



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

Official Records

9<sup>th</sup> meeting

Monday, 29 June 2009, 4.25 p.m.

New York

*President:* Mr. D'Escoto Brockmann ..... (Nicaragua)

*The meeting was called to order at 4.25 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 President** (*spoke in Spanish*): I now call on the Chairman of the delegation of Afghanistan.

**Mr. Tanin** (Afghanistan): I am honoured to have the opportunity to speak on behalf of the Government of Afghanistan in this timely and important discussion on the global economic and financial crisis. At the outset, let me thank you, Mr. President, for your initiative in convening this Conference at a time when the global financial and economic crisis seriously threatens the livelihood and well-being of millions of people all over the world. I would also like to thank the Secretary-General for his efforts in that regard.

In order to prevent lasting damage — particularly to developing countries — we must maintain focus on the development agenda and commit resources, particularly for those countries in special situations. We should improve and encourage both North-South and South-South partnerships, and we must improve the quality of aid and accountability.

The international community is facing the most severe financial and economic crisis in several decades. And it is those least responsible for it — the

poorest among us, particularly women and children — who have been hit the hardest. The global financial crisis exacerbates other, already severe problems related to energy, environment and food, which particularly affect the developing countries of the South. Already, poor countries are becoming even more deeply mired in poverty.

The global financial crisis poses challenges for all countries, but post-conflict countries, least developed countries (LDCs) and landlocked least developed countries face particular challenges. Afghanistan, as a post-conflict, least developed and landlocked country, has been hit severely by this crisis and will find it difficult to implement its national development strategy and achieve its Millennium Development Goals (MDGs) and other internationally agreed development goals without intensified international support. Moreover, the impact of the lack of security caused by the Taliban in parts of Afghanistan, combined with several recent natural disasters, has increased the need for additional resources for humanitarian assistance to hundreds of thousands of displaced and vulnerable people. Afghanistan and other countries in special situations need additional funds and resources for social protection, food security and human development.

We are at a critical juncture that requires rapid, decisive and coordinated action. To defuse this crisis, to address the causes of the crisis and to prevent similar crises in the future, we all have to work together to prevent the current tenuous situation from becoming a social and humanitarian disaster, with

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implications for the lives of millions of impoverished people, the implementation of the MDGs, political stability and peace.

Afghanistan believes that the United Nations is in a position to play an important role in coordinating international cooperation towards solving international problems of an economic, social, cultural or humanitarian nature. We encourage our international colleagues to make sure that United Nations development agencies are fully resourced so that they can increase their technical and financial assistance to the Governments of LDCs, landlocked LDCs and other countries with special needs. The Government of Afghanistan also supports the Secretary-General's High-Level Task Force on the Global Food Security Crisis in connection with international efforts to set up a global partnership on agriculture and food security.

Afghanistan also sees the necessity and the potential of North-South collaboration, in addition to cooperation among countries of the South. We have an active and crucial partnership with our regional neighbours and also with the international community as a whole, and we can testify to the value of various sorts of partnerships. Cooperation can best be accomplished by improving the operations of international and regional institutions, supporting international and regional cooperation and increasing the effectiveness of international and regional efforts in recipient countries.

We urge donor countries to fulfil their bilateral and multilateral official development assistance (ODA) commitments. We urge them to meet the commitments they made at the Group of Twenty summit in London and other international forums, such as, inter alia, the International Conference on Financing for Development, held at Monterrey; the Group of Eight Gleneagles summit; and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held at Doha. We urge them to reduce allocations of ODA outside the governmental system and to channel more funds through the core budget and trust funds. We also call on developed countries and donor agencies to adhere to the Paris Declaration on Aid Effectiveness in order to ensure national ownership of the development process.

Lack of donor coordination, incomplete reporting, lack of transparency and unpredictable aid

are all challenges that need to be addressed in order to ensure the best possible use of our money. Particularly now, at a time of limited resources, it is important that donors place priority on efficiency, accountability and the principle of national ownership.

The Government of Afghanistan considers substantive and comprehensive reform of the international economic and financial institutions to be a matter of urgency. This sort of crisis must not occur again.

Afghanistan joins all developing countries in calling for an early, successful and development-oriented conclusion to the Doha Round of trade negotiations that makes the needs of developing countries its highest priority. Afghanistan also supports the Hong Kong Ministerial Declaration with respect to implementing duty-free and quota-free access for LDCs.

Afghanistan trusts that the outcome of this important historic Conference will reduce the suffering of millions of vulnerable people all over the world and protect the world from future crisis.

**The President:** I now give the floor to the Chairman of the delegation of the Democratic People's Republic of Korea.

**Mr. Sin Son Ho** (Democratic People's Republic of Korea): The delegation of the Democratic People's Republic of Korea is very grateful to you, Mr. President, for your initiative to convene this important United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development. We also welcome the successful adoption of a meaningful outcome document.

The current financial and economic crisis, which began in the United States last year and has spread worldwide, is having a negative impact on the political, economic, cultural and other areas in many countries, regardless of their level of economic development. Developing countries have become the main victims of the current crisis, which is the inevitable result of capitalist economics. The achievement of internationally agreed development targets, such as the Millennium Development Goals, has also been gravely challenged.

It is altogether unacceptable that developing countries are more severely affected than developed countries by the world economic downturn, which is

ascribable to the bursting of the bubble of the capitalist financial markets, which are rooted in the inveterate ill practices of capitalism, with their imbalanced consumption, ceaseless avarice and speculation, fake financial credit, swindles and so forth.

It has been reported that, beginning last year, various international and regional entities, including the Group of Eight and the Group of Twenty, began to address the current financial and economic crisis, announcing certain measures on their own. But those are far from being the fundamental solution to overcoming the crisis because, in essence, those groups lack universality by virtue of the limited number of countries they comprise. They are thus unable to reflect or represent the voice of the world, in particular the realities, interests and demands of developing countries. From that perspective, my delegation appreciates the fact that the United Nations, which is the most comprehensive and universal forum, encompassing 192 Member States, is for the first time and in a timely manner considering such important issues as analysing the causes of the current financial and economic crisis and the reform of the international financial architecture.

No one can deny the hard facts of today: that the position and role of developing countries are being increasingly enhanced in the twenty-first century, not only in the political field but also in every area of the economy, including trade and finance, among others. It is therefore quite natural to change the present structure accordingly. It is fortunate that the outcome document, which was the product of intensive intergovernmental negotiations, includes to one degree or another, such issues as the possible substitutes for or diversification of the international reserve currency and the strengthening of supervision and regulation over, and the reform of, international financial institutions.

The delegation of the Democratic People's Republic of Korea welcomes and supports the outcome document, which was adopted by consensus. At the same time, the delegation of the Democratic People's Republic of Korea is of the view that the outcome document is neither a complete nor an adequate solution to the current crisis. Rather, it constitutes the initial stage, enabling us to further proceed with an innovative negotiating process to boldly reform the international financial structure and promote world economic growth in a sustainable way.

The only way to emerge from today's world economic and financial crisis is to replace the outdated international financial and economic system with a new international economic order that ensures the equal sovereignty and interests of all countries. It is an imperative of our times to restructure the old international financial system and the economic order of the past century, which relies heavily on the United States dollar. The trend in human history towards such new developments is unstoppable. The delegation of the Democratic People's Republic of Korea will continue to join in international efforts to establish a new financial and economic order in the future.

**The President** (*spoke in Spanish*): I now have the honour to give the floor to the Chairman of the observer delegation of the Holy See to the United Nations.

