



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for
Scholarly Publishing at Yale

YPFS Resource Library

5-1-2009

Background Note - UN Conference at the Highest Level On The World Financial And Economic Crisis And Its Impact On Development

United Nations: General Assembly

<https://elischolar.library.yale.edu/ypfs-documents/1315>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.



UNITED NATIONS CONFERENCE AT THE HIGHEST LEVEL ON THE WORLD FINANCIAL AND ECONOMIC CRISIS AND ITS IMPACT ON DEVELOPMENT

1-3 JUNE 2009

[UNITED NATIONS NEW YORK 1 May] The United Nations is convening a three-day summit of world leaders from 1 – 3 June 2009 at headquarters to assess the worst global economic downturn since the Great Depression. The aim is to identify emergency and long-term responses to mitigate the impact of the crisis, especially on vulnerable populations, and initiate a needed dialogue on the transformation of the international financial architecture, taking into account the needs and concerns of all Member States. The UN Conference at the Highest Level on the World Financial and Economic Crisis and its Impact on Development will provide a uniquely inclusive forum to address issues of urgent concern to all nations.

Recent assessments of the impact of the ongoing economic crisis increasingly highlight the deteriorating social and political fallout in the least developed countries and middle-income countries as well. Prospects for an early recovery have faded, forcing countries to prepare for a prolonged downturn in trade, investment and employment.

In 2009, for the first time in history, global economic growth has entered negative territory. Credit flows have dried up and major investment firms and lending institutions have been wiped off the map. Jobs are disappearing by more than a million a month, according to the International Labour Organization, and trade has dropped at the steepest rate since the Great Depression, the World Trade Organization observed.

A DEVELOPMENT EMERGENCY

The situation in the world's developing countries – which contributed least to the crisis and are most severely affected – has led some economists to warn of “lost decades for development” which could have catastrophic consequences for rich and poor countries alike.

After struggling with high prices for food, fuel and fertilizers as well as the effects of climate change, these countries face rapidly shrinking trade and export-import credits. Private capital flows to emerging economies this year are projected to be down by 82 per cent from the boom year of 2007, the Institute of International Finance says. The World Bank, which has described the crisis as a “development emergency”, projects a finance gap of up to \$700 billion in these countries, and the possibility of a “lost generation,” with added deaths of 1.5 to 2.8 million infants by 2015. Over 100 million people are expected to be tipped into extreme poverty each year for the duration of the crisis.

UN Secretary-General Ban Ki-moon recently warned that the international community, “should not lose sight of the challenges and plight of hundreds and hundreds of million of the poorest people of the developing countries who have been impacted by this crisis.” Middle income countries are increasingly affected by the downturn as well.

CONFERENCE AT THE HIGHEST LEVEL

The extraordinary General Assembly session in June was mandated at the Follow-up International Conference on Financing for Development, held in December 2008 in Doha, Qatar. Member States requested the General Assembly President Miguel d'Escoto Brockmann to organize the meeting "at the highest level". The conference will consist of plenary sessions and four interactive round-table exchanges among world leaders and representatives of the United Nations system, including the World Bank and the International Monetary Fund, as well as civil society organizations and the private sector. The summit will produce an outcome document, a draft of which is expected to be available in the first weeks of May.

The four Roundtables for examining and overcoming the world financial and economic crisis and its impact on development will address the issues of: 1) the impact on the crisis on employment, trade, investment and development, including the achievement of the internationally agreed development goals and the Millennium Development Goals; 2) actions and appropriate measures to mitigate the impact of the crisis on development; 3) the role of the United Nations and its Member States in the ongoing international discussions on reforming and strengthening the international financial and economic system and architecture; 4) contributions of the United Nations development system in response to the crisis.

The Conference on the World Financial and Economic Crisis and its Impact on Development brings to bear the full authority of the General Assembly, the only universal body of sovereign states. It is not a counter-measure or alternative channel to existing international fora on economic cooperation and financial regulations. Rather, it opens up a complementary and supporting process that brings with it the voice, and ultimately the buy-in, of all 192 UN Member States.

"We have an historic opportunity – and a collective responsibility – to bring new stability and sustainability to the international economic financial order," Assembly President d'Escoto declared recently. "This transformation – which could begin to narrow the North/South divide – requires the involvement of all nations of the world. This is the meeting of the G-192."

To amplify the voices of all countries, rich, poor and middle income, and to clarify global thinking on the most far-reaching 21st century challenge to date, the General Assembly has held a number of timely interactive debates and consultations on the issues to provide inputs into the conference. These have served to develop a shared view of the scale, scope and impact of the crisis; to assess resource requirements and mobilization; and to review institutional roles and relationships among world bodies, especially within the UN system itself.

INPUTS FOR FINAL OUTCOME DOCUMENT

A commission of experts established by the President also submitted a score of preliminary recommendations on immediate and longer-term measures vis-à-vis the workings of the global financial system in March. Comprised of economists and finance officials from all regions and chaired by Nobel laureate Joseph Stiglitz, the **Commission of Experts on Reforms of the International Monetary and Financial System** highlighted a range of practical proposals for improving the international financial architecture in March. These and other inputs serve as the basis for the drafting of a **conference outcome document**, a draft of which is expected to be available in the first weeks of May.

For more information on the conference, visit www.un.org/ga/econcrisissummit.