



Conference on the World Financial and Economic Crisis and Its Impact on Development

Official Records

4th meeting

Thursday, 25 June 2009, 3 p.m.

New York

President: Mr. D'Escoto Brockmann (Nicaragua)

In the absence of the President, Mr. Wolfe (Jamaica), Vice-President, took the Chair.

The meeting was called to order at 3.15 p.m.

Agenda item 8 (continued)

General debate on the world financial and economic crisis and its impact on development

(a) General exchange of views on the world financial and economic crisis and its impact on development

The Acting President: Representatives will recall that it was agreed, in the adoption of the proposals contained in section IV of document A/CONF.214/5, that oral statements in plenary meetings would be limited to five minutes, although that would not preclude the distribution of more extensive texts. It is extremely important that that time limit be respected so that we can hear all speakers by Friday, 26 June, when the report and the draft outcome document of the Conference are expected to be adopted.

I call first on His Excellency Mr. Jean Asselborn, Deputy Prime Minister and Minister of Foreign Affairs and Immigration of Luxembourg.

Mr. Asselborn (Luxembourg) (spoke in French): Luxembourg welcomes this United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development.

Luxembourg aligns itself with the statement made by the representative of the Czech Republic on behalf of the European Union.

The human cost of the severe economic and financial crisis that the world is facing is significant.

The crisis, which started with the crash of the sub-prime mortgage market in the United States, has rapidly spread to world financial markets characterized by fast gains and insufficient regulation, affecting the real economy and triggering a true worldwide economic recession. Jobs have disappeared at a worrying rate. The volume of trade has crumbled around the world. Movements of private international capital have registered a steep decline.

These consequences of the crisis have been aggravated by the fragility caused by the food and energy crises of the last years as well as by the acceleration of climate change.

The dire consequences of this multidimensional crisis are all the more evident for the developing countries.

According to new estimates published last week by the Food and Agriculture Organization, 1.2 billion people are suffering from hunger in 2009. The crisis may push some 100 million more people into hunger and chronic poverty this year.

It is therefore vital to address the human consequences of this worldwide economic and financial crisis and to act in a coordinated and coherent

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fashion to prevent it from evolving into a global human tragedy. And what better forum, what more legitimate forum, in which to do so than the United Nations?

I thank the Secretary-General for his report (A/CONF.214/4) on the crisis and its impact on development, which clearly presents the challenges that we have to address and the coherent action that we have to take to help the developing countries. Those countries have limited resources to finance measures that can help alleviate the effects of the economic contraction and to make critical investments, in particular in the fields of infrastructure, social programmes and job creation. Their room for manoeuvre to adapt to the deteriorating economic realities is reduced: while the turmoil touches all regions of the world simultaneously, the impact of mechanisms designed to remedy the situation, in particular the depreciation of exchange rates and loans on the international capital markets to absorb macroeconomic shocks, is limited.

According to the International Monetary Fund (IMF), the developing countries will be violently hit by the third wave of the crisis. The IMF estimates that, depending on what kind of scenario unfolds, there will be a need for between \$25 billion and \$140 billion to deal with this emergency.

The challenge is considerable, but not insurmountable. We have to continue working towards a true global partnership for development. It is only through a multilateral approach that we shall be able to find solutions to the present challenges.

In this respect, the United Nations system has an important role to play. I welcome the measures being taken by all the agencies, funds and programmes of the United Nations, in particular towards the establishment of a mechanism for detecting and monitoring vulnerability.

At the country level, this mechanism will allow us to better target the populations that the crisis has hit hardest. In more general terms, the ongoing reform should help improve the efficiency of the United Nations system on the ground.

Luxembourg fully subscribes to the conclusions of the Secretary-General's report. Downscaling official development aid, including trade aid, at this stage would be not only irresponsible and immoral, but also totally counterproductive. Instead of being economical

with money, we would be being economical with progress.

We must respect our Millennium Development Goals commitments, in terms of both quantity and quality of aid, and in terms of agreed timetables.

My country, which is also heavily hit by the crisis, like all other European countries, intends nonetheless to continue to shoulder its responsibilities in this regard. Having spent 0.95 per cent of its gross national income on official development assistance (ODA) in 2008, Luxembourg maintains its objective of raising its ODA to 1 per cent of its gross national income in the coming years.

Luxembourg calls on Member States to make all the necessary efforts to respect the commitments that we jointly took in this forum and reiterated at the Millennium Summit, in Monterrey, and recently in Doha. In today's time of crisis, even more than yesterday, "solidarity" must not be an empty word.

The crisis, despite all its negative repercussions, also offers opportunities: the opportunity to make the necessary reforms and redefine our priorities and the opportunity to rethink our institutions and review our international governance structures and adapt them to today's political and socio-economic realities.

We welcome the process that our Organization has engaged in in this respect. The United Nations and its main organs must be at the centre of any such reflection. The Economic and Social Council, the central mechanism for coordination in the United Nations system and its principal organ competent to deal with economic and social issues, whose chairmanship my country assumes this year, will in particular have an important role to play in this regard.

We must face this global economic crisis together. The declaration in the draft outcome document to be adopted at the end of the Conference shows that the international community is capable of speaking with one voice when the situation requires it. I hope that it will be followed by the concrete actions needed to alleviate the additional burden that the current crisis imposes on the poorest. We are all jointly responsible for taking those actions.

The Acting President: I give the floor to His Excellency Mr. Alberto José Guevara, Minister of Finance of Nicaragua.

Mr. Guevara (Nicaragua) (*spoke in Spanish*): I begin by reporting that we are on the brink of a coup d'état that is being plotted against the democratically elected constitutional President of Honduras, our brother "Mel" Zelaya. I appeal to the international community — because in the twenty-first century we cannot allow such practices to continue — that this cannot be permitted.

It is a pleasure for me to bring to this forum a greeting from the people of Nicaragua, the people of Rubén Darío, the renowned poet of Castilian literature, and of Augusto Sandino, the greatest defender of Nicaragua's national sovereignty.

The world faces a series of crises that threaten the present international order. We, Ministers of Finance, Presidents or Governors of Central Banks, know the danger at first hand. We are currently struggling simply to put a brake on the effects of the financial and economic crisis. We have come to New York to see whether potential solutions are to be found among the nations meeting together on this topic here at the seat of multilateralism, the Headquarters of the United Nations.

The fall in exports, imports, tourism and remittances and the reduction in domestic demand have produced strong contractions in fiscal revenues and accelerated use of external reserves. This has imposed measures that feed into cyclical situations — multiple cutbacks of public expenditure, which weaken the economy even more. And for our countries this is only the first year of the crisis. It should not be forgotten that we feel its true effects after a time lag, and that our vulnerable economies are affected even after the crisis is over in the developed countries.

Many of our Governments have tried to save public investment plans because of their counter-cyclical effect and their effect on employment, but these positive effects can be countered by fiscal cutbacks in other areas. Moreover, it remains to be seen whether during the second and third years of the crisis we can maintain public expenditure levels, including spending on education and health to which we now give priority and which we protect, even in the current circumstances. After decades of structural adjustments, decades of the most orthodox fiscal and monetary discipline, involving enormous sacrifices by workers and the poorest, the significant progress we

were making in the frontal attack on poverty is beginning to crumble.

It is undeniable that the crisis affects us all, developed as well as underdeveloped countries, as indicated by the new, updated World Bank forecasts. It is estimated that world trade will decrease by 9.7 per cent. Among the developing countries, excluding China and India, gross national product expectations are already negative in countries which have no social safety networks and which will have difficulty in accessing external funds in the current climate.

In my country it is estimated that this year growth will be 0.5 per cent, compared with the 4 per cent growth rate previously expected; we were already exceeding 4 per cent, and that was what we hoped for this year. After many years of effort, the Nicaraguan economy was beginning to grow. But because of the crisis, which began in the centre of the system, and which has irreversibly shattered the foundations of the system itself, we shall now have negative per capita growth.

The crisis is structural and systemic. It will affect our economy in various ways for many years. We are facing the crisis in a scenario of contraction of the fiscal space. The magnitude of the crisis has already exceeded our fiscal response capacity. Under these circumstances, international financial institutions and other sources of support, such as budget support, say they will offer safeguards, but they are so full of pro-cyclical conditions that they become extremely onerous. Such conditionalities are no longer acceptable. This points to the urgent need to reform the governance and policies of the international financial institutions so that they cease to be obstacles to development and democracy and to self-determination of economic and social policies in each of our countries.

While trillions of dollars are being earmarked to save banks and bankers and to stimulate developed economies, Nicaragua and other low-income countries are being forced to adopt pro-cyclical policies. At present, those who, because of their greed-fuelled irresponsibility, are responsible for the crisis are being rewarded without accountability, while the victims of the crisis are merely considered collateral damage and receive no compensation.

At its London meeting the Group of 20 meeting proposed \$1.1 trillion for the crisis. But only

\$50 billion of those funds would be devoted to the countries with fewer resources. That represents less than one year of official development assistance and is an insignificant sum considering the present gap between current accounts and the fiscal deficits of developing countries. In addition, those funds must be delivered promptly and without conditions.

Special drawing rights or international bonds could create greater global liquidity to confront the crisis of globalization. Even if official assistance is maintained at the level of recent years, new flows are absolutely necessary due to the disappearance of private flows to developing countries which, according to a World Bank report, are being reduced dramatically precisely when they are most needed, and have gone from \$1.2 billion in 2007 to barely \$350 million in 2009.

When tsunamis hit the countries of the Indian Ocean a temporary moratorium on the payment of their foreign debt was declared in order to allow them to recover more quickly from the tragedy. The same type of measure is now necessary in order to face the financial and economic tsunami hitting all of the developing countries.

The report of the Secretary-General to this Conference (A/CONF.214/4) indicates that the developing countries will have to pay \$3 trillion in sovereign debt and \$1 trillion in private debt in 2009. The World Bank has indicated that there are 40 countries with less than three months' worth of reserves for imports. The conclusion to be drawn is simple. If the debt is collected, these countries will sink in the midst of the crisis, and possible sovereign bankruptcies will further weaken confidence in financial markets and institutions. It would be appropriate for all to put foreign debt in order by means of moratoriums, restructuring or other mechanisms to resolve the crisis, given the spectre of a new wave of the foreign-debt crisis.

In the sphere of trade there are also immediate and significant actions that could alleviate the situation of the developing countries, especially the low-income developing countries. At the Hong Kong meeting of the World Trade Organization it was agreed that by 2015 trade and non-trade barriers to world markets by the countries with less access would be eliminated. Given the present crisis, that date could be advanced to 2010

and the agreement extended to all low-income countries.

The combination of a global stimulus, a moratorium on external debt and the opening of international trade to less developed countries would not only help the neediest countries overcome the crisis, but would form the basis for an increase in global aggregate demand and contribute to global recovery. Recovery must not be a return to the past: to the structures and financial and economic processes of exclusion, inequality, concentration of wealth, speculation and volatility that characterize the present international economic order.

Reconstruction has to consist of a new economic and social system and architecture that is based on inclusion, justice, ethics and stability, with preferential attention being paid to the poor. At the same time, as we recover from the current world financial crisis, the problems which affect development including climate change and the lack of food security, energy, resources, education and public health care, must be addressed. This should be done by means of a long-term focus and through a new world economic order that ensures the survival of humankind and other life on planet Earth and the eradication of poverty. Food security, energy, education and health, as well as ecological balance must be universally guaranteed. Investments should be prioritized according to human needs, human rights and human security.

Regarding the environment, the urgent investments necessary for the well-being of the planet, life on Earth and our species itself could be the basis of a new large-scale, green economy. Large investments must be made in order to reduce carbon emissions and sequester carbon, including the development of clean energy alternatives. That could also be carried out through the exchange of debt for freezing of carbon levels, which could then finance massive reforestation. At the same time, this would allow the recovery of water and natural drainage areas which are drying up. In combination with land management, it could also curtail the process of desertification.