**Archbishop Migliore** (Holy See): We must not forget that it is poor people, in both developed and developing countries, who suffer the most and who are the least able to defend themselves against the impact of this crisis. The loss of jobs in the former and the lack of access to employment, food, basic health care and education facilities in the latter are a daily daunting reality. Consequently, for the Holy See, there is first and foremost a compelling moral obligation to address those worsening social and economic disparities, which undermine the basic dignity of so many of the world's inhabitants. At the same time, Church institutions all over the world have seized the momentum to foment new structures of solidarity and to call for and encourage the redirection of national and global financial and economic systems towards the principles of justice, solidarity and subsidiarity.

Given the vulnerability of so many of the world's poor, we endorse the proposed approach to protect them with short-term stabilization measures while using longer-term measures to help ensure sustainable financial flows and reduce the likelihood of the crisis recurring. We also urge that the future agenda not be overly ambitious. Short-term actions must focus on means that are capable of bringing tangible relief within a reasonable time period to individuals most in need. Longer-term measures, which often may require developing a stronger political consensus to realize them, should focus on actions that support sustainability.

In terms of specific action, we welcome the commitments made at the Group of Twenty London summit last April to make available more than \$1 trillion in additional assistance. Unfortunately, however, only a small part of that assistance was targeted for the poorest developing countries. It is essential that adequate financial assistance still be directed to those countries, whose financing needs must be closely monitored. It is also important that such assistance be extended with minimal conditionality from the international financial institutions.

The new global crisis should not be a pretext for forgetting old concerns. At the Doha Conference, we stressed the importance of reaffirming the principle of sustainable financial development and ensuring a sustainable path of development for all developing countries. Specifically, the elimination of agricultural export subsidies is one measure that can provide significant benefits to very poor developing countries.

In terms of measures aimed at preventing a recurrence of this crisis in the future, we support practical and enforceable regulations to ensure global transparency and oversight at all levels of the financial system. Underlying the current economic crisis is an ideology that places individuals and individual desires at the centre of all economic decisions. The practice of economics has reflected that ideological focus and has sought to remove values and morality from economic discussions, rather than seeking to integrate those concerns into the creation of a more effective and just financial system.

In the field of international commerce and finance, there are processes at work that permit the positive integration of economics, leading to an overall improvement in conditions. At the same time, however, there are processes at work in the opposite direction that marginalize peoples and that can lead to wars and conflicts. Despite the enormous growth in trade since the Second World War, there remain many low-income countries that are still marginalized in terms of trade. In such countries, many of which are in Africa, there is a fundamental issue of global equity at stake.

In closing, we reiterate our plea that the poorest countries be given priority at this time of crisis, that an ethical approach be adopted in economics by those active in international markets and in politics by those in public office, and that inclusive participation by all

members of civil society be allowed for. Only if such an approach is adopted can true global solidarity be achieved.

**The President:** I now call on the Chairman of the delegation of Croatia.

**Mr. Jurica (Croatia):** In aligning its statement with the statement made earlier by the representative of the Czech Republic on behalf of the European Union, Croatia would like to make the following additional comments.

It has become unequivocally clear that the gravity of the financial and economic crisis requires nothing less than globally coordinated efforts towards crisis resolution and prevention. Therefore, Croatia welcomes the convening of this Conference as a timely forum where we can hear for the first time from the whole United Nations membership, especially developing countries, about the risks we all face under these extraordinary circumstances.

For its part, the Croatian Government has enacted a broad package of anti-recession measures this year with the aim of alleviating the negative effects of the crisis. These measures seek to foster macroeconomic stability, to secure the liquidity of public enterprises and the private sector and to enhance the environment for foreign direct investment, as well as to provide social sustainability to citizens most impacted by the crisis.

In its efforts to stimulate the economy, the Government is planning to support projects that will have sustainable benefits for the country and will boost local infrastructure and secure jobs. The Croatian central bank has also taken a number of precautionary measures to maintain the orderly functioning of markets, to avert destabilizing pressures on the national currency and to help address the fallout of the crisis for the country's financial system.

With its focus on the impact of the crisis on development, this Conference has provided us with a unique opportunity to lay the foundations for a more secure future for all the world's citizens. If we are to ensure that the Conference has added value alongside other ongoing efforts to tackle the impact of the current crisis — including its impact on development — we should use it constructively to gather the requisite experience and wisdom from all corners of the world. That will allow us to make the right choices as to how

and where to institute effective collective response strategies in order to maximize our prospects for positive change.

Given the urgency of the situation for millions around the world, the United Nations has a central role to play in tackling the impacts of the crisis on the world's most vulnerable — especially the social, economic, financial and environmental challenges faced by them. The Organization already has at its disposal well-established and achievable benchmarks set by the international community, which it can utilize and further build upon.

However, if we are to ensure that the United Nations will provide meaningful and sustainable development on the ground, there is a need for a more effective United Nations at all levels. That calls for streamlined operations, better coordination and the reshaping of funds, programmes and agencies. In Croatia's view, the success of ongoing system-wide coherence and other reform processes, as well as the strengthening of the Economic and Social Council, will be decisive in that respect. Moreover, the enormous challenges we face require that we improve coordination and policy coherence among the United Nations, the Bretton Woods institutions and relevant regional organizations by strengthening existing mechanisms, while respecting their individual roles and mandates.

However ambitious our way forward, in order to ensure effective and sustainable development on the ground, we must remain realistic in our endeavours. For Croatia, this Conference has demonstrated that the United Nations is unable to resolve the crisis on its own. Croatia believes that, as part of a global and coordinated strategy, this Conference should build on earlier comprehensive responses launched by the Group of Twenty and others in their efforts to mitigate an extended global recession and promote global recovery.

Furthermore, this Conference has reaffirmed for us the important role that international financial institutions have to play alongside the United Nations in responding to the systematic issues of this crisis. However, it has also underscored the need to continue to strengthen and reform those institutions to improve their effectiveness and enhance their capacity as platforms for international cooperation. Further, Croatia joins others in calling for the timely success of

an ambitious and balanced conclusion to the Doha Development Round, which would address the real economic concerns of developing countries.

While we have seen the economic crisis affect various countries and regions in various ways, we cannot remain indifferent to ongoing human suffering: the achievement of the Millennium Development Goals is seriously threatened, and it is expected that more than 50 million people worldwide will consequently be relegated to extreme poverty. This Conference allows us to reaffirm global solidarity for development. Croatia joins others in advocating a fair and sustainable recovery for all. The United Nations will have a pivotal role to play in the international development architecture, and its system-wide coherence, underpinned with adequate United Nations funding, will reflect the level of our commitment to and confidence in the Organization's work.

Harnessing positive forces for development will also require more concerted national efforts, complemented by regional and international cooperation, to ensure adherence to official development assistance targets and to safeguard effective and predictable aid commitments. Given the acute global food crisis, full implementation of the Rome Agenda will also be crucial to the success of our endeavours.

Allow me to conclude by thanking you, Mr. President, and congratulating the co-facilitators for their leadership in achieving a consensus-based outcome document. While tasking us all with a comprehensive work agenda, it also issues a strong and unequivocal message that we are all committed to this process.

**The President** (*spoke in Spanish*): I now call upon the Chairman of the delegation of Montenegro.

**Mr. Kaludjerović** (Montenegro): We align ourselves with the statement made by the representative of the Czech Republic on behalf of the European Union. At this point let me just share some thoughts from our national perspective. Let me start by thanking you, Mr. President, for initiating this Conference, and the co-facilitators, Ambassador Majoor of the Kingdom of Netherlands and Ambassador Gonsalves of Saint Vincent and the Grenadines, for their commitment, hard work and excellent stewardship, taking the process forward. We also thank our colleagues for their tireless efforts to

arrive at a consensual and successful outcome document.

Taking into consideration the myriad challenges we are currently facing and the downturn of the world economy, the worst since the Great Depression, the convening of this Conference is very timely. The economic and financial crisis, the food and energy crises, the flu pandemic and climate change are negatively influencing economic systems and our social equilibrium. Spillover negative effects can create volatile environments and increase social, religious and cultural tensions, causing major political and security repercussions.

