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Macroeconomic policy questions: international financial system and development

Letter dated 2 May 2011 from the Permanent Representative of Singapore to the United Nations addressed to the Secretary-General

I have the honour to transmit to you, on behalf of the informal Global Governance Group (3G), comprising the following States Members of the United Nations: the Commonwealth of the Bahamas, the Kingdom of Bahrain, Barbados, Botswana, Brunei Darussalam, Chile, Costa Rica, Guatemala, Jamaica, Kuwait, the Principality of Liechtenstein, Malaysia, the Principality of Monaco, Montenegro, New Zealand, Panama, Peru, the Republic of the Philippines, the State of Qatar, the Republic of Rwanda, the Republic of San Marino, the Republic of Senegal, the Republic of Singapore, the Republic of Slovenia, Switzerland, the United Arab Emirates, Uruguay and the Socialist Republic of Viet Nam, the 3G's inputs to the G-20 on food security and the volatility of commodity prices (annex I) and economic development and innovative sustainability: fostering the growth of liveable cities (annex II).

On behalf of the 3G, I should be grateful if you would circulate the present letter and its annex as a document of the General Assembly, under agenda item 18 (b).

(Signed) Vanu Gopala **Menon**
Ambassador
Permanent Representative



Annex I to the letter dated 2 May 2011 from the Permanent Representative of Singapore to the United Nations addressed to the Secretary-General

Global Governance Group inputs to the G-20 on food security and the volatility of commodity prices

1. The Global Governance Group (3G)^a notes the ambitious French agenda for the G-20's Presidency and refers to the issue of food security and volatility of food prices which is on the G-20's agenda.

2. The 3G is concerned about the world food situation, especially given the other multiple ongoing crises which disproportionately affect developing countries. We also recognize the urgent need to enhance food security policy coordination and coherence and international cooperation, which is important for strengthening the technical and financial capacities of developing countries so that they can increase agricultural productivity, markets and consumption in a sustainable way, to meet current and future food demands, as well as to make food accessible for all.

3. With our current world population estimated at 6.91 billion and with projections for the year 2050 at 7.5 to 10.5 billion, the demand for food is ever increasing. Our collective challenge is to develop global strategies and proposals that can better manage and mitigate the risks of excessive food price volatility without distorting market behaviour. At the same time, these proposals should complement the important discussions and work done in other multilateral forums, like FAO and WTO. Our efforts should therefore focus on strengthening global governance for food security, while reinforcing the work of the various multilateral forums and international organizations. In this regard, we welcome the reform of the FAO Committee on World Food Security, including the setting up of a High-level Group of Experts, and we encourage its work.

4. The 3G notes that excessive volatility of prices works in two directions and creates uncertainty in both exporting and importing countries. This uncertainty affects demand for food, production of food, investment decisions, and overall access to food. The global challenge of food security and volatility of food prices should therefore be addressed holistically, taking into account the challenges of both excessive increases and decreases in food prices. Likewise, attention should be paid to the issue of food safety. Taking such a comprehensive approach could provide producers with sufficient confidence to invest in production, while improving access to food substantially. It could also help importers when planning their budgets related to food. Increased efforts to transfer technology on mutually agreed terms to support developing countries' efforts and enhance productivity are thus important in this regard. Effective risk-management instruments for farmers and up- and downstream industries could also help them in hedging risks from price volatility, while providing for a more stable food supply.

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5. At the same time, the 3G recognizes the need to address the different factors affecting food security and excessive volatility of food prices. One such important factor is trade, particularly the problems related to trade distorting measures such as subsidies not consistent with WTO rules. Such protectionist measures affect production and threaten livelihoods in food-importing and -exporting developed and developing nations. There is also a need to address issues related to agriculture investment, access to land, credit, infrastructure and technical assistance, among others. Furthermore, global challenges such as climate change, the depletion of natural resources and increases in the world population are posing serious risks to food production and we cannot avoid tackling these issues in our discussions and taking them into account in our subsequent actions.

6. The 3G believes that a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under WTO is key to achieving food security. Such a system would give all actors the necessary guarantees to invest in and promote an efficient development of the agriculture sector. In this context, the successful conclusion of the WTO Doha Development Agenda is essential and long overdue. The 3G therefore calls on the G-20 to renew political commitment and to take urgent action to move the process forward. The engagement of all stakeholders to achieve this goal as soon as possible is also crucial. The speedy conclusion of the Doha Development Agenda will reinforce the role played by trade as the engine for growth and development. The provision of opportunities to develop and enhance productivity in the agriculture sector will also help achieve long-term solutions to food security.

Annex II to the letter dated 2 May 2011 from the Permanent Representative of Singapore to the United Nations addressed to the Secretary-General

Global Governance Group inputs to the G-20 on economic development and innovative sustainability: fostering the growth of liveable cities

1. The Global Governance Group (3G)^a welcomes the Seoul Development Consensus for Shared Growth, which sets out the G-20's commitment to work in partnership with other developing countries to promote stronger growth, reduce poverty and narrow the development gap. The Seoul Development Consensus will help strengthen the G-20's aim towards "strong, sustainable and balanced growth". The 3G also welcomes the intention of France to use its Presidency of the G-20 to focus on the implementation of the decisions taken at previous G-20 Summits, including the issue of development.