Large investments are also necessary to prevent or reverse pollution of the oceans, freshwater sources, the air, the land, food, other species and even our own species. We must invest in food security, education, health, clean energy and carbon reduction. When life itself is at stake, it is not relevant to ask whether

something is financially viable or not. Of course, the social and economic viability of such investments would make them more attractive. They would represent a new balance between the State and the private sector. Neoliberalism, with its deregulation and privatization, reduced the role of the State to the point of rendering it the fundamental cause of the present crisis.

Besides potential solutions at the national and global levels, there is also a whole gamut of increasingly relevant solutions at the regional level. At the end of this crisis, the world economy will be much more regionalized than it was originally. The Chiang Mai Initiative of the Association of Southeast Asian Nations plus China, Japan and the Republic of Korea (ASEAN+3) is an example that already has a multilateral reserve of more than \$120 billion; it will act as the lender of last resort for any member in the event of a balance of payments crisis or capital flight.

The Latin American and Caribbean region has the Bolivarian Alternative for the Peoples of Our Americas (ALBA), which is made up of nine countries: Antigua and Barbuda, the Plurinational State of Bolivia, Cuba, Dominica, Ecuador, Honduras, Nicaragua, Saint Vincent and the Grenadines and the Bolivarian Republic of Venezuela. ALBA represents a new kind of union. While free trade agreements respond to the interests of the transnationals and seek the total liberalization of trade in goods and services and of investments, ALBA gives priority to the struggle against poverty and social exclusion in the context of sovereignty and the unity of the great Latin American and Caribbean homeland.

ALBA is based on the principles of complementarity and solidarity among economies, as well as the recognition of the asymmetries between countries of greater and lesser development and among compensation mechanisms, in order that inequalities between countries and social groups may be reduced based on a logic of inclusion rather one of exclusion.

Standing out among ALBA's numerous agreements are those to establish supranational companies for large-scale activities owned by member countries. Others include energy agreements that finance half of the oil bill of member countries on a long-term basis in order that the part of the bill that is saved can be freely available in local currency for social projects and social infrastructure. Another

19 countries participate in the energy agreement PetroCaribe. Finally, the ALBA bank and the Single Regional Compensation System (SUCRE) have been founded to deal with ALBA's foreign trade.

Yesterday, the Presidents of the countries members of ALBA decided that as of this sixth extraordinary summit, ALBA will be called the Bolivarian Alliance for the Peoples of Our America/ Peoples' Trade Agreement (ALBA-TCP), with the understanding that the political growth and strengthening of ALBA-TCP constitutes a real and effective force. The leaders also expressed their commitment to establish an economic complementarity zone on the basis of the principles of the ALBA-TCP in order to coordinate economic efforts.

The combination of national, regional and global solutions is necessary to build a new world economic order that can overcome the present crisis and the threat of future crises. That is all viable if there is the political will and the moral strength to struggle to achieve an ever greater quality of life for peoples, encompassing inclusion, ethics and justice within a democratic framework. Ever onwards to victory!

The Acting President: I now give the floor to His Excellency Mr. Håkon Gulbrandsen, State Secretary for International Development of Norway.

Mr. Gulbrandsen (Norway): I thank the co-facilitators, the Permanent Representatives of the Netherlands and of Saint Vincent and the Grenadines, for helping to prepare a bold and strong draft outcome document.

This is not the time for business as usual. It is time for concerted action to protect the poor and the vulnerable. International institutions have to be reformed and must work better together. For the first time, a United Nations-negotiated document has said that illicit financial flows out of developing countries constitute a grave obstacle to development. Maybe as much as 10 times more money illicitly goes out of poor countries compared with what comes in through official development assistance (ODA). Illicit financial flows have to be stemmed.

An expert commission on capital flight out of developing countries presented its report to the Norwegian Government last week. Its conclusion is that a huge part of the illicit financial flows are facilitated by tax havens and financial centres. A range

of measures was proposed and should be looked at in the follow-up to this Conference. Country-by-country reporting, automatic exchange of tax information and the adoption of an international convention to fight illicit financial flows are measures that should be discussed.

Reducing illicit financial flows is not rocket science. It boils down to political will, and transparency is the panacea. It involves both tax havens and financial centres where banks are willing to accept transfers of illicit money without asking questions. Unless transparency in financial markets is secured we will risk a new global economic meltdown. Norway would also support an upgrade of the United Nations Committee of Experts on International Cooperation in Tax Matters in order to improve tax cooperation.

The world economic institutions must be reformed to provide a voice and representation for developing countries. We will also continue work to reduce conditionalities in order to increase policy space for developing countries.

The United Nations should play a leading role in the global response to the financial crisis, and we need to see more cooperation between United Nations organizations and global financial institutions, respecting their individual roles and mandates. We are ready to take part in discussions on establishing an economic expert panel.

The United Nations organizations have clear mandates directed towards protecting the world's most vulnerable people, as the situation requires. We commend the initiative of the United Nations System Chief Executives Board to develop a comprehensive crisis response. We support the development of a crisis response mechanism at the country level under the leadership of national Governments. Ongoing reform processes such as "delivering as one" at the country level should be intensified to secure sustainable results on the ground.

All efforts should be made to reach the Millennium Development Goals (MDGs) and to accelerate efforts to reach those MDGs where we are lagging behind: a special effort is needed to reach the health MDGs. All nations should do their utmost to fight poverty and climate change, and should avoid cuts in social spending, particularly in sectors such as health, education and food security.

Employment is at the heart of the economic crisis. Norway strongly supports the Decent Work Agenda pursued by the International Labour Organization and stands ready to discuss proposals for a global jobs pact.

We are particularly concerned about the negative effect the crisis is having on women's rights and the difficult living conditions of many women. Gender equality lies at the heart of true progress, and international financial institutions, bilateral donors and national Governments must contribute in a manner that prevents women and girls from suffering disproportionately.

A great deal has been achieved in terms of debt relief over the past few years. In order to avoid a renewed build-up of unsustainable debt, we would like to underline the responsibility of both lenders and borrowers. Illegitimate debt is an issue that is being discussed, and we are in favour of a United Nations working group taking it further, including the question of a new, independent, fair and transparent debt workout mechanism.

Finally, all donor nations should maintain their ODA commitments and pledges and do their best to increase contributions to respond to greater needs.

The Acting President: I now give the floor to His Excellency Mr. Nobuhide Minorikawa, Parliamentary Vice-Minister for Foreign Affairs of Japan.

Mr. Minorikawa (Japan): I am honoured to speak on behalf of the Government of Japan as we gather in New York to deliberate on the world financial and economic crisis and its impact on development. Before I begin, allow me to express my deep appreciation to the President of the General Assembly for his initiative to organize this Conference, which gives all Member States the opportunity to express their views and deliberate on this important issue. I would also like to express my gratitude to the Permanent Representatives of the Netherlands and Saint Vincent and the Grenadines for their tireless efforts to facilitate the negotiation of the draft outcome to be adopted by consensus.

Today, we are facing yet another global challenge — a world financial and economic crisis that is said to occur only once in a century — in addition to issues such as climate change, increasing food prices and violent fluctuations in energy prices. The impacts of this crisis on vulnerable populations in developing

countries are particularly devastating, threatening to wipe out the gains that we have made towards the achievement of the Millennium Development Goals.

The region to which Japan belongs, East Asia, experienced a serious economic crisis in the late 1990s. One of the most important lessons we learned was that, in the face of a sudden economic downturn, it is always the vulnerable and voiceless people who suffer the most and whose lives, livelihood and dignity are the first to be threatened.

That is why Japan began making efforts to advocate human security. In tackling these threats that creep up on individuals across national borders, each country and the international community as a whole should make efforts to take people-centred measures that are comprehensive and multisectoral. Such measures should focus not only on protecting individuals and communities but also on empowering them to take on the crisis themselves. We strongly believe that the human security approach provides us with very relevant guidance for addressing the crisis we currently face.

Staying focused on people and taking care not to lose sight of the human face behind the crisis, the international community — developed and developing countries alike — should work together and take all possible actions, including fiscal and monetary measures, for the recovery of the world economy. In this endeavour, deliberations at the national, regional and global levels as well as within forums such as the Group of Eight and the Group of 20 should not be considered to be mutually exclusive but rather as mutually reinforcing. At the end of the day, they should all contribute to overcoming the crisis and paving the way to sound recovery and development.

Drawing lessons from the crisis that we endured during the 1990s, Japan stresses the crucial importance of taking the following measures, which can be divided roughly into three categories: first, to get the financial market back on its feet by providing liquidity to maintain the integrity of the banking system, carrying out capital injections into financial institutions and disposing of non-performing loans; secondly, to stimulate the economy by mobilizing large-scale fiscal outlays; and thirdly, to learn from the history following the Great Depression of 1929 and oppose protectionism, and to strengthen the free trade system by an early conclusion of the World Trade Organization

Doha Development Agenda. The necessity of these measures was confirmed at the London summit held in April this year.

In response to the crisis, Japan thus far has undertaken a fiscal stimulus totalling approximately \$270 billion, while acutely recognizing the equal importance of fiscal sustainability. I call on other Governments to acknowledge the importance of strengthening growth and stimulating domestic demand and to resolve to implement further actions as they become necessary.

Asia has the largest growth potential in the world and is expected to contribute to the global economy as a centre of growth open to the world. It is therefore important that Asian countries take swift and concerted action to alleviate the impact of the current crisis, strengthen growth potential and stimulate domestic demand.

Japan has pledged to provide official development assistance (ODA) of up to \$20 billion for the Asian region and has also pledged \$22 billion to support trade finance, mainly in Asia. Part of the Japanese assistance will be provided in the form of emergency budget support ODA loans totalling \$3 billion, to be extended flexibly in cooperation with the World Bank and the Asian Development Bank (ADB), in order to help boost domestic demand in Asian countries.

International financial institutions have a pivotal role to play in the efforts to overcome the current crisis. Japan values the swift response of the International Monetary Fund and the World Bank to the crisis, as well as their reform process to enhance the voices and participation of developing countries.

Japan also welcomes the successful conclusion of the agreement on the fifth general capital increase of the ADB. In that context, the amendments to the agreement of the International Monetary Fund and to the agreement of the International Bank for Reconstruction and Development have been presented to the Japanese Diet for consideration. We hope to conclude the process for the formal acceptance of these amendments at the earliest opportunity.

It is the view of the Government of Japan that, even in the face of economic crisis, donor countries should deliver on their existing commitments on development in a timely and steadfast manner, so that

the progress towards the Millennium Development Goals will not be reversed. At the same time, each country should take on the primary responsibility for its own development with a strong sense of ownership, a task that is all the more critical in times of difficulty. Japan recognizes that a wide range of financial resources, not only from ODA but also from domestic resources and foreign direct investment, need to be mobilized in order to meet global development needs.

The fact is, however, that financial resources are not unlimited. We therefore need to work to further enhance coordination among donor countries and put the available resources to their most effective and efficient use. At the same time, we should utilize a participatory approach, drawing strength from a wide range of stakeholders, from developing countries, donors and emerging economies to international organizations, private foundations, corporations and academia.

From this perspective, it will be important for all of us to engage in active discussions at the second global review of the Aid for Trade initiative, to be held in Geneva next month, which will be attended by diverse stakeholders. Japan is fully committed to contributing actively to the review process.

In conclusion, allow me to reiterate that Japan will robustly implement its commitments, including the aid package for Asia that I mentioned earlier and the doubling of ODA to Africa through follow-up on the Tokyo International Conference on African Development. I call on other donor countries and organizations to work with us and to carry out their existing commitments in a steady and timely fashion.

The Acting President: I now give the floor to His Excellency Mr. Driss Jazairy, Special Envoy of the President of Algeria.

