoiding delays in the establishment of a track record of economic performance caused by temporary setbacks due to external shocks in order to help them to exit from the rescheduling process and from unsustainable debt burdens;

10. *Invites* the International Monetary Fund and the World Bank to continue to strengthen the transparency and integrity of debt sustainability analysis, and encourages the further commissioning of relevant independent studies on the debt problem of developing countries;

11. *Welcomes* the proposed framework for strengthening the link between debt relief and poverty eradication and stresses the need for its flexible implementation, recognizing that, while the poverty reduction strategy paper should be in place by the decision point, on a transitional basis the decision point could be reached without agreement on a poverty paper, but that in all cases demonstrable progress in implementing a poverty reduction strategy would be required by the completion point;

12. *Emphasizes* that poverty reduction programmes as linked to the implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative must be country-driven

and in accordance with the priorities and programmes of countries eligible under the Initiative, and stresses the role of civil society in this regard;

13. *Stresses* the need for debt-relief initiatives to be guided by enhanced transparency and predictability, involving debtor countries in any review and analysis that is conducted during the adjustment period;

14. *Welcomes* the decision of those countries that have cancelled bilateral official debt and urges creditor countries that have not done so to consider full cancellation of bilateral official debts of countries eligible under the Heavily Indebted Poor Countries Debt Initiative and, as appropriate, action to address the needs of post-conflict countries, in particular those with protracted arrears, developing countries affected by serious natural disasters and poor countries with very low social and human development indicators, including the possibility of debt-relief measures through, *inter alia*, the cancellation and equivalent relief of bilateral official debt, and stresses the importance of building coalitions with civil society organizations and non-governmental organizations in all countries to ensure in the shortest possible time the implementation of pronouncements on debt forgiveness in order that countries eligible under the Initiative may quickly benefit from such pronouncements;

15. *Notes* that the multilateral debt-relief funds can have a positive impact in respect of assisting Governments in safeguarding or increasing expenditures on priority social sectors and encourages donors to continue efforts in this regard in the context of the enhanced Heavily Indebted Poor Countries Debt Initiative;

16. *Stresses* the principle that funding of any debt relief should not affect adversely the support for other development activities in favour of developing countries, including the level of funding for the United Nations funds and programmes, and in this regard welcomes the decision of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries (Development Committee) that financing of debt relief should not compromise the financing made available through concessional windows such as the International Development Association, and expresses its appreciation that certain developed countries have reached or even gone beyond the agreed target for official development assistance of 0.7 per cent of their gross national product, while at the same time calling upon other developed countries to fulfil this target for official development assistance as soon as possible;

17. *Expresses its appreciation* for the action taken by creditor countries of the Paris Club in December 1998 with regard to the debts of countries affected by hurricane Mitch, and in this regard reiterates the need for relief promises to come to fruition within the shortest possible time-frames in order to free the requisite resources for national reconstruction efforts, welcomes the decision of various countries to address the debt situation of Honduras and Nicaragua, including through cancellation of their bilateral official debt, and invites others to take similar action;

18. *Encourages* the international creditor community to consider appropriate measures in the case of countries with a very high level of debt overhang, including in particular low-income African countries, in order to make an appropriate and consistent contribution to the common objective of debt sustainability;

19. *Recognizes* the difficulties of highly indebted middle-income developing countries and other highly indebted middle-income countries in meeting their external debt and debt-servicing obligations, and notes the worsening situation in some of them in the

context, *inter alia*, of higher liquidity constraints, which may require debt treatment including, as appropriate, debt-reduction measures;

20. *Calls* for concerted national and international action to address effectively debt problems of middle-income developing countries with a view to resolving their potential long-term debt-sustainability problems through various debt-treatment measures, including, as appropriate, orderly mechanisms for debt reduction, and encourages all creditor and debtor countries to utilize to the fullest extent possible, where appropriate, all existing mechanisms for debt reduction;