There is also a risk that hard-earned progress on the Millennium Development Goals and other internationally agreed development goals will be halted and in some instances even reversed. The world's poorest and most vulnerable populations are already severely impacted, and their burden is only increasing, as they do not have the capability to influence these processes, which are beyond their control.

It is therefore imperative to achieve international solidarity in addressing the needs of the world's poor and most vulnerable, to put development issues at the top of the international agenda and to increase aid effectiveness. We echo the calls of many countries for comprehensive, timely, targeted and coordinated actions and efforts to support developing countries. We also wholeheartedly call upon all donors to fulfil their official development assistance commitments, which are of crucial importance in these difficult times.

The United Nations, as the only universal body, has the power and legitimacy to influence change — and to deliver. We recognize that better coordination among various agencies, funds and programmes is necessary to achieve solid results. In addressing the adverse effects of the economic and financial crisis, the United Nations should build upon policies and measures initiated through various international forums and multilateral agencies, including the International Monetary Fund, the World Bank and the Group of Twenty (G-20). We would like to use this opportunity to welcome the G-20 agreement, particularly a substantial package totalling over \$1 trillion, designed to mitigate the impacts of the crisis.

*Mr. de Klerk (Netherlands), Vice-President, took the Chair.*

In stabilizing economies and insuring successful economic recovery, it is also vital to avoid protectionist measures, trade barriers and pro-cyclical policies that can further alienate vulnerable and marginalized economies. We should keep in mind the specific needs of developing countries and help them tackle these challenges.

We should also utilize public-private partnerships and new and innovative sources of financing, reach a successful conclusion of the Doha Round and ensure that stimulus packages and further policy measures promote a green recovery. Our future lies in sustainable development, and we therefore reiterate the calls to reach a strong post-2012 climate framework and to seal the deal in Copenhagen in December.

The crisis has revealed many weaknesses of international financial and economic institutions. We fully support the ongoing efforts to reform those institutions, making them more open, transparent and responsible, as well as in installing adequate regulatory and supervisory measures and mechanisms and early warning systems designed to avoid similar situations in the future.

Allow me briefly to turn to the situation in my country. It is a country that recently enjoyed rapid economic growth — the fastest in Europe, with an annual growth rate of 9 per cent — but which is also heavily reliant on foreign direct investment, the tourism industry and commodity price stability. We have not been immune or isolated from the negative impacts of the economic and financial crisis.

In the first months of the crisis the Government adopted an anti-crisis package, including a law on banking-sector safeguards which allows the Government to intervene with short-term credit loans and guarantees for credit support, and which provides an almost unique measure to guarantee banking deposits of citizens and enterprises to the full amount. Other crucial elements of our anti-crisis policies and measures are the reduction of personal income tax rates and of contributions towards social insurance, the abolition of fees and duties related to fuel and to land for construction, as well as the elimination of electricity market distortions, resulting in the reduction of electricity prices — all totalling €320 million, or approximately 10 per cent of gross domestic product.

The essential goal of those measures is to safeguard the most vulnerable sectors of our society

from negative impacts of the crisis, as well as to improve the competitive position of enterprises by reducing input costs and stimulating employment and entrepreneurship.

Global challenges require global responses. Only by coming together through global coordinated action in close cooperation among the Member States, the United Nations system, international and regional institutions, civil society and the private sector will we be able to effectively address the consequences and the economic and financial crisis and achieve sustainable development, safety and security for all.

**The Acting President:** I now give the floor to the Chairman of the delegation of Jordan.

**Mr. Shawabkrah** (Jordan) (*spoke in Arabic*): I wish to express the appreciation of His Majesty King Abdullah Bin Al Hussein to the United Nations for taking a stand on today's international challenges, first and foremost the world financial and economic crisis faced by the international economy.

The world economy is facing an acute crisis that is the most severe downturn, with the greatest impact, since the 1930s. In only one year, it has become one of the most pressing international problems, because of its effect on the international economy and because it poses a threat to development and sustainable growth and hampers national and international strategies for the achievement of the Millennium Development Goals. A multilateral response to this urgent problem is of special importance not only because the crisis is global but also because of the challenge to our ability to contain it and limit its harmful effects, as well as the difficulty in predicting its duration and the scope of its economic, social and environmental impact.

I would like to express my country's appreciation for part IV of the Secretary-General's report (A/CONF.214/4), where he indicates that the global economic crisis presents a case for renewed multilateralism and that it endangers economic recovery inasmuch as it affects all sectors.

We in Jordan confirm the report's conclusion that the crisis far exceeds the capacity for response of any single State or group of States, whatever their economic capacity or power. This is a collective, multilateral responsibility that goes far beyond mere coordination and requires true international cooperation.

There are three key factors that Jordan feels are necessary to rally collective and successful international action.

First, the economies of developing countries are not the cause of this crisis. To a great degree, they are the victims, since their capacity to contain the financial impacts are limited and those States are the most vulnerable to the long-term consequences of the crisis.

Secondly, developing economies are less capable of adapting to the crisis and its evolution because they have a lesser capacity to inject liquidity into their financial systems or to support financial institutions in order to avoid their collapse and create jobs. Therefore, they are less capable of dealing with protectionist policies and are vulnerable to today's fluctuations in international markets.

Thirdly, international financial institutions are suffering distortions that make them less able to assume their role in financing for development and to meet the economic and financial challenges of the coming decades. Thus, the reform of these institutions is of the essence, in order to ensure the future security and viability of the international economy.

International and multilateral efforts have been undertaken thus far, notably the initiatives of the United Nations System Chief Executives Board for Coordination and the Group of Twenty Washington and London summits, which saw the announcement of a \$1.1 trillion support programme to shore up credit, promote development and employment and stabilize the international situation. While appreciating those efforts, we continue to believe that the international economic and financial system still requires bold reform to be able to create an economic early warning system, ensure additional development in the weakest economies, improve trade, eliminate protectionism and ensure jobs and productivity.

Jordan's national response to the international economic crisis comprises two elements: confidence-building and institutional governance. We have a monetary policy that fully insures bank deposits, with no ceiling, and that includes preventive action to protect the banking system against the impact of crisis and a comprehensive institutional governance and risk-management framework, along with measures to protect dinar exchange rate fluctuations and prevent inflation. The International Monetary Fund recently acknowledged that the Jordanian economy is in general

strong and that our national response has been effective. At the same time, it noted that regional political and economic tensions have an impact on the monetary and financial stability of the region in general.

Although the effects of the crisis have had an impact on the entire world and threaten to linger and to spread, Jordan is concerned that the current crisis has put developing States with weak economies in a vulnerable position and threatens to negate the development gains achieved over the years. My country also understands that this crisis might limit official development assistance and diminish investments and financial transfers. It will also bring about a slump in important sectors such as tourism and service industries and in employment.

Jordan is a developing country with a small economy that is vulnerable to regional political changes and international market fluctuations. We hope that this Conference will answer two important questions: first, how to help small developing countries to limit the impact of the crisis, in the light of the commitments made at the G-20 summit in London; and secondly, what economic measures the Conference should adopt to prevent a repetition of this crisis in the future. In this connection, my delegation highly appreciates the recent United States financial reform package and considers that it might be a good foundation for worldwide reforms aimed at preventing a future repetition of this crisis.

In conclusion, Jordan is committed to working effectively at the national and the international levels to address the crisis in a comprehensive and coordinated manner. We hope that international solutions will be global and participatory, in order to restore confidence in international financial and economic policies, foster sustainable development, create jobs, help developing countries to deal with the humanitarian and social consequences of the crisis and increase their ability to bear the burden of foreign debt, increase the flow of international resources for development and support the sustainable development of these countries.