Mr. Jazairy (Algeria) (*spoke in French*): The President of my country, His Excellency Abdelaziz Bouteflika, has instructed me personally to extend to Mr. Miguel d'Escoto Brockmann, President of the General Assembly, his sincere congratulations on the outstanding way in which he has presided over the General Assembly at the sixty-third session. A special tribute is due to him for having focused the attention of this world body, with his signature generosity and compassion, on the question of the current financial and economic crisis. Mr. D'Escoto Brockmann has bestowed upon us the very essence of the ideals that

give the United Nations its moral authority. I would also like to thank the Secretary-General for the efforts he has made at the head of our Organization. Our compliments also go to the co-facilitators, the distinguished Permanent Representatives of Saint Vincent and the Grenadines and the Netherlands.

Today, the feeling that continues to prevail on the matter that has brought us together today is uncertainty. In spite of some encouraging signs here and there, no one can say that the crisis has now reached its climax or that the foundations for new growth are indeed becoming apparent. The world economy is still characterized by serious tensions and continuing uncertainties. The crisis is leading to an even worse deterioration in the economies of developing countries. I will illustrate this with the example of Africa.

Since 2000, Africa had seen, within the framework of the New Partnership for Africa's Development (NEPAD), the longest and greatest period of growth in its history, registering overall annual average growth of over 6 per cent. Today, the continent is being hit hard by a crisis for which it was not all to blame. Its exports are going down. Its commodity prices have collapsed, as have the remittances transferred by its migrant workers to their countries of origin. In addition, tourism is diminishing. Finally, the foreign debt burden is increasing. As a result, the growth rate in Africa has now fallen back down to 1.5 per cent.

Algeria, like other countries in the continent, is also feeling the impact of this crisis, particularly with regard to its export earnings. However, prudent management of its public finances and an intensive multi-year infrastructure investment programme have enabled us to soften the blow considerably and to retain most of our socio-economic objectives.

We are deeply concerned by the increasing intolerance and xenophobia that are directed against our African migrant workers in industrialized countries during this crisis. The authorities of these countries claim they are dedicated to the protection of human rights, in particular those of the most vulnerable groups. To be consistent, they should adhere to the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

More generally, sources of financing that are more stable must be ensured for developing countries, pursuant to the commitments entered into in the context of the Millennium Declaration, the Monterrey Consensus, the 2005 World Summit outcome and the Doha Declaration on Financing for Development.

We have closely followed the London deliberations of the Group of 20 (G-20) and call for the speedy implementation of their conclusions. These are conclusions that we appreciate and we urge their rapid implementation. We have been particularly aware of the concern expressed on the impact of the crisis on the most impoverished and most vulnerable. We also note with satisfaction its acknowledgment of the need to select the leaders of the Bretton Woods institutions on an open geographical basis and on merit.

We also welcome the additional financial resources allocated to the International Monetary Fund (IMF). We would, however, have preferred that input to be preceded, or at least accompanied, by the long-awaited reform of that institution. We also note with interest the acceptance by the G-20 of new Special Drawing Rights for the IMF. Yet, that development, positive in itself, becomes a reason for caution when the distribution of Special Drawing Rights is made according to the current contributions of Member States and not according to their real needs.

In general, in this time of crisis, we call on the international financial institutions not to favour structural adjustment to the detriment of socio-economic development in granting short-term liquidity or longer-term financing.

We have difficulty in understanding how, despite the improved tools at its disposal, the international community has been caught off guard by the flood of crises calling into question the very foundations of society. I am referring to the climate change, food and energy crises, followed by the financial crisis and that of the world economy. The latter has itself been at the root of a social crisis with serious human consequences for some and disastrous ones for others.

Can such collective short-sightedness in the face of these serious dangers be explained by the unbridled deregulation of markets and the shortcomings in governance characteristic of globalization? In any case, it is worth recalling that the diminishing patterns of the ideologies in fashion are of no help in understanding

the complexity of the global economy and the unpredictability of economic and social movements.

To emerge from the crisis, it is necessary for growth to be sound and sustainable and for the imbalances that have undermined it in the past to be reduced. To that end, it is essential that an adequate share of the financial resources allotted to the recovery of the world economy be allocated, in the form of stimulus, to the unsatisfied demand to meet vital needs in the countries of the South.

The international community must draw lessons from the current crisis. Reforms are crucial. We can no longer put off building an international financial and monetary system, including for the management of reserves, that is truly multilateral, transparent, regulated and stable, and above all compatible with development.

We understand that, in order to stem the crisis, the leaders of the economically powerful countries have met in a limited group. But the responsibility of building a new financial and monetary architecture can rest only with the entire international community. Indeed, a group of countries cannot legitimately decide alone on a system that affects all humanity.

The current financial and economic crisis cannot serve either as an excuse or as an alibi to release States from their certainly common, but differentiated responsibilities with regard to climate change. The latter, because of its serious consequences, must be at the forefront of our concerns. We do not have the right to fail in launching a green economy and in robust job creation in the world economy in the run-up to the Copenhagen conference.

Africa is the continent that pollutes the least, but, paradoxically, suffers most the torments of climate change, in particular in terms of lost agricultural potential and displaced populations. That is why the international community should put in place the financial and technological means to enable African countries to adapt to that tremendous challenge without, however, slowing their rates of growth. There is good reason, in that regard, to provide the Adaptation Fund with sufficient resources to enable developing countries, especially African ones, to be better equipped to deal with the effects of climate change.

Finally, we welcome the fact that our Conference has reached a consensus on a draft outcome document. However, all the efforts made to achieve it will be of little effect without an effective follow-up mechanism, as proposed in the document. We recommend that the General Assembly adopt the necessary procedures to that end and, in support of that mechanism, form a panel of economic and financial experts from all regions of the world that resembles the Intergovernmental Panel on Climate Change.

The Acting President: I now give the floor to Mr. Fawzi Al-Hunaif, Director of Operations of the Kuwait Fund for Arab Economic Development.

Mr. Al-Hunaif (Kuwait) (*spoke in Arabic*): I am pleased at the outset to convey our thanks and utmost gratitude to the President of the General Assembly for all his efforts to convene this Conference. We also thank His Excellency Secretary-General Ban Ki-moon and the two facilitators, Their Excellencies the Permanent Representatives of the Kingdom of the Netherlands and of Saint Vincent and the Grenadines, as well as the experts and the members of the technical committees, all of whom have worked hard to reach compromises acceptable to us all and to give us an opportunity to tackle the world financial and economic crisis.

This Conference is being held at a time when the world is facing an extremely difficult situation. We emphasize the role of the United Nations in addressing the crisis. The peoples of the world are eagerly awaiting the outcome of this Conference. The delegation of the State of Kuwait also stresses the need to resolve the true causes of the crisis, in order to prevent its recurrence in the future and to protect the international community from it. The gravity of this crisis has extended across the borders of all nations and has affected all States, thus hindering the attainment of the Millennium Development Goals.

The State of Kuwait has taken a number of measures to limit the effects of the world financial and economic crisis. At the level of our local economy, a long-term investment portfolio was established in Kuwait's currency market, managed by the public investment institution, and Government insurance has been provided for bank deposits to gain the confidence of traders and customers.

As for supporting development efforts in the developing countries, His Highness the Emir of the

State of Kuwait launched, during the League of Arab States summit on economic and social development, held in the State of Kuwait in January, a \$2 billion development initiative to provide the financial resources needed to support and finance the private sector, along with small and medium-sized projects, to be managed by a board of trustees from the countries contributing to that initiative. The tools to finance it have also been provided, in a manner conducive to guaranteeing sustainable operation and attainment of the desired goals. The contribution of the State of Kuwait to that initiative amounted to \$500 million.

In that context, it is also worth mentioning the role of the Kuwait Fund for Arab Economic Development, whose activities have lately expanded to provide low-interest easy-to-pay loans for social-sector projects in the areas of health care and education, and in the transportation, energy, rural development and food security sectors. Such loans have also been made available in the form of social development funds. It also provides technical assistance in various areas of development and support to regional multilateral financial institutions.

In the current crisis, we believe that developing countries and, in particular, the least developed countries must be protected. We also call upon the Bretton Woods institutions to find practical and constructive solutions to guarantee decent living conditions for the peoples of the world and protect them from the poverty. They must also find solutions that will guarantee stability and growth in the world economy. We hope that the Economic and Social Council and other relevant United Nations bodies will receive the support they need to do their part in finding positive solutions to the crisis.

Despite the financial crisis besetting the world, the State of Kuwait will continue its efforts to achieve the MDGs under its five-year development plan for 2010 to 2015 and under the development programme of the Kuwait Fund for Arab Economic Development, which will continue its work to implement development projects in various fields.

In conclusion, the delegation of the State of Kuwait wishes to emphasize that it will work to make this Conference a success and that it will implement all its decisions, which will focus on guaranteeing decent living conditions for the peoples and countries of the world.

The Acting President: I now give the floor to His Excellency Mr. Humphrey Hildenberg, Minister of Finance of Suriname.

Mr. Hildenberg (Suriname): I would like to express the appreciation of His Excellency President Runaldo Venetiaan and the Government of Suriname for the convening at United Nations Headquarters of this important high-level Conference to explore avenues to tackle the current financial and economic crisis. We thank the Secretary-General for his comprehensive report (A/CONF.214/4), which provides a review of the causes of and responses to the crisis.

At the outset, my delegation wishes to align itself with the statement made by the representative of Belize on behalf of the Caribbean Community.

Suriname underscores the conclusion of the Secretary-General in the summary of his report, that, "Although the crisis did not originate there, developing countries are being severely hit". As a result of the current crisis, poverty and hunger are increasing; this has caused a major reversal of various gains achieved towards the Millennium Development Goals (MDGs). Developing countries in particular are adversely affected by the systemic flaws in the global financial system. Most of our countries are not in a position to respond to the impact on our economies with the same counter-cyclical measures invoked by industrialized countries, such as the implementation of unprecedented, concurrent fiscal incentives and stimulus packages.

On top of that, external financing for developing countries has dried up, while at the same time the cost of financing has surged. There is an increased risk of accelerated environmental degradation. Reduced investment in forest and environmental protection, energy efficiency and renewable energy, water and land management and afforestation could significantly slow down efforts to achieve Millennium Development Goal 7. Those efforts are necessary to achieve sustainable development and to address climate change through mitigation, adaptation, transfer of technology and financing.

The Government of Suriname has achieved economic growth of 5 per cent to 7 per cent per year over the past five years. That growth was mainly due to the implementation of prudent macroeconomic policies that resulted in increased investments in the mining and tourism sectors. We have also adhered to conservative and stringent monetary policies in order

to realize, inter alia, the targets set forth in the Millennium Declaration by 2015.

Due to this crisis, Suriname is experiencing a fall in revenues from the bauxite and alumina sector because of the closing of operations of one bauxite company and the significant decrease in production of the other. The Government has thus faced major challenges in ensuring that the loss of revenue from this vital sector of our economy does not result in balance of payment problems and high unemployment. Consequently, the Government is exploring alternatives in order to keep the bauxite and alumina sector labour force employed and is taking measures to create employment and keep the economy afloat. One such measure by the Government of Suriname is the implementation of a number of major infrastructure projects, which will be critical for the long-term growth of the economy.

In closing, the Government of Suriname is of the opinion that this Conference should agree on the following measures. First, as a crucial step we must strengthen the international financial institutions by reforming their governance structure and must provide developing countries with adequate voice and representation. Secondly, we must reinforce the long-term relevance, credibility, accountability, effectiveness and legitimacy of the international financial institutions. Thirdly, we need to take action to create a stronger, broader and more globally consistent macro-prudential supervisory, regulatory and oversight framework in conjunction with early warning surveillance systems that are better able to identify and respond to risks in the financial sector. Fourthly, we must urge leaders of the Group of 20, to fully and urgently deliver on their promise to do whatever is necessary to provide a global solution to the global economic and financial crisis, as decided last April in London. Lastly, we must synchronize and support all actions of the United Nations towards a global solution to the financial and economic crisis and its impact on development.

The Acting President: I now give the floor to His Excellency Mr. Obaid Humaid Al Tayer, Minister of State for Financial Affairs of the United Arab Emirates.

