

General Assembly
**Ad Hoc Open-ended Working Group to follow up on the issues contained in the Outcome of the
Conference on the World Financial and Economic Crisis and Its Impact on Development**

Third meeting on
"Mobilization of additional resources to mitigate the impact of the crisis on the most vulnerable"
(New York, 23 April 2010)

Informal summary by the Secretariat

Overview. The meeting was co-chaired by H.E. Mr. Morten Wetland (Norway) and H.E. Mr. Lazarous Kapambwe (Zambia). Mr. Wetland introduced the theme of the meeting, emphasizing stocktaking on paragraphs 19-31 of the Outcome Document of the Conference. He gave an overview of resource mobilization since the financial crisis, noting that the concerns about the decline in resource flows to the developing countries during the crisis did not fully

that could afford them should work for all and that demand generated by domestic stimulus packages should not be constrained by protectionist measures.

With respect to restoring growth, an essential ingredient was to improve prospects for private capital inflows into African and other developing countries. Private capital flows would also need to be supplemented by official development assistance (ODA), which continued to play a significant role in funding socio-economic development in Africa. Another option for raising resources was domestic resource mobilization, including through increasing the domestic savings

decreased in China. Yet, enrollment rates increased in both countries. This reflected the success of public measures in Mexico in increasing e

The speaker went on to stress the importance of private international capital flow, particularly foreign direct investment (FDI), as a complement to national resources and international development cooperation finance. He called for additional efforts to channel private capital flows to developing countries on a stable basis as well as to maximize the positive development impact of these flows, with linkages to production, research and development and technology transfer.

The speaker recalled that the Outcome Document underscored that member states should explore ways to strengthen international cooperation in international migration and development in light of the important contribution of migrant workers to both countries of origin and of destination. He proposed that the Secretary-General, in cooperation with the International Organization on Migration, develop a mechanism to follow up with concrete measures on the achievement of objectives in paragraph 27 of the Outcome Document.

The representative of Nepal (on behalf of the least developed countries) underscored that LDCs had been hit hardest by the financial crisis. To mitigate this impact and to address emerging challenges in these countries, enhanced and strengthened global partnership was needed, entailing an increase in resources and more supportive international decision-making. With regard to development cooperation finance, international financial institutions, including multilateral development banks, would need adequate funding, including for crisis financing and trade finance. At the same time, eligibility criteria should be more flexible with reduced conditionality, increased concessional terms and reduced conditionality. Also, ODA commitments should be honoured.

The speaker stressed the need for a fair and rule-based multilateral trading system and hence, the expeditious conclusion of the Doha Round that integrated the interests of LDCs in gaining market access and including substantial and sustained funding for Aid for Trade. The speaker also called for increased FDI flows to LDCs and maximization of their development impact, especially by facilitating investment in infrastructure and building productive capacity.

The representative of Nepal posed two questions to the panelists: 1) whether globalization was a cause of the lack of closing of the gap in income per worker between developed and developing countries and 2) for countries in a low income equilibrium trap, whether resource transfers would be necessary to ensure needed investment in education and health and infrastructure to contribute to productivity growth.

The representative of Cape Verde (on behalf of the African Group) highlighted the financing gap of many developing countries, especially LDCs, in the aftermath of the financial crisis, resulting in rising budget deficits and cancellation of development projects and threatening the achievement of the MDGs. Pointing to the decline in financial flows from international investment and the collapse in export revenues, he called for immediate fulfillment of ODA commitments to Africa, specifically in making up the shortfall of what was agreed at the Gleneagles Summit. In this connection, he welcomed practical steps to scale up financial development assistance efforts.

The representative of Chile (on behalf of the Rio Group) reaffirmed that each country was responsible for its own development and that the mobilization of domestic resources was vital for achieving national development goals of combating hunger and poverty and achieving

According to the speaker, the crisis had further demonstrated the importance of aid effectiveness. To this end, the EU was taking initiatives aimed at harmonizing EU aid at country level; launching a process for EU cross-country division of labor; and increasing transparency and accountability on EU aid. At the same time it was important to make non-aid policies more supportive to development objectives. This issue needed greater attention at the UN.

The EU expressed concern about the social impact of the economic crisis in developing countries. Donors and partner countries should act to prevent social sector spending from shrinking. Particular attention should be given to employment creation, rights at work and social protection.

The EU priority for its trade policy in response to the crisis had been to keep markets open and global trade flowing in all areas. The speaker underlined the importance of an early conclusion of the Doha Round. He also stressed that the EU had met its commitment of €2 billion annually for Trade-Related Assistance.

The representative of Switzerland stressed the importance of quality of policies in developing countries along with the volume of resources received. He also noted that ODA should become more predictable and transparent. There was a need for mutual accountability to close the gap between actual disbursements and promises.

The speaker reiterated the need for developing countries to strengthen their policies in order to enhance domestic resources including broadening tax base, increasing savings and fostering financial development. He also emphasized the importance of fiscal decentralization and more active involvement of local and regional governments.

The representative of South Africa pointed out that actual aid to Africa had been lower than commitments made. In 2010, Africa would need \$20 billion more aid to meet MDGs. There was also a need to recapitalize MDBs and promote intra-African trade. The speaker also stressed the importance of job creation, policy space and national ownership.

The representative of Venezuela noted that developed countries did not develop on the basis of free trade. The free market approach

The representative of the United States of America noted some positive signs of economic recovery. The speaker also drew attention to the lessons in terms of resource flows: why countries of the same level of development had different patterns of flows.

The representative of the Netherlands discussed the effects of the crisis on developing countries. According to the speaker, these effects in general had been manageable and varied from country to country. Also, developing countries appeared to be more integrated financially than previously thought. However, openness did not necessarily increase vulnerability. In this regard, economic diversification proved to be of utmost impo