**The Acting President:** I now give the floor to the Chairman of the delegation of Mauritania.

**Mr. Ould Hadrami** (Mauritania) (*spoke in French*): The delegation of Mauritania aligns itself with the important statement delivered by the Minister

for Foreign Affairs of Bangladesh on behalf of the Group of the Least Developed Countries.

At the outset, I would like to congratulate the President of the General Assembly on his personal commitment to development and on having organized this important Conference on the World Financial and Economic Crisis and Its Impact on Development. I would also like to thank the Secretary-General for his edifying statement and his excellent report (A/CONF.214/4) on the origins and causes of the current crisis, its impact on development and the United Nations response to the crisis. The outreach activities carried out by Mr. Ban Ki-moon on the impacts of the various crises on developing countries, and especially on the least developed countries (LDCs), also deserve to be saluted.

If there is one statement on which all 192 States Members of the United Nations and the rest of the international community are unanimous, it is that this is the greatest economic and financial crisis that the world has known since the Great Depression. This crisis is different from those that came before it because of the large number of developing countries, especially least developed countries, that have been affected and which are suffering the full brunt of the crisis. The crisis has exacerbated the situation of these countries, which were already weakened, inter alia, by the food crisis, energy prices and the negative impact of climate change on their development. Its humanitarian and social impact on the most vulnerable is cause for alarm.

Tragically, Governments, institutions, the economic and financial mechanisms, the specialists and other experts did not see the crisis coming, which points to the weakness and the flaws of the international economic and financial system. This is a true disaster, which poses a threat for all humanity and imperils the lives of millions of people, especially children and women. According to UNICEF,

“Even before the crisis erupted in 2008, millions of children were already at risk. A recent study estimated that 219 million children under the age of five already fail to reach their full potential in cognitive development because of poverty, poor health and nutrition and deficient care. ... Disruptions in public and private investments for the well-being of children could result in ever-deeper poverty traps, harming not just today’s



children but also succeeding generations.”  
(*E/ICEF/2009/9, para. 1*)

The number of people who are chronically malnourished is going to exceed 1 billion, while the number of those who are plunged into extreme poverty will rise from 55 million to 90 million in 2009. According to the International Labour Organization, 200 million workers, principally from developing countries, will soon come to swell the ranks of those who are already poor unless rapid action is taken.

Although the effects of the crisis differ from country to country, they have already been felt most acutely by developing countries because of a drop in economic growth, which, according to forecasts, will fall to 1.2 per cent in 2009 compared to its rate of 7.67 per cent in 2007, according to the World Bank. They will also be acutely felt through a rise in poverty and unemployment, a steep rise in food and energy prices as well as the drying up of foreign direct investment, on top of the crushing burden of debt of poor countries. The impact of the crisis, especially in Africa, a continent which contains the largest number of LDCs is cause for alarm. The weak accessibility of LDCs to health care, education, jobs or other revenue-generating activities and housing will make training and capacity-building in these countries very difficult. The inability of these countries to have access to financial markets will make them even more dependent upon foreign aid for financing for development.

The efforts to fight poverty, hunger and disease and to benefit education and vital basic services are seriously threatened and risk having been in vain, if urgent and adequate measures are not taken. The internationally agreed development goals are being undermined as a result of the depth of the crisis, and the Millennium Development Goals (MDGs), which for LDCs are already very difficult to attain by 2015, will be even more so today than they were previously.

I would now like to turn to the case of Mauritania which is facing a series of chronic drought, the effects of climate change, the encroaching desert and desertification. This situation has led to a massive rural exodus and to the formation of urban areas that are difficult to manage. Due to the limited quantity of arable land and to our low agricultural production, Mauritania must devote a large percentage of its resources to imports to meet a great part of its food needs.

The Government of Mauritania is currently gearing up to implement, together with development partners, a multisectoral programme to fight poverty in the priority areas of our action plan: education, health, the advancement of women and children, empowering women, equality between women and men, promoting microfinance and microbusiness, food security, water power, rural and urban development and universal access to basic services. This ambitious programme will be seriously undermined if the projects already completed are not secured or pursued.

Mauritania reaffirms its commitment to the Charter of the United Nations, of which one of its purposes is to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character. Because of its universal calling, the United Nations has a key role to play as a centre for harmonizing the actions of nations in the attainment of those common ends. That means that it has a central role in seeking a collective response to the current crisis and its impact on development.

The crisis has proven that because of the instability of the non-inclusive international financial system and the inadequacy of multilateral financial instruments, these are not capable of providing appropriate responses in the search for a comprehensive, effective and rapid solution. Although we are aware of the causes of the crisis, we still do not know what the solution will be. But that solution will necessarily require increased private and public assistance for developing countries, especially for LDCs. Comprehensive, rapid and concerted action in which all countries make their contribution will have to be the point of departure for such a response to the crisis.

But before looking for a comprehensive solution, we need to meet the urgent needs of the most vulnerable to help them face the immediate impacts of the crisis on their development by making available additional concessionary resources to preserve achievements with respect to fighting poverty and ensuring macroeconomic stability and growth. That also has the advantage of being in line with the MDG strategy, whose achievement will be a crucial stage towards development.

The current international economic and financial architecture is outdated. It does not provide the

responses we need today. It will have to be rebuilt on a more solid basis in which the social and development dimensions are given priority. To do that, we need to take into account the needs of developing countries, which must be heeded to a greater degree and which must participate to a greater extent in the decision-making of the International Monetary Fund and the World Bank, since they are, after all, the ones most affected by their own development.

The response to the current crisis and its impact on development should also encompass the commitments set out in the Doha Declaration on Financing for Development as part of the solution. In that framework, we appeal to donor countries to meet their commitments that they made during the G-20 summit in London and the G-8 summit in Gleneagles, as well as those made at the Millennium Summit with regard to the MDGs.

While appealing to the rich countries to devote 0.7 per cent of their gross national income to official development assistance, as agreed in various forums and as recalled in the Monterrey Consensus and the Doha Declaration, I take this opportunity to reaffirm my country's congratulations to the five countries that have already achieved or even exceeded those goals, thereby performing a true act of international solidarity.

The leaders of the G-20 countries, by adopting the Global Plan for Recovery and Reform at the 2 April London summit, agreed that prosperity is indivisible and that, to be sustained, growth has to be shared. They pledged, *inter alia*, to restore confidence, growth and jobs within the international economy.

Here, I express the hope that by adopting its outcome document this important Conference will galvanize awareness so that the resources of our planet may be directed towards meeting the purposes and principles of the United Nations, that is to say, at the end of the day, towards bringing about international cooperation and development and friendly relations between countries — in a word, towards the prosperity, progress and social well-being of all peoples.

**The Acting President:** I now give the floor to the Chairman of the delegation of Nepal.

**Mr. Acharya (Nepal):** The world financial and economic crisis has hit us all. In many of the most vulnerable countries the tribulations have just started.

The present crisis has affected the least developed countries severely and disproportionately. The situation of the landlocked developing countries has been further exacerbated by their remoteness and by bottlenecks in transit transport systems. The crisis has caused a deceleration in growth and has reduced investment, and it has brought a downturn in tourism, remittances and jobs, a contraction in exports and a reduction in foreign reserves. It is seriously undermining development efforts, including the achievement of the Millennium Development Goals and the other internationally agreed development goals. Most importantly, the crisis has started to show ripple effects on social and human development in those countries. In many cases, the crisis has started to reverse economic and social gains.

This complex crisis has multiple causes. Collectively, we failed to anticipate it or to appreciate its full scope and risks. We depended upon the so-called self-correcting capability and invisible hand of the market-driven economy. We relied on deficient regulations and weak institutional oversight. We took the Washington Consensus as a basic mantra of global financial and economic development and continued the beggar-thy-neighbour policy until it was too late. We wanted globalization to self-adjust without hurting us, and we were slow to respond when the crisis appeared.