Mr. Al Tayer (United Arab Emirates) (*spoke in Arabic*): At the outset, I would like, on behalf of the delegation of the United Arab Emirates, to extend to

the President and the members of his Bureau our deep gratitude and appreciation for convening this important and necessary meeting at a very difficult time for the world. My delegation is also grateful for his valuable efforts in preparing for this meeting and directing its work. We wish him every success in achieving its aspired outcomes. We further wish to thank the co-facilitators for their considerable efforts in helping to produce the outcome document.

This Conference offers a valuable opportunity for the international community to confirm its adherence to the principles of the Charter and the realization of the objectives for which the United Nations was established, epitomized in international cooperation to solve global economic, social, humanitarian and cultural problems. It also emphasizes the important role of the international Organization as the largest international forum working to address a global financial and economic crisis of such daunting magnitude and gravity, and to find effective and comprehensive solutions to it.

Recent developments have proven that the international economy is closely interlinked and interrelated. The strong interconnection of the fate of developed countries and developing countries has become irrefutably obvious. The negative impacts of the crisis have been keenly felt by the economies of all countries of the world.

However, developing and poor countries have been the most affected by a crisis for which they are the least responsible. The crisis threatens the progress made in recent decades towards the achievement of the internationally agreed development goals, including the Millennium Development Goals (MDGs). It is therefore imperative that all countries work together to find a solution to the crisis, focusing on immediate assistance to the developing and poor countries to mitigate its impact and help them regain the capacity to develop and recover in the midst their efforts to achieve the international development goals, including the MDGs.

Reports on the financial and economic crisis indicate that its causes are varied and complex. They include crises in the fields of the environment, food and energy, imbalance in the concentration of wealth, and failures in the financial regulations and market functions. The United Arab Emirates is of the view that it is important to find solutions to the crisis based on

the principle of joint responsibility for meeting human needs, protecting the vulnerable and the poor, defending human rights and maintaining human security.

We share the view that it is necessary to review the structures of the international financial, economic and trade systems, make concerted international efforts to address the crisis, find its causes, mitigate its global impact and create the mechanisms necessary to prevent its recurrence. We support efforts to strengthen the role of the relevant United Nations systems, reform the structure of the international financial and economic systems, and subject the financial markets to due regulation and oversight that would help to restore confidence in the financial and economic system, provide employment and safeguards that support the economic and development achievements already made, and promote global trade and investment.

We also believe that it is necessary for each country to bear a share of the responsibility in addressing the consequences of the crisis by adopting appropriate measures suitable to its domestic circumstances. The United Arab Emirates will work with the international community to combat this crisis in a way that will allow us to fulfil our national commitments and ongoing development programmes, in addition to our international commitments to assisting the developing countries to achieve the internationally agreed development goals.

In this context, we re-emphasize the importance of developed countries' commitment to continuing to provide the agreed official development assistance (ODA) and immediate aid to developing and poor countries, ensure the necessary financing for their short-term and long-term development, and not to reduce such assistance, which would only turn the crisis into a catastrophe. We emphasize the need to take the necessary measures to facilitate the entry of developing countries into the global market and to repeal all measures and regulations that impede that entry.

The impact of the financial and economic crisis can be felt to varying degrees in every country of the world, including the United Arab Emirates. Nevertheless, we have succeeded in containing the crisis through a number of precautionary economic and financial measures that have helped to protect the national economy and reduce the impact of the crisis to

the minimum, while ensuring the financing of essential projects in the country and the continuation of economic and social development. Recent volatility in the markets has strengthened the State's conviction in the need for and policies on the promotion and support of the manufacturing sector and the diversification and broadening of the bases of production.

The foreign policy of the United Arab Emirates is based on principles of constructive international cooperation and contribution to development and stability throughout the world. The United Arab Emirates is among those pioneering States that help the developing countries by providing direct investment, loans on preferential terms, donations and the financing of development programmes in those countries. In addition, the United Arab Emirates contributes to several regional development funds and partnerships through bilateral and multilateral arrangements with many developing countries on economic, cultural and industrial cooperation, and the cancellation of the debts of some countries. The United Arab Emirates has exceeded the percentage of ODA recommended by the Monterey Conference.

In conclusion, the United Arab Emirates, while fulfilling its commitments to implementing its own national development programmes, is resolved to pursue its cooperation with the international community to ensure the uninterrupted flow of development assistance to the developing countries, in accordance with the internationally agreed development goals. We hope at this Conference to reach agreement on ways to respond to the global financial and economic crisis through effective international cooperation built on the principles of human solidarity and compassion and a sense of responsibility towards the peoples of the developing and developed countries of the world, ensuring the protection of millions in the developing and poor countries from poverty and hunger, and strengthening the commitment of all stakeholders to fulfilling their pledges on development and international security. We wish this Conference every success.

The Acting President: I now give the floor to His Excellency Mr. Richard Désiré Fienena, Minister for Economy and Industry of Madagascar.

Mr. Fienena (Madagascar) (*spoke in French*): I come before this Conference today as spokesperson for the President of the High Transitional Authority of

Madagascar, who wishes to commend the United Nations for its exceptional high-profile reaction to all the crises that have shaken the world in the past few years.

I take this opportunity to convey to the United Nations the gratitude of the people of Madagascar for many reasons, including its valuable assistance, provided together with the African Union and the International Organization of la Francophonie, in the resolution of the political crisis in Madagascar, and the financial aid granted recently by the Office for the Coordination of Humanitarian Affairs, to be managed by United Nations agencies, to 190,000 families in the rural southern regions of Madagascar affected cyclically by the combined effects of drought and cyclones as a result of global warming and political instability.

That introduction leads me to the main theme of this Conference on the World Economic and Financial Crisis and Its Impact on Development.

I agree with all of those who have spoken previously that the current crisis is deep and severe. In the past, social and political unrest, even war, followed such crises. It is therefore incumbent on us to avert tragedy and not to yield to irresponsible fatalism. We can yet control the effects and avoid the most drastic consequences of the crisis in order to mitigate the negative effects that we are already feeling in our African countries, although we are not responsible for them. With regard to Madagascar, I would mention such effects as reduced investment and exports, the tepidity of the tourist sector, the precariousness of our balance of payments, job losses, and the risk of a rise in extreme poverty — in other words, an unprecedented economic recession that presages a threat to social peace.

As a result, measures adopted at previous and ongoing international conferences must be implemented now because, tomorrow, it will be too late. Among many others, it is appropriate to recall the most vital measures that must be taken. Confidence, growth and employment must be re-established. The financial system must be redressed to restore normal credit flows. Financial regulation must be tightened in order to restore confidence. International financial institutions must be funded and reformed. International trade and investment must be encouraged, and universal, green and sustainable growth promoted.

To that end, I would like to refer to the four major points, among many others, that my Government recommends by way of measures to mitigate the crisis, promote an economic upsurge and ensure that such crises do not recur.

Mr. Abdelaziz (Egypt), Vice-President, took the Chair.

First, in order to prevent the economic and financial crisis from becoming a widespread socio-political one, intervention funds must be made available to help those who are likely to lose their jobs or who have lost them. Each country must be able swiftly to produce a national list of victims eligible to receive subsidies, which would be granted to beneficiaries in return for a service that they would agree to provide.

Secondly and obviously, the global economy has been hurt by a lack of financing or, to be precise, of liquidity. Thus, in addition to injections of capital into banks by States and international financial institutions, it would be wise to channel private resources to those regions and countries short of investment, exploiting the potential of such market instruments as guarantees. Moreover, investments in infrastructure promote job creation, make countries more attractive, and nurture the sense that development and growth are possible. Such measures show that the engine of growth and economic development lies in the hands of the private sector and is worth developing.

Thirdly, a more equitable distribution of wealth is possible only with a global partnership for development that would presuppose a new distribution of power — in other words, a reform of international institutions that ensures that they are subject to international law and guarantees equitable representation of peoples and States, regardless of their economic clout. The major decision-making forums for economic governance must be opened to emerging and developing countries. Furthermore, a true partnership is impossible without a space for sharing based on two key concepts: transparency and joint responsibility.

With regard to transparency, three actions should be undertaken as soon as possible: the reorientation of International Monetary Fund missions so that they can take on the work of global coordination of monetary policies and the reorganization of financial regulations, the creation of regional banking supervision, and programming aimed at increased control of tax havens.

With respect to joint responsibility, the following changes should be wrought. There should be a precise and binding timetable for reforming the regulatory framework for rating agencies and hedge funds. There must be a shift from private contracts towards greater centralization and standardization of securities and derivatives, with the effective implementation of the sovereign equality of States in the monetary policy sector.

Last but not least, the environmental nature of the crisis must be addressed. Madagascar, with its vast biodiversity, is highly aware of this fact. Here, the resolution of the economic and financial crisis must not be based solely on strictly economic concerns. The socio-economic problems affecting economic agents and households drive them to exert significant pressure on ecological systems that are thereby rendered more vulnerable. This creates a vicious circle of poverty that must be rigorously, vigorously and resolutely countered because the financial crisis masks another crisis that is just as threatening — the environmental crisis.

Climate change has also led to the reappearance of infectious diseases or the displacement of climate refugees, a scourge which, from 2010, will affect 50 million people and lead to local political tensions linked to access to resources. As a result, the paradigm must be changed; businesses must be convinced to opt for a low-carbon economy, which will in turn foster development and the transfer of related technology.

Moreover, meeting the challenge of this environmental crisis will require the development of long-term financial tools and partnership policies, such as carbon taxes, which are a form of global insurance policy and which dovetail perfectly with the United Nations priority to create as many new forms of financing as possible.

I cannot conclude without affirming the importance attributed by the High Authority of the Transitional Government of Madagascar to the ongoing work of successive Governments, working closely with bilateral and multilateral partners, especially the United Nations, to ensure that their efforts to promote sustainable development bear fruit and in particular to achieve, in optimal circumstances, the Millennium Development Goals.

I dare to express here the desire for effective democratization in all fields — political and economic —

and at all levels — local, national, regional and international.

The Acting President: I now give the floor to His Excellency Mr. Alrich Nicolas, Minister for Foreign Affairs of Haiti.

Mr. Nicolas (Haiti) (*spoke in French*): At the outset, my delegation associates itself with the statement made by the Prime Minister and Minister of Finance of Belize, Mr. Dean Barrow, on behalf of the Caribbean Community, for which we warmly commend him.

Secondly, my delegation welcomes the outstanding work of the co-facilitators, the Permanent Representatives of Saint Vincent and the Grenadines, Ambassador Camillo Gonsalves, and of the Netherlands, Ambassador Frank Majoor, who have worked tirelessly to draw up the outcome document of the Conference. May they be warmly commended for that.

I extend to the President my delegation's wholehearted congratulations on his organization of this Conference, which each and everyone of us acknowledges was more than necessary. Indeed, the relevance of the Conference that he has had the foresight to convene needs no justification.

The financial crisis affecting our countries and its devastating consequences on the life of our populations compel us to work together to find a way out. The Conference is, indeed, the type of initiative that all Member States must expect from the bodies of our Organization in response to a crisis whose magnitude and impact have spared no corner of our global village.

Analyses of the data available on the global financial and economic crisis reflect its scope and its effects on our economies. Our countries, in particular the most vulnerable among us, are registering an alarming list of symptoms, including a drop in exports, a very sharp fall in remittances, an increase in risk premiums on loans, and a reduction in external financing.

As regards my country, Haiti, the fall in remittances from our emigrant workers, which play a crucial role in improving access to health and education, have led to a reduction in physical investment and in human capital. The drop in those remittances jeopardizes family social protection networks, thereby exposing the country to a new cycle

of poverty. The mass forcible expulsions of emigrant workers, one consequence of the financial crisis, fuel unemployment in our countries, increase their vulnerability and sharpen social tensions.

The effects of the international financial crisis remind us once again that our globalized world is characterized by deep asymmetries between the rich and the developing countries. Whereas the former have huge financial resources that make possible the implementation of recovery policies and the adoption of counter-cyclical monetary and fiscal mechanisms, our countries struggle, for lack of financial resources, to find adequate responses to the crisis. To address it, they have only a tiny portion of the overall global envelope announced within the framework of the G-20.