2. The 3G reiterates its views on the efforts of the G-20 to foster development, which were encapsulated in a document of the United Nations (A/65/395) dated 28 September 2010. The 3G holds that such efforts by the G-20 should pioneer innovative synergies to augment the effectiveness of national, regional and global pro-growth policies. There is also growing recognition that resources and policies for growth need to address the challenges of rapid urbanization. From the present 50-50 urban:rural population ratio, UN-Habitat has projected that "by 2050 urban dwellers will likely account for 86 per cent of the population in the more developed world and 67 per cent in the less developed regions. Overall, it is expected that 7 out of 10 people will be living in urban areas by 2050".^b The most rapid urbanization will happen in Asia and Africa; UN-Habitat projects that Africa's population will double from 1 billion in 2009 to 2 billion by 2050, with cities housing a jump from 40 per cent to 62 per cent of citizens.^c

3. The 3G recognizes that the challenges of urbanization are myriad; not only will they take a toll on resources and infrastructure at the global level, they will also be an immense challenge to the sustainable development and climate change agendas. Lack of good sanitation, proper housing, accessible transport and clean air already plague many cities in developing countries. There has also been over-exploitation of existing resources. Rivers have been polluted, entire ecosystems damaged and forests depleted. With the growing concern among many countries over climate change, managing these issues has and will become of compelling importance for many countries. We therefore all have a stake in the development of liveable cities.

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^b *State of the World's Cities 2010/2011: Bridging the Urban Divide* (UN-Habitat, 2010).

^c *The State of African Cities 2010: Governance, Inequalities and Urban Land Markets* (UN-Habitat, 2010).

4. At the same time, the 3G notes that urbanization, when managed well, can be a key driver for development in many countries. The development of urban centres can also have a positive effect on rural development given their symbiotic relationship. The growth of urban centres will encourage further flow of resources to rural areas. The challenge is in ensuring that, as rural development continues, growth in our cities is also sustainable in the long run.

5. The 28 member countries of the 3G are in diverse parts of the globe — Asia and the Pacific, Africa, the Middle East, the Caribbean, Latin America, Europe, and have all experienced the necessity of managing urbanization in bringing about and preserving the gains of development. As such, the 3G would like to offer our perspectives on some areas where countries could direct policies to better foster the growth of liveable cities, which include the following:

- **Long-term and integrated planning.** Planning ahead of time and in an integrated fashion across diverse and competing needs (i.e., economic versus social, housing versus industrial) to manage problems of infrastructure bottlenecks, pollution, climate change, as well as the provision of basic amenities and services, among other challenges of urbanization. In this regard, the 3G notes the importance of consulting and working with urban dwellers, especially the poor and other disadvantaged groups, to better enable them to achieve improved shelter and economic (e.g., livelihoods, jobs) and social (e.g., education, health) outcomes.
- **Effective coordination and implementation.** Working across relevant governmental agencies, at national and local levels, as appropriate, to plan and implement cohesive urban planning strategies, and institutionalizing these cooperative procedures so that they become standard operating procedures. The 3G also notes the importance of developing and encouraging adherence to appropriate regulatory standards. This would encompass building codes as well as ensuring adequate attention to appropriate environmental standards.
- **Making markets work.** Exploring new options for a more efficient allocation of scarce resources connected with urban development (i.e., water, air quality, land use) wherever possible.
- **Social compact.** Developing a sense of well-being and harmony, such as maintaining a multi-ethnic social compact in urbanized living to foster a sense of comfort and familiarity among people of different races. This is integral to what makes a city liveable.
- **Constant innovation.** Developing new ways to enhance a city's liveability through harnessing of technology (i.e., to produce clean energy, water) through research and development, adapting solutions and expertise that others have pioneered, and mutual sharing of urban development experiences.
- **Disaster risk reduction.** With the backdrop of recent disasters that have occurred in many countries around the world, it becomes necessary to increase the resilience of cities and urban areas, in particular by raising the awareness of citizens and local governments about risk reduction options and policies, and by mobilizing political commitment and support to include risk reduction aspects in urban development planning and critical infrastructure investments, such as schools and hospitals.

6. Fostering the growth of liveable cities is an important issue and many countries have a strong stake in ensuring solid outcomes in this area of development. In this regard, the 3G hopes that fostering the growth of liveable cities will be considered within the international development agenda, including at the next G-20 Summit in Cannes, France, as this will translate into tangible and pragmatic development for the citizens of many developing countries. In particular, we call on the G-20 to engage developed and developing countries, the United Nations, multilateral banks and other international organizations in their deliberations. The 3G looks forward to working with France as the Chair of the G-20 Cannes Summit, other G-20 countries and multilateral organizations in 2011.