So far, our response has been uncoordinated and piecemeal. Our efforts have not matched the scale of the problem or its impact. The world's most vulnerable countries, which are neither responsible for the crisis nor capable of handling it on their own, are getting little or nothing. It will be anyone's guess as to how much of the estimated \$18 trillion collective stimulus package announced so far will go to world's most vulnerable countries.

We welcome the commitment made at the Group of Twenty London summit to an additional \$1.1 trillion stimulus package to help salvage the world economy from the crisis. But only a limited share of that amount, \$50 billion, was targeted for low-income countries and there was no explicit reference to the most vulnerable countries. There is no clear-cut strategy to make increased Special Drawing Rights of the International Monetary Fund available to the most vulnerable countries in an easier and transparent way.

The crisis poses several challenges. It also offers an opportunity to start a greener and cleaner economy. It opens up the possibility of a global jobs pact to allow

migrant workers their rights and job security without the fear of being sent home. It has also created a historic opportunity to begin comprehensive reform of the global trading and financial architecture, particularly the Bretton Woods institutions and regional development banks. It also offers a chance to reinforce social protection systems for the world's most vulnerable populations.

The response should be clear. We need good policy. We need good vigilance. And we need more resources. The least developed countries need additional resources for social protection against the impact of the crisis, for food security, human development and financing for development. The United Nations should take a central and proactive role in resolving the problem through a more inclusive, equitable and development-oriented global economic and financial policy.

The United Nations system and the Bretton Woods institutions need to further develop a comprehensive response to the crisis that supports, in particular, national development strategies in the most vulnerable countries. The response to the global financial and economic crisis must take a comprehensive approach. It must address multiple challenges such as the food crisis, the energy crisis and climate change, and in particular, must address the needs of the most vulnerable countries.

We need to act collectively, as our shared destiny is mutually interdependent. The global nature of the crisis can only be solved through global resolve and concrete action. Rebuilding trust in the global financial and economic system will require a coordinated multilateral response. We need a global stimulus package to restore growth, confidence, credit and jobs. Such a package should take into account the needs of all countries, rich and poor, strong and vulnerable, big and small.

It is no great consolation that the outcome of this Conference is no more than a list of recommendations. We need additional resources to be committed and we need actual changes in policy to correct the defects that created this debacle. We need a plan of action to implement our commitments, and we need to seriously implement our pledges.

**The Acting President:** I now give the floor to the Chairman of the delegation of Malawi.

**Mr. Matenje (Malawi):** I wish to begin by thanking Mr. Miguel d'Escoto Brockmann for organizing this Conference and Ambassador Frank Majoor of the Netherlands and Ambassador Camillo Gonsalves of Saint Vincent and the Grenadines for ably facilitating the negotiations on the Conference outcome document, which was adopted last Friday. My delegation associates itself with the statements made by the representatives of Bangladesh and Mali on behalf of the least developed countries and the landlocked least developed countries, respectively.

As many have said, the world is in global crisis that is spreading and evolving at high speed, triggered first by volatile food and energy prices in 2007 and 2008 and culminating now in a severe global financial and economic downturn considered as the worst in the more than 60 years that the United Nations has been in existence.

The global financial and economic crisis originated in developed countries. Its channels of transmission are very rapid and multiple. They range from unpredictable bank credit, finance and capital flows in the developed countries to a fall in demand affecting production, export commodity prices, exchange rates, stock markets, migrant remittances, foreign direct investment and tourism in developing countries.

The hardest hit are the least developed countries, where the crisis is having an impact on the real economy and particularly affecting the most vulnerable groups. It is aggravating hunger and malnutrition for poor families, women, children and persons with disabilities and causing rising unemployment. It is reducing revenues and earnings and fuelling social, economic and political instability as populations see their situation worsen and their livelihoods threatened.

In short, the crisis is threatening to wipe out prospects for eradicating extreme poverty, hunger and malnutrition and is likely to have serious repercussions on the achievement of the internationally agreed development goals, including the Millennium Development Goals. Combined with the devastating effects of gender inequalities, climate change, HIV and AIDS, tuberculosis and malaria, the resulting global recession is bound to quickly become a humanitarian crisis of unprecedented proportions and reverse progress made by the least developed countries to achieve their development strategies and targets.

For example, Malawi has in the last five years achieved an annual growth rate in gross domestic product (GDP) averaging 7.5 per cent. In 2008, the economy recorded robust growth in real GDP of 9.7 per cent, compared to the 8.6 per cent achieved in 2007. This growth rate is above the target rate of 6 per cent for sub-Saharan African countries. Furthermore, in 2008, the Malawi economy maintained a single-digit inflation rate of 8.7 per cent, coupled with a stable exchange rate and lower fuel prices on the world market later in 2008. Interest rates closed at 15 per cent in 2008, down from 35 per cent in 2003. As a result, credit to the private sector increased from 30 per cent of total credit to over 60 per cent at present.

Thus, unless decisive action is taken urgently by the international community to contain the global crisis we now face, there is a real danger that these remarkable gains could be reversed, thereby pushing the country back into poverty.

The enormity of the crisis is such that no one country, whether developed or developing, is immune to its effects or able to resolve it alone. Given its universal membership and legitimacy, the United Nations gives us a common forum to deliberate upon and find innovative solutions needed to address not only the effects of the current crisis but also equally important and related issues such as peace and security, disarmament, sustainable social, cultural and economic development, human rights, the rule of law and the provision of humanitarian assistance in conflict situations and in times of natural disaster.

In that regard, Malawi welcomes the holding of this Conference and hopes that the outcome document adopted last Friday provides a good basis for consolidating and coordinating the global and inclusive actions and measures needed to mitigate the effects of the current financial and economic crisis and prevent a recurrence in the future. For Malawi, these include, first and foremost, ensuring that food production to attain food and nutrition security at both the household and national levels, particularly in the least developed countries, is not affected by the global economic turmoil. Malawi believes that food and nutritional security are key to the successful implementation of the internationally agreed development goals, particularly the Millennium Development Goals.

In that regard, Malawi wishes to request our bilateral and multilateral development partners to

increase investment in agriculture and reconsider their policies on agricultural input subsidies in order to make agricultural inputs such as fertilizers, hybrid seeds and pesticides affordable to poor farmers in the least developed countries.

Secondly, there is now greater urgency than ever before to combat the effects of climate change. Climate change is a real threat to development and poverty alleviation, not only in Africa but worldwide. In Malawi, climate change poses a great challenge, especially because agriculture is the mainstay of our economy and is largely rain dependent.

Therefore, we urge the international community to find pragmatic solutions to the most pressing challenges posed by climate change by supporting scientific research and the development of appropriate technologies for combating its effects and sharing the results of that research and related technologies with developing countries. Malawi hopes that the current crisis will not divert the attention of Member States from the fight against climate change on the basis of the principle of common but differentiated responsibilities.

Thirdly, while Malawi appreciates the support it has received in the past from its partners in cooperation, Malawi hopes that the current crisis is not used as a reason for the developed countries to backtrack on their promises to provide at least 0.7 per cent of their national income as official development aid to developing countries. Any backtracking on those promises would exacerbate poverty and hunger among the world's poor people in the developing countries.

We also call for an early resumption and conclusion of the Doha Round of World Trade Organization trade talks, since trade, as the engine for economic development for the developing countries, is an effective and sustainable source of development financing to mitigate the effects of the current crisis.

Fourthly, Malawi faces the challenges of being both a least developed country and a landlocked developing country. The challenges it faces are daunting and likely to be compounded by the effects of the current crisis, especially through reduced export trade in its agricultural commodities. We therefore commend the international community for recognizing the special needs of the least developed countries and landlocked developing countries in the outcome document.