Another asymmetrical effect lies in the fact that, for several decades now, our countries have been working hard to respect the rules of the market and to do their utmost to stabilize their currency and financial system. That discipline in managing our monetary policies has often been carried out against a backdrop of strong political pressure to create economic revitalization programmes. While our countries endeavoured to implement those policies, the financial realm in the rich countries systematically violated the rules of the game and embarked on a speculative frenzy, of which our populations today are the victims.

The event that brings us together this week must be an opportunity to avert the recurrence of such a calamity. We support the proposals contained in the report of the Secretary-General (A/CONF.124/4) on the economic and financial crisis, which call for the greater accountability and effectiveness of the international financial institutions and the establishment of an oversight and rapid-response system that would enable us to respond better and more swiftly to dangers threatening the financial sector.

An overhaul of the unequal structure of the international financial system is imperative. The international financial institutions must be democratized and must truly represent all countries in the world without exception. Our peoples have greatly suffered and still remember the bitter pill of structural adjustment of the 1980s. My delegation believes that the outbreak of the crisis should serve as a lesson to the international community of the responsibilities with regard to establishing a framework that favours the economic and social progress of all peoples.

If we are to create an opportunity out of the crisis, the world is duty-bound to take immediate, resolute and concrete steps to establish a fairer international economic and financial system whose ultimate aim is to ensure a minimum standard of well-being for all the peoples of the world in a regulated and institutional framework that is accessible and of benefit to all.

The omnipotent and independence of the Bretton Woods institutions are anachronistic. The time has come to restore to the United Nations its primary role in defining strategies and policies in the economic and social fields. Now more than ever, better the time for the United Nations to take up its rightful role in world economic governance.

Our delegations note that, in its monthly information bulletins, the Department of Economic and Social Affairs has regularly warned that the world economy was falling into recession. That is proof that the United Nations, through its competent organs and with the support of all Member States, can help to prevent crises, formulate coherent macroeconomic policies for the entire world and help countries, in particular the weakest, to limit their harmful effects.

The Acting President: I now give the floor to His Excellency Mr. Augusto da Silva Tomás, Minister of State for Planning and Minister of Finance of Angola.

Mr. Da Silva Tomás (Angola) (*spoke in Portuguese; English text provided by the delegation*): On behalf of my Government, allow me to thank the President of the General Assembly for convening this important meeting on the current global financial and economic crisis and its impact on development. The United Nations is well positioned to discuss the tribulations of humanity as it remains the most inclusive, transparent and democratic forum in the world.

This Conference gives us an exceptional opportunity to consider one of the most pressing concerns of the world today. The state of the international economy requires us to unite our efforts and to mobilize the international community towards finding pragmatic solutions to the challenges to the world economy.

In our opinion, the crisis has been caused by structural imbalances that have long existed in the

economies of developed countries, clearly revealing the deficiencies of the international economic and financial system and the urgent need for reform. The crisis has also demonstrated the importance of more appropriate and effective market regulation, especially taking into account what John Maynard Keynes called the trap of liquidity.

Although the crisis did not start in developing countries, its effects have been felt more keenly there. The challenge is all the greater and more complex in those countries in that they are more loosely structured and have fewer financial and material resources to tackle the crisis. Moreover, the social impact of the crisis merits the immediate attention of Governments in order, in some cases, to maintain the progress achieved in recent years, especially in eradicating poverty and improving the living conditions of people.

The Angolan economy, like that of most developing countries, has been seriously affected by the consequences of this crisis. The armed conflict in my country came to an end in 2002, and Angola is now going through a process of national reconstruction, requiring the mobilization of vast technical, financial and human resources. Its success will depend on the involvement of all its domestic resources and the support of its international partners and institutions. The increase in commercial exchange and trade, as well as the dual nature of its main exports — oil and diamonds — increased the vulnerability of the national economy to external shocks. This time, the slowdown of the global economy has drastically affected gross domestic product (GDP) growth and the capacity of the Angolan Government to implement national reconstruction and development programmes.

The efforts of the Government of the Republic of Angola to counter the effects of the global crisis can be measured by the proportion of the budget spent on capital expenditures for the rehabilitation of social and productive infrastructure.

We are fully aware that combating this crisis requires a due appreciation of the economy in real terms, eliminating volatile factors fuelled by financial speculation and uncontrolled operators who, acting on an international scale, move sums that exceed the GDP of most countries' economies.

In the international context, the urgent search for coordinated cooperation initiatives and the adoption of appropriate measures to mitigate the effects of the

crisis on development are a priority for the Angolan Government. Accordingly, we believe that the international community's efforts must ultimately be based on the following actions.

First, we must urgently adopt principles, regulations and international standards for the products of financial markets, as the interdependence and interconnection of the global economy are not limited to trade in goods and services, but extend to financial flows.

Secondly, we must introduce strict measures of international supervision and regulation of the financial sector. The crisis has revealed the impact that the lack of governance in some markets may have on overall macroeconomic stability, which, for developing countries means, in some cases, the elimination of gains in the welfare of their populations.

Thirdly, we must strengthen the role of the United Nations in the global economic and financial governance to ensure the active and inclusive participation of all countries, rich and poor alike, in taking decisions to set the course of the economy.

Fourthly, we must urgently reform the multilateral financial institutions, provide them with greater financial capacity, transparency and efficiency, and ensure that they are more representative and attuned to the development needs of humanity.

Fifthly, we must implement commitments in the context of mitigating the crisis, including a robust package of economic and financial incentives for developing countries to mitigate the effects of the crisis there. Special attention should be given to the social costs of the crisis, since a prolonged recession could increase poverty, deepen the suffering of vulnerable social classes, and significantly undermine efforts to achieve the Millennium Development Goals, especially the reduction of hunger and poverty.

Finally, allow me to say that the moment of crisis that the world is experiencing today should also be considered a moment to reflect on the recovery, stabilization and subsequent expansion of the global economy. Now is the time for selfishness to be replaced by altruism and solidarity, both in terms of ideas and of rational and creative actions by humankind.

The cyclical nature of the world economy obliges us, in the current situation, to design a new architecture for the international financial system so that it can

usher in a new financial and economic order based on social justice, honest competition and balance in capital markets, goods and services, and human resources. To that end, it is imperative to reinvent the international financial institutions in order to adapt them to the demands of the contemporary world. The search for balanced solutions, with costs and benefits shared according to the dimension and magnitude of each player's responsibility, involves the strengthening of synergies at the regional, continental and global level.

The Acting President: I now give the floor to His Excellency Wycliffe Ambetsa Oparanya, Minister of State for Planning of Kenya.

Mr. Oparanya (Kenya): It is my pleasure to address the Assembly on the very important subject of the world financial and economic crisis and its impact on development. Allow me to take this opportunity also to thank the President of the General Assembly for convening this event, which provides an opportunity for collective endeavours aimed at addressing this major financial crisis of our times.

The Conference's theme — "Examining and overcoming the deepening world financial and economic crisis and its impact on development" — is indeed relevant and timely for the global economy's growth, especially that of Africa. The global financial and economic crisis has severely affected the growth of the world economy. It is now apparent that there is a major slowdown in the growth of individual economies of developed and developing countries alike. This is manifested in declining trade, growing unemployment, reduction in official development assistance and, above all, rising poverty levels, particularly in developing countries.

It is therefore important that urgent measures be taken at all levels to address the negative impacts of this financial crisis. Global fiscal stimulus and other policy measures must be implemented with the leadership and support of the industrialized countries, where the crisis started in the first place.

The economies of sub-Saharan Africa are projected to contract on average by 1.7 per cent in 2009, mainly as a consequence of the crisis. Since Africa remains the poorest of all the continents, the capacity of most African countries to individually address the impacts of the crisis is limited. It is therefore imperative that the international community,

particularly the developed countries, look into new and innovative ways of helping the developing countries meet the challenges posed by the crisis.

The African countries are affected by the crisis mainly through declining trade, foreign direct investment and official development assistance flows, a general contraction of the economies leading to shortages in the supply of essential commodities, job cuts and deepening poverty, among others. The effects of the global crisis have exacerbated development challenges in most developing countries, making it difficult to achieve the internationally agreed development goals, including the Millennium Development Goals.

In the case of Kenya, the economy grew by 1.7 per cent in 2008 compared to 7.1 per cent in 2007. This decline was due to various factors, including high energy and food prices, but especially the effects of the global financial crisis. For instance, the tourism industry, which is one of the cornerstones of the Kenyan economy, contracted by more than 36 per cent during this period. Remittances from the diaspora also declined considerably in 2008. The prices of petroleum products, food and other basic necessities skyrocketed, resulting in inflation rising from 9 per cent in 2007 to about 26 per cent in 2008.

All these negative economic impacts have serious implications for the ability of the Government to meet its national and international obligations, particularly in the areas of poverty eradication, the implementation of the Millennium Development Goals and, above all, the achievement of the country's long-term goal of attaining a middle-income and industrialized country status by the year 2030.

Kenya calls upon the richer part of the international community to assist in cushioning the economies and peoples of the less fortunate parts of the world from further adverse effects of the crisis. In this respect, assistance will be required to sustain growth and generate jobs in the affected economies. The promotion of international trade through regional and global mechanisms is a priority and, in this regard, the fast-tracking of the World Trade Organization Doha Round of talks is also an imperative. Debt cancellation and other debt management measures are necessary to free resources for urgent recovery purposes. The fiscal stimulus being provided in developed countries must be extended to developing countries, and ODA

commitments, including that the developed countries to provide 0.7 per cent of their gross national income in aid, must be met as a matter of urgency.

Let me express my delegation's appreciation to the G-20 for its resolve, expressed at the recent summit in London earlier this year, to increase available financial resources for ongoing lending to the developing countries. However, it needs to be noted that the outcome of that meeting fell short of our expectations. The G-20 had an opportunity to take bold steps to prepare a road map for reforming the global financial architecture and providing genuine and lasting solutions to the financial crisis. But, as it emerged, this did not happen. The truth is that, all together, we need to reform the international financial systems so that developing countries, particularly African countries, can have a greater say in global decision-making on financial matters. The Bretton Woods institutions need to be responsive, transparent and accountable to all their members.

In this connection, it is necessary for this Conference to advance the discussions of the G-20 on the global financial crisis with a view to finding lasting solutions to the crisis and, in particular, issues relating to the reform of the Bretton Woods institutions.

Finally, Kenya recognizes the important role that the United Nations has played over the years in addressing global development issues in the economic, financial, political, social and environmental sectors, among others. It is my delegation's position that the United Nations remains the body most suited to steer the process of dealing with the current crisis, given its universality and convening powers. In this regard, Kenya will continue to support the United Nations efforts to find a lasting solution to the crisis.

The Acting President: I now give the floor to His Excellency Mr. Martin Dahinden, Secretary of State of Switzerland.

Mr. Dahinden (Switzerland) (*spoke in French*): Over the past two days, we have heard some excellent ideas on the causes and effects of the crisis. The consequences of the event are especially severe for millions of poor people. We must focus our reflections on how to improve their living conditions and to meet their human aspirations. Every day lost before we intervene brings further intolerable suffering. While Switzerland has certainly been profoundly affected by the financial crisis, we intend nevertheless to honour

our commitments and will not reduce our development assistance.

The crisis has exposed fundamental shortcomings, not only in national systems regulating finance, competition and corporate governance, but also in the international institutions and arrangements created to ensure financial and economic stability. In consequence, much of the current focus is rightly on improving the regulatory framework and oversight functions to prevent future failures of the financial and economic system.

Yet, we cannot rely on new or improved regulations alone. In many ways, behaviours based on greed are at the heart of the matter and put our common security at risk. To make our global system more robust, we thus need to address our value system and promote an understanding of collective and individual responsibility. Let us turn this current crisis into an opportunity for more sustainability, basing our investments not only on economic, but also on social and environmental considerations.

