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Since the intensification of the financial crisis in September 2008, Governments worldwide have made massive public funding (amounting to $18 trillion or almost 30 per cent of WGP) available to recapitalize banks, taking partial or full government ownership of ailing financial institutions and providing ample guarantees on bank deposits and other financial assets. Further, recognizing that monetary and financial measures will not be enough to stave o a recession, many countries have also adopted fiscal stimulus plans, totalling about $2.6 trillion (about 4 per cent of WGP), but to be spent over 2009-2011. While significant, this may still fall somewhat short of the stimulus of 2-3 per cent of WGP *per year* that would be required to make up for the estimated decline in global aggregate demand.

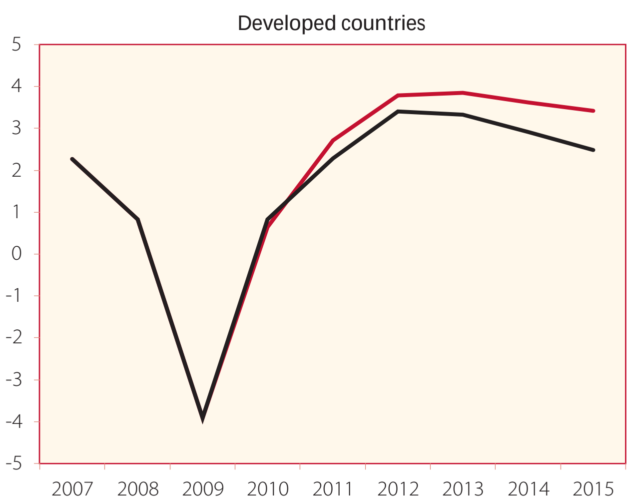
More concerted action will be needed in four major areas.

- *First*, further decisive and cooperative action is needed to restore the financial health of banks, especially in developed countries. As indicated, despite the unprecedented support given so far, problems in financial sectors remain and additional e orts for adequate recapitalization of banks will be needed to facilitate resumption of domestic and international lending. Without this, the fiscal stimulus is not likely to be very e ective.
- *Second*, the fiscal stimulus measures should be better coordinated and aligned with global sustainable development objectives**.** us far, there has been no true coordination of the fiscal measures being undertaken by national governments. Without adequate coordination, the stimulus measures may fall short of what is needed**.** Without coordinating the size and timing will limit the multiplier e ects of the stimuli, thus reducing the impact on global economic growth and employment. Further, importantly, more than 80 percent of the stimulus is being undertaken by the major developed countries. Facing a stronger downturn and with greater response capacity, most countercyclical e orts should indeed originate in those countries, but this does not ensure adequate rebalancing of the global economy. Moreover, since much of the stimulus will come from the major deficit countries, without corrective action, this would perpetuate the problem of the global imbalances (see box 2). Meanwhile most developing countries lack the resources to undertake needed countercyclical measures for their economies. While significant, the additional international liquidity to be provided by the international community as agreed by the "Group of 20", is insu cient to give developing countries the resources they need to ensure a more balanced global stimulus aligned with long-term development needs.[1] Another concern is that many of the stimulus packages imply

Its policy making body, the International Monetary and Financial Committee (IMFC) could be tasked with mediating agreements of international policy coordination, including measures to guard against policies that can lead to unsustainable imbalances at the global level.

Broader global economic governance reforms must also be considered to ensure coherence in the global governance of the international financial architecture, the multilateral trading system, the framework for addressing climate change, the development agenda, and peace and security. Such coordination could take place through a new Global Economic Council that is part of the UN system, as proposed by some Member States, or through deep reform of the UN's Economic and Social Council. Whichever the mechanism, it is essential that a body be created which can provide coordination and oversight of responses to the broader range of global challenges and set the world on a new but sustainable development path.

Figure 2
Economic recovery under coordinated and uncoordinated global stimulus, 2009-2015



Source: UN/DESA, UN G P M .