In that regard, we urge the United Nations to remain actively engaged in ensuring the full and urgent implementation of all international instruments, including the Brussels Programme of Action for the Least Developed Countries, the Almaty Programme of Action for landlocked developing countries, the Monterrey Consensus and the Doha Declaration on Financing for Development, which, among other things, address the special needs of those groups of countries.

Furthermore, we call for the full implementation of the outcome documents of the high-level meeting on Africa's development needs, held on 22 September 2008, and the High-level Event on the Millennium Development Goals, held on 25 September 2008, and the provision to the least developed countries of new, additional and predictable resources to make up for the loss in export trade.

Fifthly, the role and contribution of the United Nations system in social and economic development at the country level cannot be overemphasized, particularly with regard to the achievement by developing countries of the Millennium Development Goals. However, we believe that, for the United Nations to play its role effectively, it needs to be reformed to make it work more coherently and deliver more, and thus be more effective in assisting the least developed countries reach their development aspirations and goals.

For Malawi, this means ensuring a new and more responsive United Nations governance structure, particularly at the country level, and better funding practices which respect national ownership of the development process at the country level and recognize that there are no one-size-fits-all solutions to the development challenges of developing countries.

A more effective and a more efficient United Nations, both at the country level and at Headquarters level, would go a long way towards assist developing countries to mitigate the effects of the current crisis in the medium to long term. In that regard, Malawi supports the ongoing reforms to make the United Nations agencies "deliver as one" at the country level.

Reforming the United Nations only is not enough. Malawi joins those who have called for the reform of the institutions of global economic governance, including the international financial institutions such as the International Monetary Fund (IMF) and the World

Bank, to make them more transparent and accountable and ensure equitable participation by all countries, developed and developing, in their decision-making processes.

It is inequitable that developing countries, with the largest number of the world's poor people, are not represented in the Group of Twenty and have limited voting power in IMF and the World Bank. Yet, although the current crisis is not of their making, it is the developing countries that are carrying the biggest share of its adverse consequences. We therefore call for greater participation by developing countries in the institutions of global economic governance and the international financial architecture to ensure that the interests of the world's poor are fully taken into account before decisions affecting them are made.

Furthermore, given its universal membership and legitimacy, we believe that the United Nations, too, should be given a greater role in global economic governance in keeping with its founding purposes, which include, among others, to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character and to be a centre for harmonizing the actions of nations in the attainment of these common ends. That is why the United Nations has responded to calls from the majority of its Member States to hold this Conference.

Let me conclude by saying that for its part, Malawi is determined more than ever before to implement sound macroeconomic policies and broad-based and holistic strategies in order to respond to the current crisis and minimize its effects on our economy.

**The Acting President:** I now give the floor to the Chairperson of the delegation of Trinidad and Tobago.

**Ms. Valère** (Trinidad and Tobago): I convey to the Assembly greetings from The Honourable Patrick Manning, Prime Minister of the Republic of Trinidad and Tobago. He conveys his hopes for the success of this Conference and, at the same time, his profound regrets over his inability to participate in its discourse because of pressing national commitments.

Trinidad and Tobago is of the view that the convening of this Conference not only comes at a very opportune moment, but is also further testimony of the importance of the United Nations as the premier multilateral institution charged with the responsibility

of responding to and offering solutions for the many problems that confront the international community.

But before we proceed any further with our remarks, the delegation of Trinidad and Tobago wishes to identify with the statement delivered on the opening day of this conference by The Honourable Dean Barrow, Prime Minister and Minister of Finance of Belize, on behalf of the Caribbean Community (CARICOM). We wish also to express our deep appreciation and admiration for the instrumental role played by both of our co-facilitators, the Permanent Representatives of the Netherlands and Saint Vincent and the Grenadines, for their untiring and exemplary efforts, which were central to our notable achievements as they relate to the Conference's outcome document.

There is no denying the fact that the global economy is currently in the throes of an economic crisis, the epicentre of which lay in the developed countries, and which has shaken the financial and economic system of the world. This is widely acknowledged. While there are early indications of the slowing of the global economic contraction, there is still uncertainty with respect to the timing and rate of economic recovery. As a consequence, many developing countries will continue to experience negative effects of this crisis for an indeterminate period.

Trinidad and Tobago has not been exempt from the impact of the crisis. Our economy is largely driven by the energy and petrochemical sectors, which represent a significant share of our gross domestic product (GDP) and an even larger share of exports. It has been buffeted by reduced external demand and extremely volatile prices. A fall in demand and energy prices has had a negative effect not only on the large energy companies, and by extension government revenues, but also on the small companies that service those companies. The energy sector accounts for a significant portion of our domestic construction sector, as well as of foreign direct investment. Indeed, many planned large industrial projects have been postponed following the fall in international demand and commodity prices.

Despite these setbacks, the Trinidad and Tobago economy is expected to register positive growth for 2009, albeit at a significantly reduced level compared to previous years. This is primarily due to the large fiscal space available to the Government as a

consequence of our low debt-to-GDP ratio and of the high level of reserves accumulated during the period of high energy and petrochemical prices which predated this crisis.

Because of the crisis and the resultant fall-off in global aggregate demand for most goods and services, Trinidad and Tobago and, likewise, the wider Caribbean region have experienced significant declines in the export prices of their main export products. Although economic growth is not the equivalent of development, economic growth is necessary for development. Rising unemployment is decidedly the most significant consequence of shrinking economies and falling output. This situation poses a significant challenge not only to the attainment of the Millennium Development Goals but also to avoiding a reversal of the gains already made. In response to the financial and economic crisis, Governments must increase expenditure on social safety nets. While fiscal responses have varied across CARICOM countries, regional Governments for the most part have attempted to maintain existing social safety nets and to put in place new ones, to protect the vulnerable members of their societies from the economic downturn.

The global financial crisis has already resulted in considerable fiscal deterioration across the region, and while fiscal balances are expected to improve over the medium term, they will more than likely remain weaker than before the crisis. Like many other commodity exporters, Trinidad and Tobago has in recent years built up its international reserves and enjoyed robust fiscal positions. We have also made tangible progress in developing credible policy frameworks and improving our public debt structure. Those are the fundamentals that have been at the heart of our ability to cope with the crisis thus far.

It must be recognized however that latitude for discretionary fiscal action over prolonged periods of time is limited, even in countries whose initial fiscal positions appeared to be strong. Trinidad and Tobago started the crisis with relatively low debt and fiscal deficits, and as a result has been resilient to date, with the Government remaining vigilant in ensuring that the fiscal situation remains sustainable. For many other countries in the CARICOM region, though, the fiscal outlook is a lot more sombre and therefore requires multilateral institutions, as well as their development partners, to exercise patience and careful deliberation in their engagements. In this regard, the United Nations

must embrace the suggestions and recommendations derived from this Conference in order to address the myriad financial and economic problems facing Member States.

The crisis has also highlighted the inadequacy of the current international financial architecture and has underscored the urgent need for reform of the international financial institutions, as well as for greater cooperation among these and key international organizations such as the United Nations and the World Trade Organization. In this regard, the Prime Minister of Trinidad and Tobago participated in the mini-summit of Commonwealth heads of Government in June 2008 in London, which addressed the issue of reform of the international financial institutions. A significant outcome of the mini-summit was the agreement that the policies and instruments of those institutions should be redefined to serve the needs of all members and the broader global community. This is also in line with the agreed Group of Twenty framework for repairing the financial system and for building strong financial institutions which will support global growth, and ultimately satisfy our shared aspirations of improved prosperity for today and for future generations.

World trade, which for more than half a century has underpinned increasing global prosperity, now threatens to recede due to growing protectionist pressures and the overall tightening of credit. Trinidad and Tobago submits that protectionism in any form will only worsen our situation collectively and widen the gap between our aspirations and our present circumstances. While open markets are a necessary condition for growth they are not themselves adequate to secure the benefits they promise.