21. *Recognizes* the efforts made by indebted developing countries with regard to fulfilling their debt-servicing commitments despite the high social cost incurred, and in this regard encourages private creditors and, in particular, commercial banks to continue their initiatives and efforts to address the commercial debt problems of middle-income developing countries, in particular those affected by the financial crisis;

22. *Also recognizes* the need to continue to work with all creditors in order to facilitate continued access to international capital markets, and, in the event that extraordinary circumstances preclude a country from temporarily meeting its debt-servicing commitments, urges Governments to work with creditors in a transparent and timely fashion towards a workable resolution of the repayment problem;

23. *Further recognizes* the need to make the maximum use of existing debt-relief measures, including existing facilities to provide relief through various debt-conversion programmes, such as debt-equity swaps, debt-for-nature swaps, debt-for-child-development swaps and other debt-for-development efforts, as well as to support measures in favour of the most vulnerable segments of the societies of those countries and to develop techniques of debt conversion to be applied to social development programmes and projects, in conformity with the priorities of the World Summit for Social Development, held in Copenhagen in March 1995;²

24. *Stresses* that debt relief should contribute to development objectives, including poverty reduction, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

25. *Notes*, while recognizing the benefits of the liberalization of international capital flows, the adverse impact of the volatility of short-term capital flows on exchange rates, interest rates and the debt situation of developing countries, and stresses the need for coherence in implementing policies and for the liberalization of capital accounts in an orderly, gradual and well-sequenced manner to keep pace with the strengthening of the ability of countries to sustain its consequences so as to mitigate the adverse impact of such volatility;

26. *Also notes* that debt relief alone will not lead to poverty reduction, and in this regard emphasizes the need for an enabling environment as well as for an efficient, transparent and accountable public service and administration, and also emphasizes the urgency of securing an adequate level of funding support for debt relief, in particular the agreement for an overall financing plan for the enhanced Heavily Indebted Poor Countries Debt Initiative;

27. *Stresses* the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts towards this end, and in this regard stresses the importance of initiatives such as the Debt

² See *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8).

Management and Financial Analysis System³ and the debt-management capacity-building programme;

28. *Reaffirms* the Mid-term Global Review of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s,⁴ in particular the actions required in favour of those countries concerning their official bilateral, commercial and multilateral debts;

29. *Stresses* the need for new financial flows to debtor developing countries from all sources, in addition to debt-relief measures that include debt and debt-service reduction, and urges creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, in particular to the least developed countries, in order to support the implementation by the developing countries of economic reforms and stabilization and structural adjustment programmes that will enable them to extricate themselves from the debt overhang and attract new investment and to assist them in achieving sustained economic growth and sustainable development, in accordance with the relevant General Assembly resolutions and recent United Nations conferences, and the eradication of poverty;

30. *Notes* the importance of providing adequate resources for debt-relief measures in the light of the adverse effects of the international financial crises on the mobilization of both domestic and external resources for the development of the developing countries, including those in Africa and the least developed countries;

31. *Stresses* the importance of trade to development, poverty alleviation and sustained global economic recovery, and in this regard emphasizes that multilateral trade negotiations should deliver early and substantial benefits to developing countries, in particular the least developed countries, as well as improve market access and further reduce barriers to trade;

32. *Also stresses* the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development, so as to favour their exit from debt and debt-servicing problems, and further stresses the need for the international community to promote a conducive external environment through, *inter alia*, improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, flow of financial resources and improved access to technology for developing countries;

33. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s on development, as well as of the outcomes of review processes, in particular those related to the question of the external debt problem of developing countries;

34. *Requests* the Secretary-General to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution and to include in his report a comprehensive and substantive analysis of the external debt and debt-servicing problems of the developing countries.

³ The Debt Management and Financial Analysis System is a computerized system developed by the United Nations Conference on Trade and Development to assist developing countries and countries with economies in transition in developing appropriate administrative, institutional and legal structures for effective foreign and domestic public debt management. By June 1999, the system had been installed in the debt offices of fifty countries in Africa, Asia, Europe and Latin America and the Caribbean.

⁴ Resolution 50/103, annex.

