

20 March 2009

Excellency,

The financial crisis that brought us all together last November has spiraled into a global economic crisis that casts a long shadow over us all.

As Secretary-General of the United Nations, I write to you today with a strong concern that unless urgent and decisive action is taken to buffer the blows of the global downturn on the most vulnerable, the economic crisis may soon be compounded by an equally severe crisis of global instability. The first waves of the crisis brought a number of large banks and financial institutions to their knees. A prolonged and severe recession, if not addressed boldly with urgent attention given to the needs of the vulnerable, could likewise affect countries and regions with profound consequences for the security and stability of us all.

You have recognized that the world needs effective economic policy coordination at the international level, especially in light of the large national stimulus packages currently being put in place. In addition to this, I believe that the world needs your leadership in four areas:

First and foremost, we need a truly global stimulus package that meets the needs of developing countries. Financial flows to developing countries have fallen precipitously, and few have the resources to put in place counter-cyclical policies and protect their populations against enormous social setbacks.

The United Nations has estimated that the total financing needed to support developing countries through the crisis is at least US\$ 1 trillion for 2009 and 2010. While this is a large sum, most of it could be mobilized through existing mechanisms and institutions. In providing this support you will bolster the global economy, help to underpin your own growth, and secure global stability.

A quarter of these resources are urgently needed to protect the most vulnerable people and countries. Previous crises have shown that social recovery takes much longer than economic recovery. Our hard-won progress towards the Millennium Development Goals (MDGs) is far too precious to be

lost. The poorest countries will require assistance in the form of highly concessional or grant-based Official Development Assistance, making it imperative that the existing commitments to increase aid are fully met and that delivery on these commitments is accelerated. I ask you to meet the funding needs of the programmes of the United Nations and World Bank to enable them to respond effectively to the crisis – including through the proposed Vulnerability Fund – as well as the funding needs of established vehicles such as the Global Fund for AIDS, TB and Malaria. In particular, I urge you to help address the root causes of the food security crisis by establishing a new mechanism to support smallholder farmers in developing countries. And I also call on you to fully fund the conflict prevention and peace operations of the United Nations.

A further quarter is needed so that all developing countries can borrow long-term for critical investments, including infrastructure for growth and for achievement of the MDGs, and for adaptation to climate change. The bulk of these funds could come from a substantial expansion of World Bank and multilateral development bank lending, including from the European Investment Bank in regions where it is active.

Lastly, a majority of the world's population lives in emerging economies and other developing countries that have enjoyed access to capital markets but now find themselves under severe pressure. Unless this problem is addressed, global demand will be further undermined with impacts on all countries. At least US\$ 500 billion is therefore needed to bridge liquidity gaps and keep trade flowing, avoiding restrictive loan conditions that would reinforce both the economic and social impacts of the crisis. This could be generated through augmenting the resources of the International Monetary Fund by various means, including issuing and redistributing additional Special Drawing Rights (SDRs).

Second, we must avoid erecting new barriers that could slow economic recovery, and trigger grave social consequences. Rejecting protectionism is not an easy course to follow, but will be essential. Trade amongst countries provides a powerful stimulus to the global economy. As leaders of the G-20, you pledged last November to refrain from raising new barriers to investment and trade, imposing new export restrictions, or implementing measures to stimulate exports that are inconsistent with the rules of the World Trade Organization.

I urge you to put in place a mechanism to monitor and challenge new protectionist measures, avoid introducing protectionist measures in your stimulus packages, and reinvigorate a Doha Trade Round that brings real benefits to developing countries.

Alongside trade, migration has come to symbolize how many countries and regions of the world are woven together. The economic crisis is having many negative impacts on migrants, their families, and origin countries. Migrants themselves are at greater risk of discrimination and abuse. And the remittances they send – a lifeline for many communities – have fallen as jobs in destination countries are lost. Many are now returning home, effectively exporting unemployment and the social pressures it brings to their home countries. I therefore urge you to consider the plight of migrants as you respond to the crisis.

Third, we must use the opportunity of new, large-scale investments in energy efficiency, clean energy and green jobs – including through stimulus packages – to set our economies and our planet on a sustainable path. Some countries have already demonstrated how to do this by including significant green elements in their stimulus packages. All countries need to follow suit.

But alone, these commitments will not be sufficient. This year we have an unprecedented opportunity to tackle the climate crisis while also catalyzing the lower-carbon, green growth that will be the foundation of long-term economic prosperity. In Copenhagen this December, the world's governments will meet to finalize a new climate change agreement, which must be ambitious, fair and effective in reducing emissions while assisting countries as they adapt to the inevitable effects of climate change.

The current economic crisis – coupled with new and increasingly grim scientific evidence of climate change – makes it all the more urgent that a new climate framework is adopted. I urge you to use the opportunity of the London Summit to reiterate your commitment to sealing a deal in Copenhagen. With a new climate framework in hand, business and governments will finally have the signal necessary to unleash innovation and investment in green technologies and transform the climate crisis into an opportunity for renewed global cooperation, green growth and sustainable prosperity.

Fourth, we must adapt our structures and systems to new realities. A genuine solution of the crisis requires a new international financial and economic architecture that reflects the changing realities in the world and gives greater voice to emerging and developing economies. This not only means brokering a better system of international financial regulation and reviewing the international reserve system, but also fundamental reform of the governance structure of the Bretton Woods Institutions and continued reform of the United Nations. Progress on governance reforms will be essential to gaining broad support from emerging economies. These initiatives will require enhanced dialogue and coordinated action among all nations, including at the many meetings that will follow the London G-20 Summit this year.

We will likely face similar shocks and challenges in the future. It is clear that our early warning systems have been insufficient. The global economy will need better financial surveillance mechanisms to identify threats on the horizon. In addition we will need to be able to better monitor the human impact of the crisis, so as to alert the world to increasing and deepening vulnerabilities. I intend to marshal the UN system so that it not only helps to lessen the impacts of the current crisis, but that it also helps decision makers to prepare for future vulnerabilities and shocks.

I would like to assure you that the United Nations stands ready to support you, by providing a global platform to consider these reforms and the intrinsic linkages between economic recovery, climate change, development, and peace and security. I look forward to the London meeting as an opportunity to send a new message of hope and determination to citizens of all countries.

Please accept, Excellency, the assurances of my highest consideration.

BAN Ki-moon