

SM/08/38

January 28, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **UN General Assembly—Report on Issues Relevant to the Fund**

Attached for the **information** of Executive Directors is a report on the 2007 session of the United Nations General Assembly held in New York from September through December 2007.

Questions may be referred to Mr. Potter (ext. 35669) and Mr. Nielsen (ext. 36850) in UNO.

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INTERNATIONAL MONETARY FUND

**UN General Assembly—Report on Issues Relevant to the Fund**

Prepared by the Special Representative to the United Nations

Approved by Barry H. Potter

January 28, 2008

**The sixty-second regular session of the United Nations General Assembly was held in New York from September through December 2007.** The General Assembly (GA) reached consensus on several resolutions of interest and relevance to the Fund. The GA also agreed on the modalities for a major conference on financing for development, which will review progress since the International Conference on Financing for Development held in Monterrey, Mexico in March 2002.

***General Assembly resolutions***

The GA's 2<sup>nd</sup> committee on economic and financial affairs debated a broad range of macroeconomic and development issues; on the basis of these debates, the GA passed a number of resolutions of interest and relevance to the Fund.

- **In its consideration of the international financial system and development the General Assembly welcomed the efforts by the Fund to further promote international financial stability and enhance crisis prevention** through: an even-handed implementation of surveillance, including at the regional level; a sharpened analysis of capital market developments; and ongoing work in assessing debt sustainability. In this context, the GA noted the importance of: early identification of problems and risks; fostering appropriate policy responses; the possible provision of financing and other instruments designed to prevent the emergence or spread of financial crises; and further improvements in the transparency of macroeconomic data and statistical information on international capital flows. The GA also noted that multilateral surveillance should remain at the center of crisis prevention efforts and focused on the stability of the global system as a whole. While the GA encouraged countries that have not yet undertaken FSAPs to consider doing so, it also emphasized the need to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes. The GA also made a reference to the proposal to use SDR allocations for development purposes, while stressing that any such allocations would have to be consistent with the Fund's Articles of Agreement.
- **The GA continued to express concern about developing countries' voting power in the Bretton Woods Institutions (BWIs) and reiterated the need to enhance the**

**voice and participation of developing countries.** The GA invited the BWIs to continue to provide information on this issue using existing fora.

- **In its triennial comprehensive policy review of operational activities for development of the UN system, the GA encouraged the UN System and the BWIs to continue their efforts to improve coordination on the transition from relief to development,** including where relevant through the development of joint responses for post-disaster and post-conflict need assessments, programme planning, implementation and monitoring, and funding mechanisms to deliver more effective support for countries graduating from relief to development. The GA also invited the UN System and the BWIs to explore further ways to enhance cooperation, collaboration and coordination, including through the greater harmonization of strategic frameworks, instruments, modalities, and partnership arrangements.
- **On globalization and interdependence the GA noted that the emergence of rule-based regimes for international economic relations has meant that the space for national economic policy—especially in the areas of trade, investment, and industrial development—is now often circumscribed by international disciplines.** The GA stressed the need to strike an appropriate balance between national policy space and international commitments: it is for each government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by loss of policy space. The GA reaffirmed the importance of good governance—both at the national and international levels—to achieve sustainable development; and the GA called on the international community to ensure support both for structural and macroeconomic reform, and for increased market access for developing countries.
- **In its consideration of external debt issues, the GA noted with appreciation the progress made in implementing the HIPC and MDR initiatives while calling for additional resources to ensure that the financial capacity of IFIs is not reduced.** The GA underlined the important role of the joint Fund-Bank Debt Sustainability Analysis for low-income countries in guiding borrowing and lending decisions, while stressing the need to keep the overall implications of the framework under review. The General Assembly also invited UNCTAD and the BWIs in cooperation with the regional commissions, development banks, and other stakeholders to continue cooperation on capacity-building in developing countries, including in the areas of debt management and debt sustainability.
- **The GA stressed the importance of global partnerships in the pursuit of agreed development outcomes and in that connection invited the BWIs to further explore innovative approaches to the use of partnerships (with due regard to these institutions' mandates) as a means of improving their operational outcomes.**
- **In reaffirming the Brussels Programme of Action for the Least Developed Countries for the decade 2001-10, the General Assembly encouraged, *inter alia*, the BWIs to assist the least developed countries in translating the Programme's**

**goals and targets into concrete actions in the light of their national development priorities.**

*Financing for Development conference*

**Following on the October 2007 High-level dialogue on Financing for Development<sup>1</sup> the General Assembly agreed on the modalities for a conference to review the implementation of the Monterrey Consensus:**

- The conference will take place from November 29 to December 2, 2008 in Doha, Qatar;
- The representation should be at the highest possible political level, but it is for each government to decide the appropriate level of participation whether heads of state or government, ministers, or other representatives;
- The conference will include plenary meetings and six interactive multi-stakeholder round tables based on the major thematic areas of the Monterrey Consensus;<sup>2</sup>
- The conference will result in an intergovernmentally agreed outcome;
- The report of the conference will include summaries of the plenary meetings and of the round-table discussion.

The GA resolution indicated that the Doha review conference should: assess progress made; reaffirm goals and commitments; share best practices and lessons learned; identify obstacles and constraints encountered (and actions and initiatives to overcome them); and specify measures for further implementation, as well as new challenges and emerging issues.

**The GA stressed the importance of the full involvement of all relevant stakeholders in the implementation of the Monterrey Consensus and it reaffirmed that the GA should continue to review implementation.** In that regard, the GA also called for making full use of existing institutional arrangements including the Spring dialogue between ECOSOC, UNCTAD, WTO and the BWIs. To prepare for the conference, the resolution requested regional commissions to conduct regional consultations, while the President of the GA was

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<sup>1</sup> See “UN General Assembly—Report on the High-Level Dialogue on Financing for Development, October 23-25, 2007,” SM/07/370, November 16, 2007.

<sup>2</sup>These thematic areas are: (i) Mobilizing domestic resources for development, (ii) mobilizing international resources for development, (iii) international trade as an engine for development, (iv) international financial and technical cooperation for development, (v) external debt, and (vi) the coherence and consistency of the international economic system in support of development.

asked to conduct review sessions on each of the six thematic areas of the Monterrey Consensus.<sup>3</sup>

*Other issues and upcoming UN events*

- The GA has proclaimed the period 2008-17 as the second UN Decade for the Eradication of Poverty in order to support, in an efficient and coordinated manner, the internationally agreed development goals related to poverty eradication, including the Millennium Development Goals (MDGs).
- The GA will host high-level thematic debates on climate change on February 11-12 and on the status of implementation of the MDGs on April 1-2. In addition, it is expected that there will be two high-level events taking place in September on NEPAD and MDGs issues respectively.
- The UNCTAD XII conference will take place in Accra, Ghana from April 20 to 25 on the theme of addressing the opportunities and challenges of globalization for development. The conference is expected to focus in particular on ways of enhancing both coherence in global policy making and an enabling environment to strengthen the productive capacity of developing countries.

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<sup>3</sup> Further information about the preparatory process is available at <http://www.un.org/esa/ffd>.