

Note to Mr. Nambiar

Briefing for the Secretary-General on IMF-World Bank Annual Meetings
10-12 October 2008

As requested by the Secretary-General, please find attached the briefing sent by DESA on the IMF-World Bank Annual Meeting of Ministers of the Intergovernmental Group of 24 on International Monetary Affairs and Development being held in Washington D.C.

I particularly wish to draw your attention to paragraph nine, in which Mr. Trevor Manuel, Finance Minister of South Africa and Special Envoy of the Secretary-General is suggesting postponing the dates of the conference on Financing for Development to be held in Doha in November 2008.

Thank you.


Parfait Onanga-Anyanga
10 October 2008

<u>DCDC</u>	<u>CDC</u>	<u>SG</u>
Recommended Action:	For SG's approval	Approved
	For SG's attention	Noted
	For SG's information	Seen
	For SG's signature	Signed
Date: <u>10/10/08</u>	Date: <u>10.10.08</u>	Date: <u>11/10/08</u>
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SG OFFICE

Briefing for SG on IMF-World Bank Annual meetings, 10-12 October 2008

Briefing No. 1: G-24 meeting, Friday 10 October, 2008

1. Ministers of the Intergovernmental Group of 24 on International Monetary Affairs and Development met from 9 am -12 noon on October 10, 2008.

Financial crisis

2. Ministers expressed deep concerns regarding the financial crisis that is unfolding in the developed countries, the consequences this will have for global growth and the prospects for developing countries – disagreeing with the IMF MD's own more optimistic assessment.
3. Ministers called for new instruments to help prevent and deal with the crisis, and called upon the IMF to establish new liquidity instruments to meet financing needs, especially for low-income countries.
4. They also stressed the need to step up development assistance. In this regard, ministers welcomed the reform of the IMF's Exogenous Shocks Facility and additional financial assistance to 15 countries through the poverty reduction and growth facility (PRGF). They also welcomed the World Bank's new \$1.2 billion rapid financing facility and its "New Deal on Global Food Policy" proposal. However, they emphasized that much more will be needed to provide the poorest countries with the means to cope with the shocks brought about by the financial crisis without onerous conditionalities. Particular mention was made, following a suggestion by Mr. Zoellick, to step up development assistance for fragile states and countries in post-conflict situations.
5. Ministers emphasized that joint multilateral action and active policy coordination is key to properly dealing with the present crisis, hinting that the BWIs were failing to provide the appropriate leadership for inclusive multilateral leadership.
6. Ministers also emphasized the need to take a broader and deeper view of the crisis with a view to fundamental systemic reform, rather than the tinkering around and marginal changes proposed by the two BWIs.

Reform of Bretton Woods institutions

7. Discussion mainly referred to reform of the governance structure of the IMF and World Bank, specifically enhancing voice and votes of developing countries. The tripling of basic votes for developing countries in the IMF was welcomed as a first step, but ministers expressed disappointment that no agreement was reached on a more meaningful rebalancing of voting power. Commissions led by former president Zedillo of Mexico and South African finance minister Trevor Manuel will look into ways to speed up governance reform of the World Bank and the IMF respectively.

Financing for Development

8. Ministers stressed the importance of the Financing for Development conference and expressed hopes that tangible results will be achieved to address weaknesses in the global financial system and improve financial instruments to support developing countries to cope with the consequences of the crisis besides addressing longer term financing for development issues.
9. The finance minister of South Africa – the SG's special envoy for FfD – shocked the audience by suggesting postponing the dates of the FfD conference but his proposal did not receive support as there is little likelihood of the situation improving in the short term.

Implications for UN:

- We share the concerns regarding the serious impact the financial crisis will have on developing countries and should also welcome the calls for enhanced and improved liquidity provisioning for developing countries. While there is broad support for a more inclusive and participatory (democratic) “new multilateralism” and for fundamental reforms of the international monetary system, it is also clear that the IMF is seen to have been marginalized in the crisis and is not expected to provide leadership for the needed reforms. Such leadership on reforming the international financial system can come from the UN though little has been said by the UN to inspire such confidence since the opening days of the General Debate two weeks ago. Reference to the importance of the Financing for Development conference nevertheless suggests such expectations by member states especially the smaller ones but there is need for the UN to involve Finance Ministers much more directly than has been the case. The required reforms should go well beyond reform of the governance structure of the Bretton Woods institutions and should involve fundamental reform of the international financial architecture.

Rob Vos [Cleared by Mr. Jomo Kwame Sundaram]
10 October 2008

The finance Minister of S.A.
needs to be advised
that he should fully
consult with the UNSG
before raising such an
important issue.