In the context of the current crises, the United Nations has three important roles to play. First, the United Nations can provide a platform for the exchange of views that takes the views and experiences of all stakeholders into account in identifying solutions to global problems. In particular, the United Nations should give a stronger voice to the poorest. Secondly, the United Nations should assume an important role in analysing and monitoring the crisis and in making recommendations on possible solutions at the global and the national levels. Thirdly, the United Nations can encourage us to become more responsible socially and environmentally.

I would like to recommend three concrete measures in support of these roles.

First, the United Nations has demonstrated its potential to be a powerhouse of ideas and creativity. In the context of the discussion on a more effective follow-up process to the financing for development conferences, the President of the Economic and Social Council has proposed establishing a more coherent process closely linking the meetings between the Council and the international finance and trade institutions with the ordinary meetings of the Council and of the General Assembly. In order to ensure its relevance and quality, we propose to strengthen the secretariat of the Financing for Development Office,

especially its human resources and analytical capacity. Establishing closer links with the Bretton Woods institutions could further guarantee cross-fertilization and quality.

Secondly, Switzerland recognizes the need to further improve the effectiveness of the existing financial institutions. We are also aware that there is a use for complementary and possibly more inclusive and transparent approaches. In this sense, we believe that an ad hoc panel of experts on systemic risks could be of value. The Intergovernmental Panel on Climate Change, which has a very positive track record, can inspire the mandate of such a body.

Thirdly, corporate social responsibility has become an accepted mechanism for encouraging corporate self-regulation. Such mechanisms need to be enhanced continuously through multi-stakeholder approaches involving civil society and promoting increased transparency and reporting on business activities. The United Nations Global Compact is a highly visible and well-acknowledged initiative. We encourage the United Nations to further promote it through its dedicated office as well through its operational activities in the field.

The current multidimensional crisis demands immediate responses and long-term planning in support of the poorest, especially in Africa. We have to use our combined strengths and intelligence to address problems of injustice, poverty, vulnerability and exclusion. We need to make our economic, financial and aid systems more transparent, open and participatory, notably through a firmer integration of the emerging economies. Improved development cooperation is essential.

We are placing our trust in reformed international financial institutions and in their central role to ensure the stability of the financial and economic systems. Let us do the same with the United Nations, which was founded in a humanistic tradition aimed at a better world for all. The Chief Executives Board has outlined nine joint initiatives in response to the multiple facets of the crisis on the basis of the individual mandates and responsibilities of the United Nations organizations. We highly commend this approach, which commits the United Nations organizations to policy coherence and coordination towards a quick and effective response to the crisis.

The financial and economic crisis has had devastating effects. However, we should not allow pessimism to guide us. The crisis is an opportunity to change things for the better if we act forcefully. The challenge is to overcome dogmatic positions and to go beyond crisis management towards sustainable reform.

The Acting President: I now give the floor to His Excellency Mr. Mohamed El Oraby, Deputy Foreign Minister for International Economic Relations and Cooperation of Egypt.

Mr. El Oraby (Egypt) (*spoke in Arabic*): We meet today under the auspices of the United Nations in exceptional international emergency circumstances that have overwhelmed the global economy. These circumstances are the outcome of the multidimensional world financial and economic crisis, which in turn has been compounded by the interrelated and interlinked crises and challenges in the fields of food, energy and climate change. We are confronted by an unprecedented challenge that requires effective international, regional and national action to contain the effects of these crises on developing countries, while striving for the recovery of the world economy and restoring trust in the mechanisms that govern it. These actions should be carried out through an enhanced role of the United Nations in addressing international economic and financial issues in all their dimensions and enhancing the voice and participation of developing countries.

From that perspective, it is imperative to mobilize international political will towards collective action in confronting the global financial and economic crisis through three main interrelated and complementary pillars. First, we must examine the causes of the crisis, agree on solutions to overcome it and ensure that it does not reoccur. Secondly, we must act swiftly to mitigate the multiple effects of the crisis on the populations of the developing countries, particularly with regard to their ability to achieve the internationally agreed development goals, including the Millennium Development Goals. Thirdly, we must undertake a comprehensive reform of the international economic system and architecture.

The root causes of the crisis are derived from a number of elements. These include unwarranted deregulation, particularly in the financial sector, overconfidence in widespread economic growth rates prevalent before the crisis, and the failure of the

multilateral monitoring regime to observe and track the outbreak of the crisis. Accordingly, the process of seeking solutions to the crisis should be predicated on identifying a new formula that restores the oversight role of the State in a manner compatible with the principles of the market economy and preserving the vital role of the private sector in promoting development, while enhancing its social role.

In addition, it is vital to set up an efficient international multilateral early warning monitoring system. The international community should therefore assume its direct responsibility, which obliges it, and the developed countries in particular, to act to reverse the downturn that has plagued global economic growth rates. This situation has given rise to serious setbacks in the volumes of trade, foreign investment flows, constrained access to credit, migrant remittances, tourism revenues, and increasing levels of unemployment.

Consequently, Egypt believes that, as an urgent first step, the international response to the crisis needs to be focused on injecting more financial resources into the global economy in the interests of developing countries along two main tracks. The first is based on providing resources on the basis of pending development commitments and in accordance with major United Nations conferences and summits in the economic and social fields, the most recent of which was the Doha Conference on Financing for Development. That is particularly true with respect to official development assistance (ODA), foreign investment flows, debt reduction, international trade and others.

The second track should focus on providing new and additional resources that contribute to assisting developing countries in addressing the negative impacts of the crisis. Egypt therefore calls on developed countries and the international financial institutions to adopt new means for additional funding, and expresses its support for the idea of allocating a percentage of the national stimulus packages of developed countries as ODA. We also call for exploring new frameworks to provide credit in a more predictable, flexible and conditionality-free manner, as well as for reaching a conclusion to the Doha Development Round.

We call on the United Nations, through its operational activities, to assume its rightful role in

assisting the efforts of developing countries as an integral part of the international response to the crisis. It should seek to strengthen the abilities of these countries to achieve their national development priorities, and must be carried out in a coordinated manner within and outside the United Nations, along with other international efforts. We call on donors to increase their financial contributions to the United Nations in a way that achieves a balance between core and non-core resources.

In support of these international efforts, and in order to guarantee that they achieve their goals, the African continent has acted at the summit level and established a committee of 10 finance ministers and central bank governors to put forward a number of urgent measures and policies that reflect the African common position towards the crisis. In addition, under the auspices of Mohamed Hosni Mubarak, President of the Arab Republic of Egypt, the African summit held in Sharm el-Sheikh in July 2008 addressed the various aspects of the financial crisis and its impact on the continent.

We cannot address the crisis in isolation from the systemic aspects related to international financial and economic governance, the reform of which Egypt believes should be based on two main principles. The first is the need to enhance the voice and participation of developing countries in international economic and financial decision-making and norm-setting, with the aim of establishing a more equitable, democratic and just economic and financial system and architecture. The second principle lies in strengthening the role of the United Nations in international coordination efforts and mechanisms at the international, regional and national levels in addressing the crisis, particularly with regard to coordination between developed and developing countries in this field.

From this viewpoint, Egypt considers it imperative to conduct a comprehensive review of the governance structures of the international financial institutions, particularly the World Bank and the International Monetary Fund. The review would seek to make their decision-making processes reflect the role of developing countries in steering the global economy and to impede the macroeconomic policies that are advocated by these institutions, particularly with regard to conditionalities and policy space, while contributing to enhancing the capacities of developing countries in counter-cyclical policies. All this needs to

be accompanied by a revitalization of the existing agreements between the United Nations and these institutions, with a view to achieving our common development goals.

In connection with systemic reform, Egypt believes in the importance of strengthening international efforts in code formulation and norm-setting in the financial sector. While Egypt expresses its appreciation for the efforts to expand the Financial Stability Forum and transform it into a financial stability board, we also believe in the importance of establishing an international entity designated with overseeing financial regulations and contributions to international financial stability. From the same perspective, addressing the imbalances in the global economy is part and parcel of reforming the international financial and economic architecture. Accordingly, it requires the establishment of a more stable global reserve system, in parallel with new ways to achieve global monetary stability in foreign exchange currencies.

In conclusion, I wish to emphasize that the outcome document that will soon be adopted by the Conference represents a first step towards a new orientation that strengthens the ability of the United Nations to undertake its rightful duties in confronting the crisis in its operational and structural aspects. These efforts should be coordinated between developed and developing countries in a manner that complements numerous international efforts in other forums, such as the G-20, whose membership should be expanded to comprise more developing countries, especially from Africa. We fully trust that increasing such cooperation will result in the mitigation of the crisis and its impact in the short term, and prevent its future recurrence.

The Acting President: I give the floor to His Excellency Mr. Kak-soo Shin, Vice-Minister of Foreign Affairs and Trade of the Republic of Korea.

Mr. Kak-soo Shin (Republic of Korea): Allow me to begin by expressing my sincere gratitude and appreciation to President Miguel d'Escoto Brockmann and all those who have worked so hard with such dedication for the successful holding of this meaningful Conference on a topic that affects every Member State represented here today.

As speakers before me have already highlighted, the international community is now facing a wide

range of urgent challenges, from the unfolding economic downturn and climate change to food, water and energy crises. These compounding global crises have the potential to reverse the tangible development achievements of past years and hinder the global community's efforts to meet the internationally agreed development goals, most notably the Millennium Development Goals (MDGs).

Against that backdrop, I believe that this Conference is not only timely, but indeed imperative. It is my sincere hope that today's gathering will present an invaluable opportunity for the United Nations to formulate effective and concerted responses to these global crises, enabling us to stay on the right path towards meeting our development goals.

In the context of increased global interconnectedness, the global financial and economic crisis is having a significant impact on millions of people across the world to varying degrees. However, developing countries are particularly adversely affected by the global crisis, as they have limited capacity to undertake necessary counter-cyclical measures and provide greater social protection. Considering that the welfare of developed and developing countries is mutually interdependent, it is in our common interest to prevent the current crisis from leading to a deepening of the development gap, accelerated environmental degradation and social instability in developing countries.

Member States, international institutions and regional bodies have endeavoured to promote global recovery, strengthen development cooperation and introduce structural changes to adapt the international system to the changing realities. Of these ongoing initiatives I would like to point out the outcomes of the G-20 summit in London. As a matter of urgency, agreements were reached to strengthen global coordination for restoring growth and jobs, bolstering financial supervision and regulation, avoiding new barriers to trade and investment, pushing for the early, successful conclusion of the Doha Development Round of multilateral trade negotiations, and providing greater financial assistance to emerging markets and developing countries. The Republic of Korea, as a member of the G-20 troika, has reiterated the need to encourage emerging economies to participate in the process of redesigning the global financial system. We will further strive to contribute to improving economic

policy coordination at the international level, particularly between the United Nations and the G-20.

At this stage, the crucial thing is to ensure the full implementation of these commitments in good faith. In particular, it is essential that, despite the increasing pressure on the official development assistance budget, the global community faithfully act upon the development commitments, especially for the least developed countries and the most vulnerable groups. I take this opportunity to reaffirm that the Republic of Korea will continue to make every effort to enhance its contribution to development cooperation, honouring the commitments it has made. It is also our hope that the Fourth High-Level Forum on Aid Effectiveness, which will be held in Seoul in 2011, will generate important momentum to improve development results and contribute to meeting the MDGs by 2015.

There is still a need to step up our efforts to come up with more concerted international policy actions that reflect a broad range of views among the various stakeholders and ensure greater policy coherence across relevant sectors, including trade, employment, environment and development. To this end, it is imperative to align our responses to the crisis with broader sustainable development goals and to develop a comprehensive and complementary system for global governance, building on existing initiatives. I believe that such efforts will help the global community to build greater resilience against a future global crisis and thus allow us to maintain the momentum for development. In the midst of the global crisis, the United Nations, which has a unique role to play in addressing global issues, has undertaken a range of initiatives to assist countries and vulnerable populations to tackle the adverse impacts of the crisis.