But there are some positives. We note that the International Monetary Fund has moved swiftly to strengthen the global financial safety net by boosting its resources and its concessional lending capacity to include the flexible credit line for countries with strong economic policies and a proven track record. In addition, it has adapted its lending tools for low-income countries for greater flexibility and effectiveness.

Trinidad and Tobago also looks forward to progress on governance reform of the Fund. Clearly, there is recognition by the Fund that reforming its governance arrangements is critical if the institution is

to be both a legitimate and an effective leader in responding to the current financial crisis. Additionally, Trinidad and Tobago is encouraged by the early steps taken by the World Bank in response to the global crisis, in particular the establishment of the Vulnerability Framework, including the Infrastructure Crisis Facility and the Rapid Social Response fund. These initiatives evince a recognition that the crisis is having a disproportionate impact on the vulnerable in the poorest countries.

It is my Government's view that regional initiatives must also be embraced to address the worsening financial and economic situation. In this regard, towards the end of May 2009, a group of heads of Government of the Organization of Eastern Caribbean States met in Trinidad and Tobago to develop mechanisms for stronger, more effective and better coordinated responses to the global crisis. The consensus view was that the situation required immediate action, particularly for those countries which were already in fiscal difficulty, and that such action must be taken within the context of a long-term strategy to reverse the debilitating economic trends which appear to be endemic to CARICOM economies.

It was also recognized that there is a need for greater economic integration in the Caribbean to create the critical mass of consumers needed to sustain manufacturing activities intraregionally. The establishment of the CARICOM Single Market and Economy is integral to achieving this development goal, as it would give Caribbean manufacturers a potential market of over 15 million persons. At the regional level, there have also been efforts aimed at regulatory reforms in the financial sector to build a stronger, more globally consistent and supervisory framework for the future. Countries of the region are currently moving with dispatch to harmonize responses among regional regulators and ultimately among the legislative frameworks for financial and insurance sector regulation throughout the region.

This crisis will be remembered not only for the unprecedented challenges it has posed for the global economy but similarly and more so for the unprecedentedly concerted and coordinated response it has engendered from the global community. The solution to the current financial and macroeconomic crisis requires bold initiatives aimed at rescuing the financial sector and increasing demand.

Against the backdrop of rapidly dwindling fiscal space, an early, strong and carefully thought-out fiscal response is imperative. The strenuous efforts that have been implemented in many affected markets notwithstanding, additional efforts will be needed to achieve a sustained recovery and to fulfil the potential interrupted by the global crisis.

Looking beyond the challenge of resurrecting the global economy from its current moribund condition, and armed with the knowledge that unparalleled policy actions pursued by many countries are having a positive result, we can derive some comfort from knowing that by acting together we will be able to prevent a crisis like this from taking root in the future. Trinidad and Tobago continues to have faith in the power of the multilateral process to take on all global issues. Consequently, we must utilize our membership of regional and subregional economic and political institutions to assist us in achieving our objectives for the benefit of current and future generations.

With this in mind, Trinidad and Tobago looks forward to the Commonwealth Heads of Government Conference to be held in November 2009 in Port of Spain, at which time the global financial crisis and its related issues will feature prominently on the agenda. It is expected that that meeting will provide a fertile opportunity for building consensus on strategies for consolidating progress towards a durable recovery.

**The Acting President:** I now give the floor to the Permanent Observer of Palestine.

**Mr. Mansour (Palestine):** Allow me to begin by conveying our deep appreciation for the tireless efforts of Mr. Miguel d'Escoto Brockmann in guiding the efforts of the General Assembly to meet the formidable challenges our world is currently facing in many arenas, in line with the purposes and principles of the United Nations Charter and the principles of equity and justice. We also support the outcome document adopted by consensus last Friday.

There is an international consensus that we now face one of the worst financial crises since the Great Depression, one that has hit the world's most vulnerable countries and populations most severely. No doubt their eyes are now set on world leaders convening here to address the circumstances and harsh consequences of this global crisis. The United Nations must undertake its rightful role in addressing international financial and economic issues, which so

greatly impact international stability and our collective ability to promote adequate socio-economic conditions and sustainable development, and to fulfil the Millennium Development Goals (MDGs) in this regard.

The United Nations should contribute to enhancing the coherence, consistency and stability of the international monetary, financial and trading systems, in order to support development at all levels -- international, regional and national. Such a focus would lay the basis for a healthy, inclusive and sustainable recovery of the global economy, particularly with regard to developing countries, through coordination of efforts among all other actors and multilateral institutions, promoting an international system that fosters financial stability for all. This, of course, must include the reform of financial architectures in line with current economic global realities, with the aim of ensuring democratic representation as well as a transparent and accountable governance system and regulatory framework.

The Palestinian economy, like all developing economies, has been impacted by the global financial crisis, especially in terms of the economic contributions of Palestinian expatriates working around the world, whose role in Palestinian economic development has always been invaluable. Moreover, Palestinians continue to struggle under the burden of another economic crisis of a chronic nature, caused not by the shortcomings of market forces but rather by a systematic policy imposed by Israel, the occupying Power, to deliberately inflict mass deprivation on the Palestinian people. This is being done as collective punishment of the entire population, in violation of humanitarian and human rights law, and it has severely damaged Palestinian social and economic structures, rendering it impossible for us to achieve the MDGs.

Israel continues to impose severe restrictions on the movement of persons and goods within, into and out of the whole of the occupied Palestinian territory. Those restrictions include imposing a total blockade of the Gaza Strip, withholding tax revenues, freezing funds, denying transfers of cash to banks, disrupting economic activities, confiscating and destroying Palestinian land, orchards and properties and carrying out military assaults causing destruction to homes, infrastructure and businesses. The impact on socio-economic conditions has been grave; the Palestinian economy has shrunk by over 40 per cent.



What society can sustain such marked loss and decline?

The situation is most acute in Gaza because Israel's illegal, inhumane blockade has devastated entire sectors of the economy, crippled hundreds of once-prosperous businesses and industries, undermined normal market forces and caused widespread poverty, unemployment and near-total aid dependency among the population, which remains in a dire humanitarian crisis. The latest report of the United Nations Conference on Trade and Development confirms the reality of this devastation, pointing also to the further destructive impact on socio-economic conditions of the Israeli military aggression of December 2008 to January 2009.

At the same time, in addition to obstructing the import of all essential goods and materials, Israel continues to impose severe restrictions on the flow of cash into Gaza. This has decreased confidence in financial institutions and further reduced the ability of the population to meet basic needs. A continuing liquidity shortage will lead to unprecedented financial losses and the deepening of hardship cases, as well as other social problems arising from pervasive poverty.

Recent United Nations and World Bank reports warn that, despite our best efforts, our economy will be unable to recover or grow as long as the punitive, illegal policies of the Israeli occupation persist. The remedial impact of international aid, for which we are deeply grateful, will thus continue to be severely curtailed as many internationally funded projects continue to be destroyed by Israel, while others are forced into failure because of Israeli restrictions. We therefore call on the international community to exert the necessary efforts to bring an end to the illegal Israeli policies that render international assistance ineffective and hamper our efforts to promote desperately needed development and State-building.

In this regard, we reaffirm the legal, political and moral responsibility of the international community to assist the Palestinian people until they achieve their inalienable right to self-determination in their independent State. As international financial assistance remains vital in this regard, making aid contingent on specific and often controversial political conditions is thus counterproductive and unjust.

The consequences of the world's first-ever sanctions regime against an occupied people continue

to be felt, and now, as we endeavour to achieve Palestinian national reconciliation, the possibility of renewed sanctions overshadows our efforts, invoking fears of being plunged again into the nightmare of uncertainty and need endured in 2006 and 2007, particularly in the light of the debilitating economic crisis we all face. We thus appeal for caution in this regard and, moreover, urge the timely fulfilment of donor pledges to assist in Palestinian economic recovery and in meeting budgetary needs, which are so necessary for our collective efforts to bolster the institutions of the future Palestinian State.

