

270 (XXIV). Macroeconomic policy for financial stability

The Economic and Social Commission for Western Asia,

Guided by the Damascus Declaration on the Realization of the Millennium Development Goals adopted by the Commission at its twenty-third session,¹ which affirms the importance of accelerating economic growth and addressing related linkages when formulating strategies to achieve the Millennium Development Goals (MDGs),

Referring to General Assembly resolution 59/222 of 22 December 2004 on the international financial system and development, which underlines the importance of efforts at the national level to increase resilience to financial risk,

Recognizing the increasing importance of the financial sector in the region, where it has contributed to employment creation by financing investment in economic diversification and growth in non-oil sectors,

Stressing that further development of the financial sector is important for investment finance, the retention of young talent and expanding employment creation within the region,

Noting with concern problems associated with financial sector development in facing recent volatility in market behaviour, which may have more serious repercussions for socio-economic development and the realization of MDGs in the ESCWA region,

Aware that, in the past, severe financial instabilities in other regions caused a sharp increase in unemployment and a substantial decrease in real earnings, and widened income inequality,

Satisfied with the macroeconomic policies undertaken by ESCWA member countries with a view to curbing financial speculation within the prevailing policy environment,

1. *Urges* member countries to take appropriate macroeconomic policy measures and develop regulatory frameworks that will help to stabilize and promote orderly and transparent performance in financial markets;

2. *Requests* the secretariat, in cooperation and coordination with the relevant regional and international institutions, to monitor and analyse possible consequences of financial market instability, with a view to identifying and assessing the impact of such events on economic and social development in the region;

3. *Also requests* the secretariat to undertake regular and timely forecasts and policy analyses of current and emergent macroeconomic trends;

4. *Further requests* the secretariat to disseminate its forecasts, analyses and macroeconomic policy recommendations to the widest possible audience;

5. *Requests* the Governments of member countries which have investment funding deficits to improve and streamline their legal and regulatory frameworks with a view to encouraging greater intraregional investment and capital flows;

6. *Requests* the Governments and private sectors of member countries with surplus capital to raise the level and intensity of investment and capital flows within the region by reducing investment controls and increasing intraregional diversification.

7th plenary meeting
11 May 2006

¹ E/2005/41 - E/ESCWA/23/10.