In response to the ever-increasing call for the United Nations to assume a still greater role, I firmly believe that today's Conference has taken major steps towards enhancing global governance for inclusive and sustainable development. We are to adopt an outcome document by consensus, reflecting both the concerns and the vision of the 192 Member States and which identifies key roles for the United Nations and its Member States to play, particularly in order to mitigate the impacts of the crises on development. Moreover, it has been of great value in terms of consolidating political support for concerted global efforts to reform the international financial and economic architecture.

In 1998, the Republic of Korea managed to overcome the Asian financial crisis by turning it into an opportunity to carry out sweeping reform in the financial, corporate and Government sectors. The result was greater transparency and competitiveness in the Korean economy. Similarly, my country is also working to transform the current economic crisis into another opportunity for groundbreaking development — by adopting a new vision of green growth and pursuing the Green New Deal with approximately \$38.5 billion allotted for the next four years. With those actions we envisage a twofold effect, namely, by contributing to the international efforts to resolve climate change issues, as well as by creating new engines for economic growth.

In closing, I would like to emphasize that we are currently standing at a crossroads. Now is the time for the United Nations and all Member States to turn the current crisis into an opportunity to lay a sound foundation for sustainable economic, social and environmental development for all.

The Acting President: I now give the floor to His Excellency Mr. Shamsuddeen Usman, Deputy Minister of the National Planning Commission of Nigeria.

Mr. Usman (Nigeria): I extend to the President the warm greetings of His Excellency, Alhaji Umaru Musa Yar'Adua, President of the Federal Republic of Nigeria, who could not be with this gathering today owing to pressing State matters. He has therefore asked me to express his profound appreciation to the Assembly and the entire United Nations system for the vision in organizing this very important and timely Conference.

Nigeria is also grateful to the President of the Assembly for the sacrifice and strenuous efforts he has made and which I am confident will result in an outcome document that enjoys the support of every delegation. We acknowledge the work of the Commission of Experts on Reforms of the International Monetary and Financial System, whose far-reaching recommendations have provided a sound basis for subsequent discussion on the way forward in this regard. I also thank the Secretary-General for facilitating the organization of this Conference. My delegation wishes also to record its appreciation for the good work done by the two facilitators.

Africa and indeed Nigeria are looking to this Conference for a practical solution to the crisis, while

at the same time we are reshaping our policies and practices in order to allow our countries to feature more prominently in the new world order and financial architecture that are being formulated today.

The global economy continues to face an unprecedented economic and financial crisis, while it remains in the midst of a deep recession. We have seen substantial decreases or contractions in the growth rates of many countries, including Nigeria and other developing economies. The global economy is projected to contract by 0.5 per cent in 2009, while a gradual recovery is projected for 2010, with the rate of gross domestic product (GDP) growth rising to about 1.9 per cent.

The impact of the global economic crisis has also defied national boundaries. What began as a domestic crisis has since reverberated with tremendous shockwaves that have eclipsed economies throughout the world. It has demystified all perceived notions of immunity to shocks and exposed how vulnerable economies can be in a vastly integrated, interrelated and interdependent global system driven by unregulated economic forces. The global economic crisis has caused a growth crisis in the African economies, including the possibility that the average growth rate of 2.8 per cent projected for Africa in 2009 may drop to 2.3 per cent.

Most African countries have been bearing the brunt of this crisis since the middle of last year. The effects of the crisis on Africa include weak demand for commodities leading to reductions in commodity prices and export revenues, declining fortunes of African stock markets and financial inflows, as well as declines in remittances, especially those from official development aid and foreign direct investment. Sadly, the economic and financial crisis has set back the modest progress Africa has made towards attaining the Millennium Development Goals (MDGs). Unless immediate steps are taken, the hope of meeting the goals by 2015 will elude most African countries.

In Nigeria, the crisis has had a significant effect on our economy. The overall real GDP growth rate is projected to decline from 6.41 per cent in 2008 to about 5.5 per cent in 2009. The capital market that had recorded phenomenal growth between 2005 and March 2008 was severely hit by the crisis, with market capitalization declining by 35.6 per cent and the All-Share Index by about 36.8 per cent. At about the

same time, the price of crude oil in the international market crashed from the peak of \$147 per barrel in July 2008 to about \$40 per barrel in March 2009.

The cumulative effect of those phenomena is a slowdown in economic growth, especially the potential threat to the actualization of the President's 7-Point Agenda, which is aimed at improving the quality of life of Nigerians, especially through food security and rebuilding critical infrastructure. Like most African countries, the crisis has significantly affected Nigeria's capacity to implement the MDGs, as well as to address the challenges of the increasing effect of climate change.

Although it is a global phenomenon, various countries have responded differently to the crisis. The Governments of the developed countries, with greater financial muscle and more structured economies, have resorted to massive financial stimulus packages to rescue the sectors that have been most hit by the crisis. This has involved a combination of tax cuts and unprecedented injection of capital into the system to boost production and consumption.

Most developing countries do not have the capacity to respond in a similar manner. In Nigeria, a multi-stakeholder Presidential Committee has been established to monitor the effect of the crisis on the economy and to proffer solutions. A fiscal stimulus package is also currently being developed, aimed at addressing infrastructure and other safety nets. Nigeria therefore welcomes the recommendation by the Stiglitz Commission requesting industrialized countries to dedicate 1 per cent of their stimulus packages to offset the impact of the financial crisis on the developing countries, in addition to the traditional official development assistance commitments, as well as the creation of a global economic coordinating council, which will not only coordinate economic policy but also assess impending problems and institutional gaps.

Nigeria would like to call for more sustained coordination of the actions and measures approved at the various multilateral forums aimed at mitigating the crisis, especially the decision of the Group of Twenty to increase its aid to the poor countries by \$50 billion in the near term.

While this crisis requires a coordinated global response, Africa has not lost sight of the need to look inwards for the solution to its problems. Accordingly, at the Meeting of the African Ministers of Economy,

Finance and Planning held in Cairo, Egypt on 10 June 2009, the Ministers reaffirmed the commitment to deepen economic reforms and strengthen regional cooperation and integration.

The impact of the global financial and economic crisis on Nigeria's economy would have been far worse than it is, if Nigeria had not embarked upon economic reforms starting in 2003. Following years of economic stagnation, Nigeria embarked on a comprehensive reform agenda to improve the macroeconomic environment, pursue structural reforms and strengthen public expenditure management and institutional governance.

As part of the reform, the consolidation of the banking sector ensured a diversified, strong and reliable banking system. Within five years of the banking sector reform, confidence in Nigerian banks was felt not only in the country, but also in the entire West African subregion. In addition, a comprehensive national medium-term plan and a perspective plan, called Vision 20:20:20, are being developed to further consolidate the gains of the reforms in Nigeria.

Yet, the challenges remain enormous. Nigeria is, however, prepared to share its experience with other developing countries, where that is needed. We have strong faith that this Conference will address the economic and financial difficulties being experienced by developing countries as a result of the current global financial and economic crisis, as well as secure a more sustainable and just global economic order.

The Acting President: I now give the floor to His Excellency Mr. Pradit Phataraprasit, Deputy Minister for Finance of Thailand.

Mr. Phataraprasit (Thailand): I would like to begin by expressing my sincere appreciation to the President of the General Assembly and to the United Nations Secretariat for organizing this Conference. The Conference presents a valuable opportunity to address the issues raised by the financial and economic challenges confronting us all, as well as to share experiences and seek global solutions.

While preparing the notes for this session around two weeks ago, I learned that the public health arm of this esteemed organization, the World Health Organization (WHO), had announced that the A(H1N1) influenza outbreak had officially reached global pandemic levels. WHO noted that it had raised its

warning system to Phase 6, the highest level on its pandemic alert scale.

This got me to thinking of another virus that is rapidly beginning to make its way around the world — a virus that is more threatening to the world and far more insidious. The virus I am talking about is the virus of protectionism. It is a virus that endangers the development of the world more than any other, and one that is particularly dangerous for the developing nations of the world.

Protectionism is the single biggest threat to the health of the global economy. It has the potential to undo the enormous gains we have made in development and prosperity, and which have lifted millions out of poverty in the past few decades. There is no vaccination or cure for this disease other than for us, as leaders and shapers of our countries' financial, economic and trade policies, to take a firm stand for the collective good of the world.

The courage to advocate tough decisions to our people will allow history to judge us favourably. It will be said that, at this momentous time, we had the resolve to reject expediency and to do what was right for development and humanity.

There is no better way for us to limit the adverse impacts on development of the world financial and economic crisis than to keep the global trading mechanism intact and accelerate a successful conclusion to the World Trade Organization (WTO) Doha Round. We must do this, so that the benefits of the recovery, when it eventually comes, can rapidly flow through to the nations of the world, so many of which depend on global trade to advance their development. Our failure to act with resolve now will burden generations to come. We will lose decades as leaders try to muster, once more, the political support to put into play the legislative processes that can roll back direct and indirect barriers to trade.

Thailand traces its commitment to open trade and free markets as far back as to the reign of one of its great kings of the thirteenth century, during which Thailand enjoyed great prosperity. Historical inscriptions record his enlightened policies thus:

“The ruler does not levy a tax on the people who travel along the road together, leading their oxen on the way to trade and riding their horses on the way to sell. Whoever wants to trade in

horses, let him so trade. Whoever wants to trade in silver and gold, let him so trade.”

I am therefore particularly proud that the members of the Association of Southeast Asian Nations (ASEAN), as well as the People's Republic of China, Japan and the Republic of Korea (ASEAN+3), were able to jointly state in Thailand, in February this year, that they affirmed their dedication to increase the free flow of trade and investment, to stand firmly against protectionist measures that would worsen the economic downturn, and to refrain from raising new barriers.

The meeting in Thailand also showed how the region's nations can act together cohesively to help each other address the issues being created by the financial and economic crisis. Co-chaired by Thailand, which is also the current chair of ASEAN, together with Korea, the meeting formalized the multilateral Chiang Mai Initiative. The Initiative is a \$120 billion multilateral financial arrangement created to better address short-term liquidity problems among the group and supplement other international financial arrangements.

Policymakers in the region now have a wider choice of bilateral and multilateral instruments to handle risks. Prior to tapping into International Monetary Fund (IMF) facilities, they may choose to use the existing bilateral Chiang Mai Initiative or the multilateral Chiang Mai Initiative, whatever may best suit their needs and circumstances.

Along with these, an independent surveillance unit will be established to facilitate prompt activation of the multilateral Chiang Mai Initiative. This surveillance unit can identify, in a timely way, trends and risks that have the potential to threaten financial stability in the region and can help limit contagion of issues. We believe that the unit will complement the work of IMF in the region by providing additional surveillance and facilitating liquidity support in times of need.

Beyond this, we have also expanded the scope of our regional cooperation to include investments in productive areas that can spur regional growth. Under the Asian Bond Markets Initiative, ASEAN+3 countries have resolved to develop local currency-denominated bond markets as an alternative source of funding to bank loans. As a first step, we will be able to strengthen the legal framework and the infrastructure for bond markets in the region. As part of this, we

envisage the establishment of a credit guarantee and investment mechanism to provide credit guarantees for bonds. These initiatives will not only support the issuance of local currency-denominated bonds but, more importantly, enhance the cycling of regional savings towards regional development and growth.

On a national level, Thailand has adopted various measures to sustain financial stability and restore economic growth and development. We are rolling out a \$42 billion stimulus package that focuses on job creation and poverty alleviation. We are also implementing measures to mitigate the effects of the crisis on the least privileged and the most vulnerable through direct action programmes.

Despite the enormous strains on our economy, we have rejected all measures that are, in any way, directly or indirectly, protectionist and that raise the barriers to trade.

In closing, I would like to reiterate Thailand's resolute commitment to supporting new development opportunities created by the unprecedented challenges faced by the world's financial system and the world's economy. I would also like to affirm my country's desire to protect the development advances already made through the liberalization of the world's trading system.