In the international community's efforts to promote justice and equity at this critical juncture in the international financial system and relations, we conclude by calling for the necessary attention to be paid to the plight of the Palestinian people and to the plight of developing countries and most vulnerable populations around the world, who are suffering greatly and looking to the United Nations to provide hope and the way forward.

**The Acting President:** I now give the floor to Mr. Ali Mchumo, Managing Director of the Common Fund for Commodities.

**Mr. Mchumo** (Common Fund for Commodities): At the outset, I would like to thank Mr. Miguel d'Escoto Brockmann for convening this historic Conference on the World Financial and Economic Crisis and Its Impact on Development and for inviting the Common Fund for Commodities (CFC) to participate in this meeting.

I would like to take this opportunity to underline the importance of global action on commodities as part of the framework of discussions to address the economic and financial crisis. We find this to be important given the fact that commodities continue to form the backbone of the economy of many developing countries, especially the poorest among them.

One of the key areas mentioned by a number of speakers in plenary meetings and at the round tables has been the centrality of commodities in the economic prospects of many developing countries. The central importance of the commodities sector in view of the present economic and financial crisis is also underlined in the interim report of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System, which in its chapter 4 highlights the tremendous effects

of commodity price volatility as “a key source of instability in the global economic system” and calls on the international community to explore ways to mitigate the risks arising from commodity fluctuations.

The report of the Secretary-General for this Conference (A/CONF.214/4) also highlights commodity price fluctuation as playing an important role in the origins and causes of the economic and financial crisis. This clearly shows that the commodity issue forms a part of a complex set of problems which need to be addressed in a comprehensive manner, taking into account the many underlining and structural causes. The habitual method of taking temporary mitigating measures designed to ease emerging pressures only provides temporary relief but does not provide lasting solutions.

That is why we at the Common Fund put forth that it is necessary to agree on a global framework to address the commodities issue in a comprehensive and holistic manner so that long-lasting and permanent solutions are reached. In that regard, the Common Fund has partnered with the United Nations Conference on Trade and Development, the United Nations Development Programme and the African, Caribbean and Pacific States. It has also launched the Global Initiative on Commodities to underline the importance of commodities in the development process. In relaunching the commodity agenda, the Global Initiative on Commodities identified four aspects of commodity issues which have a direct bearing on commodity producers' incomes and well-being as well as on opportunities for the economic growth and sustainable development of commodity-dependent developing countries, least developed countries and other small and vulnerable economies.

The following are the major systemic issues that need to be addressed in a sustainable way: first, the supply capacity limitations under which commodity producers operate; secondly, lack of diversification of their production and export base; thirdly, effective participation in the value chain; and fourthly, the need for an enabling international environment, including an equitable, predictable and rule-based international trade system.

The Global Initiative on Commodities process addresses some of these key areas of critical importance for growth and poverty reduction in commodity-dependent developing countries. These

areas incorporate structural issues as well as new challenges and solutions which, I believe, will lead to the opening up of new opportunities for development.

Some of these structural issues are the following: first, significant improvements are required in international development assistance, targeting the commodity sector, to reverse the current trend of declining official development assistance for agricultural development. Secondly, there is a need to improve the effective participation of commodity users, especially smallholders, in the value chain and to design viable strategies for horizontal and vertical diversification. And thirdly, the lack of adequate finance poses a major obstacle to commodity development in general and to diversification and competitiveness in particular. Therefore, there is a need to design policies to effectively mobilize capital to enhance the access of commodity producers to financial services.

It is in that context that we underscore the call by the Secretary-General for “a global commodity agenda for development [which] could become a stepping stone for progress towards the Millennium Development Goals”.

The process of injecting commodities into the framework of discussions addressing the current economic and financial crisis could give new impetus to finding a long-standing solution to commodity problems. It is important to recognize the central role of commodities in the development process of developing countries, but also to agree on a way forward to address the issue of commodity price fluctuation. We therefore urge the international community to provide the opportunity and the forum for the commodity agenda to be discussed and mainstreamed into the development debate.

In the course of the nearly 20 years since its establishment, the Common Fund for Commodities has been providing development support to many commodity-dependent developing countries in key development areas, including diversification, productivity improvement, market access, risk management and market development, as well as in ensuring the reliability of commodity supply.

In this regard, the CFC pledges to continue to play its part in elevating commodities in the international agenda, acting as the voice of commodity-dependent countries. It will continue to

provide support through its commodity-based project-financing intervention in this key sector of the economy of many countries.

**The Acting President:** I now give the floor to the representative of the Inter-Parliamentary Union.

**Mr. Johnsson** (Inter-Parliamentary Union): The Secretary-General of the Inter-Parliamentary Union (IPU) was unable to remain in New York over the weekend, so I shall be reading out a shortened version of his statement. The full version is available in the General Assembly Hall.

I wish to thank all Member States for acknowledging the work of the Inter-Parliamentary Union (IPU) in the outcome document of this Conference. That indicates a shared understanding that the response to the crisis must involve all of us, including parliaments and their members. My remarks today are largely based on the discussions that took place last month in Geneva, where IPU organized a global parliamentary conference on the economic crisis. I will focus on four broad areas.

First, the immediate response to the crisis in many severely affected countries involves the disbursement of very significant amounts of remedial funding. We need to ensure far greater transparency and accountability in this process, and parliaments can do a great deal to achieve that purpose. A few of them have already set up special mechanisms and procedures to ensure parliamentary oversight and scrutiny of rescue packages. More broadly, however, I believe that parliaments will acknowledge that they could have done more to avoid the crisis. We will no doubt see many of them significantly strengthening their oversight capacity as we move along.

Secondly, the crisis highlights once again the need for States to live up to their commitments to provide development assistance. Without external support, many developing countries cannot meet the Millennium Development Goals, let alone overcome this crisis. Parliaments are paying closer attention to these questions, and IPU is placing significantly greater emphasis in its own work on promoting, in very concrete and real terms, the international development cooperation agenda.

Thirdly, we need more and better governance. The State must assume a more assertive part in the

process. The financial system must be subjected to tighter control. Parliaments have a major part in ensuring that that happens. There must be much more accountability within and over the banking system than hitherto. Let me add here that this accountability must also apply to the central banks. Some central banks have introduced measures in support of financial institutions that have exposed taxpayers to massive risks without any parliamentary or congressional approval.

But it is more than just the finance and banking system. Employment should be central to the debate as well. The health of the world economy should not be measured as a function of stock market recovery, but rather in terms of its ability to provide jobs and employment that values the dignity of work. Resolving the social crisis could take the best part of a decade. It will entail a shift from informal jobs in export-driven economies towards an expansion in domestic markets and internal consumption.

Fourthly and lastly, with regard to the international financial institutions, parliamentarians wish to contribute to the design of an improved system which is better attuned to the deeper aspirations of our citizens. In our view, much closer interaction with the international financial institutions should be ensured. The debate over good governance of the international financial institutions should not be reduced to a discussion about voting rights alone. It must necessarily also involve making those institutions more responsive to people's needs and opening them up to greater parliamentary scrutiny and support.

In conclusion, let me insist on one essential point. This is a story of a crisis foretold. We cannot claim to have been ignorant. There were many warning signals. But the development model we pursue so blindly and the balance of power in society are such that we have abdicated all essential decisions to money and the market. Therefore, at its most fundamental level, the crisis is one that touches on what kind of society we want to live in. It concerns issues of morals and ethics. At a very minimum, the response must be one in which we abandon business as usual and set off to find a better equilibrium among the voice of society, the role of the State and the dynamics of the market.

*The meeting rose at 6.15 p.m.*