I believe it is time for us to declare, to use the terms of WHO, a Phase 6 alert on the global threat of protectionism.

The Acting President: I now give the floor to His Excellency Mr. Oscar Erasmo Velásquez, Vice-Minister of Investment of Guatemala.

Mr. Velásquez (Guatemala) (*spoke in Spanish*): May my first words be to greet the President and thank him for having organized and convened this meeting. It is a timely and altogether well-advised initiative, since there is no doubt that the United Nations has an important role to play in the efforts of the community of nations to address the financial and economic crisis and in particular to mitigate its effect on development.

Guatemala is a good example of a nation that has been strongly affected by this crisis, which it has no responsibility whatsoever in causing. Indeed, over many years, we have assumed the responsibility for creating an appropriate environment for our development. Notable progress was achieved in macroeconomic management, appropriate measures

were adopted to reorganize our financial brokering system and deliberate policies were implemented to improve our participation in the global economy.

Of course, we also acknowledge our weaknesses. In spite of significant improvements in the level of tax collections during the past decade, we continue to have one of the lowest taxation rates in Latin America. Our democratic institutions still reveal weaknesses that we are trying to overcome. Furthermore, although significant improvement has been achieved in improving social indicators in a sustained manner, the challenges in this area continue to be substantial.

At any rate, important progress has been achieved overall in my country, but suddenly this favourable trend collided with a wall, a wall that we played no part whatsoever in constructing.

In the case of Guatemala, the effects of the crisis were rapidly spread through almost all the components of our external accounts. Our exports contracted by 4.6 per cent in the first four months of this year, compared to the same period of last year, and non-traditional exports fell by 12.8 per cent, a fact that had a particular impact on small- and medium-sized businesses. Our income from tourism decreased by 4.3 per cent over the same period. Family remittances, which in recent years had constituted over 10 per cent of our GDP, fell by 9.7 per cent. Direct foreign investment flows decreased, although official assistance has fortunately stayed the same.

The impact of this dramatic contraction in sources of foreign exchange was not long in coming. Economic activity and employment levels changed from positive growth numbers in previous years to the virtual stagnation that is predicted for 2009. The impact has been particularly hard on poor families, to the point that some health and education indicators, which had reflected continuous improvement year after year, now appear to be reversing that trend in spite of the social expenditures programmes to which I will allude presently.

At the same time, our capacity to apply a counter-cyclical policy is limited by the fact that fiscal receipts have fallen by 9 per cent in the past five months. Nevertheless, we are making enormous efforts to maintain our levels of priority public expenditures, especially those aimed at the poorest strata of society. The external financing we already had in the pipeline

has played an important compensatory role in this endeavour.

In this regard, we are not sitting idly by. Already in February of this year, the Government adopted the National Emergency Programme for Economic Recovery. The monetary authorities, for their part, have applied policies to mitigate the impact of credit restriction in international markets, to ensure a flow of adequate financing for private enterprise in our country and to maintain adequate levels of liquidity in the banking system. On the other hand and thanks to adequate supervision, our financial institutions did not acquire toxic assets and their overall situation is generally sound.

Furthermore, we have undertaken efforts to defend the neediest and most vulnerable strata of our societies, which happen to be those with the least ability to defend themselves, through social protection programmes. At the same time and in spite of the crisis, we are making great efforts to reform our tax system so as to achieve a better balance in non-inflationary financing of public expenditures.

The central point that I wish to make is that we are responding to the financial and economic crisis within the limited manoeuvring room at our disposal. In these circumstances, it is obvious that we need international cooperation to deal with the crisis. I must say that, although funding is still insufficient, our proposals have received a favourable response.

Beyond the painful consequences of the crisis, there are two fundamental aspects that we would like to highlight. The first is that it would be tremendously unjust for this financial crisis, which was generated in the North of the planet, to adversely affect the development of the countries of the South. The second is that we must stand together, not only to address this crisis, but to prevent its future repetition, at least to the extent it might be caused by negligence on the part of our Governments, regulatory bodies and multilateral institutions.

Among other aspects, the crisis illustrates the urgency of reforming the Bretton Woods institutions and their system of governance. It also highlights the urgency of finding a satisfactory outcome to the rounds of multilateral negotiations that began in Doha eight years ago.

Lastly, my country applauds the rapid and constructive reaction of the 22 countries that met in London in April to respond in a coordinated manner to a crisis that is common to all. It is obvious, however, that those 22 countries cannot speak for all of the members of the international community. Guatemala believes that the United Nations, with its medium- and long-term vision on development, working together with the international financial institutions, can make a significant contribution towards an agreed response to the crisis and thus avoid erasing the progress achieved in developing countries in recent times.

The Acting President: I now give the floor to Her Excellency Ms. Soraya Rodriguez, Deputy Minister for International Cooperation for Development of Spain.

Ms. Rodriguez (Spain) (*spoke in Spanish*): The international economic crisis that confronts us includes global challenges that require greater joint efforts in order to respond. Greater efforts are necessary to ensure that the most vulnerable countries suffer as little as possible from a crisis for which they are not responsible. As we all know, the epicentre of the economic crisis is in the developed countries; more specifically, it is in the core of the international financial system. Nevertheless, the worst impact of the crisis is being felt by the poorest and least developed countries.

As a result of the present economic downturn, approximately 55 to 90 million people more will face extreme poverty this year. A recent Food and Agriculture Organization of the United Nations report contains statistics showing that for the first time the number of people suffering from hunger has exceeded 1 billion people. Of those, the most vulnerable groups are undoubtedly among the worst affected, including women and children. For example, the rate of infant mortality is increasing dramatically. Millions of girls will stop attending school in order to contribute to the family income, and the progress made in gender issues is already being reversed in many countries — indefinitely.

All in all, the social impact of the crisis is most serious and tragic in the least developed countries and in particular, for their most vulnerable populations. The lack of public social protection policies means that the impact of the financial crisis will be devastating and more tragic for those populations, thus protection of social policies and support and investment in social

expenditure is a fundamental requirement for progress in resolving the crisis and in achieving development based on human beings.

If we do not do something rapidly and pay urgent and decisive attention to that issue, then we know that the progress achieved in implementing the Millennium Development Goals (MDGs) will be seriously at risk. The most developed countries have responsibilities to fulfil, and if those are fulfilled, we will be able to prevent the financial crisis from becoming a development crisis.

For all those reasons, as was stated just a few days ago in Abuja, Nigeria by the President of Spain, the Spanish Government stands firm in its commitment to official development assistance (ODA). More than ever at this time, we must tackle and fulfil those commitments. In addition to fulfilling our ODA pledge, we also need to ensure that the aid is of the best possible quality and has the greatest effectiveness in its impact on development.

For that reason, here and once again, the Government of Spain calls upon the international community and urges it to put into practice the Paris Declaration and the Accra Agenda for Action, together with the agreements on financing for development from the Monterrey and Doha Conferences.

On the efforts to obtain more financial resources for developing countries, Spain believes that today it is vital to take a qualitative step forward in order to bring in new innovative and additional sources of financing for development. In that regard, Spain is very much committed to the working group on innovative taxation and financing for development, which recently met in Paris. It was precisely in that forum that the importance of achieving progress in the area of remittances and the fight against tax evasion and tax havens, was highlighted.

I wish to dwell a moment on that last point. History teaches us that no developing country can rely solely on outside financing and that internal resources must be mobilized in order to develop the sustainable human development of any State. However, the endeavours to mobilize internal resources are being undermined by international tax evasion and, as the Assembly knows, this involves a very significant volume of resources — it has been calculated at about \$400 billion — more than three times the amount that makes up the entire global official development

assistance. Those resources could be an important key in mobilizing funds for development policies. But they have been lost or, as is well known, have often ended up in the so-called tax havens. That is a crucial issue for us. It was already addressed in the statement of the Group of 20 and it will be one of the priority agenda items on the development agenda of the upcoming Spanish Presidency of the European Union.

One lesson that has already been learned as a result of the crisis is the irreversibility of globalization, which has reached unprecedented levels and affects us all. The levels of interdependence between countries and regions of the world are unparalleled. It now appears that information can be transmitted from one side of the planet to the other in a matter of seconds, but the crisis has also shown us that destitution and poverty are also global issues.

We have been unable to extend prosperity to the many zones of the planet, reduce the inequalities between rich and poor, create an effective multilateral system, or balance an economy that transcends national borders. Moreover, the current financial crisis and its rapid spread to all emerging and developing areas of the planet, clearly shows us the risks of a globalization process that is gravely lacking in regulation, monitoring and governance. None of the major challenges we face today could be resolved with the powers of an individual State. Neither climate change, world poverty, pandemic disease, a stabilized international financial system or migratory movements could be resolved today at the level of a single State. On the contrary, those global problems require global, coordinated and agreed responses, in which all countries have a voice, can speak out and have the power of decision.

Hence, this Conference should help redesign the structures and functions of the multilateral system so as to advance towards establishing a truly global economic governance, thus giving us greater legitimacy and capacity to respond more coherently and effectively to the challenges of the current globalization. It should help establish a multilateral system that allows a fairer distribution of the benefits and responsibilities associated with the ongoing process of globalization.

That is where the United Nations system has a special, decisive and unique relevance owing to its universal legitimacy, its specialization, its expertise

and its ongoing presence in countries and on continents. Spain wholeheartedly supports a greater role for the United Nations in international economic governance, in particular in the fight against world poverty.

To that end, we support the strengthening of the Economic and Social Council to make it the indisputable reference forum on economic and social development debates. Instead of establishing new organs or institutions, we fully support a reformed Council, with more human resources and a broader and clearer mandate and with a real network of independent support experts to give scientific backing to its decisions.

The key role of the United Nations in international economic governance should complement the roles played by other forums, such as the Group of 20 (G-20) and the work being undertaken by the international financial institutions in the management of the international monetary, financial and trade systems. We think that the best guarantee for the success of this Conference lies in ensuring that the agreements we adopt are inclusive and consistent. They should group, harmonize and strengthen the important decisions that have already been adopted in other bodies and forums with clear mandates, including those, in particular, recently adopted at the G-20 summit, and that, at the same time, strengthen coherence, collaboration and coordination among the United Nations, the World Bank, the International Monetary Fund and the World Trade Organization.

Spain believes it urgent also to reform the Bretton Woods institutions to increase their legitimacy and efficiency. That reform should properly reflect the shift in weight of countries in the world economy. In particular, we support the enhanced voice and participation of developing countries in the Bretton Woods institutions.

Spain, however, also views it as urgent that the United Nations system too should be reformed. We

have to move the system-wide coherence agenda forward. It is time to make comprehensive progress, building the basis for a gender architecture and promoting a coordinated, dynamic and efficient performance of the United Nations development system in the field. As participants know, Spain is strongly committed to the “delivering as one” pilot. In that context, and in collaboration with other donors, we have established a new expanded “delivering as one” funding window to continue supporting a more coordinated and effective United Nations response on the ground. As the Secretary-General underlined in his statement to this Conference yesterday (see A/CONF.214/PV.1), the United Nations has a presence in all countries. We must take advantage of its wealth of human resources and expertise in order to provide a response commensurate with the emergency situation we face — but not only at United Nations Headquarters in New York, but at all United Nations locations in the field.

As I said at the outset, this financial crisis has no recent precedent in history. Its duration, the way it has spread and its impact on all the countries of the world make of it the first major crisis of globalization. A response meeting its severity is therefore needed. We must address this systemic crisis if we are to make systemic and structural changes to prevent a similar world economic crisis, with similar consequences, from occurring in the future.

History will judge us by our capacity to respond to the crisis today, protecting the most vulnerable countries and the weakest populations. The fight against poverty, through the promotion of a more just international order with a more equitable distribution of wealth and rights, is far from being an obstacle or a problem we must overcome in finding a solution to the economic crisis: it is truly the best way to forge a sustainable, timely solution to the international economic and human crisis we are facing today.

The meeting rose at 6.20 p.m.