



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

Official Records

5th meeting

Thursday, 25 June 2009, 6 p.m.

New York

President: Miguel D'Escoto Brockmann (Nicaragua)

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

the increase in industrial production had averaged 10 per cent.

The meeting was called to order at 6.20 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: I now have the honour to give the floor to His Excellency Mr. Anatolii Maksiuta, First Deputy Minister for the Economy of Ukraine.

Mr. Maksiuta (Ukraine): Our delegation fully embraces the ideas expressed by the European Union and has aligned itself with the statement made by the representative of the Czech Republic on behalf of the European Union. I would now like to add a few points in my national capacity.

On behalf of the Government of Ukraine, I would like to thank the United Nations for its invitation to present our views on the important processes and challenges that we all are facing today. Financial and economic crises have had a very serious impact on developing markets and on a number of countries, including Ukraine, a country that during the period from 2000 to 2008 had demonstrated impressive results in its economy. The average gross domestic product (GDP) growth rate had reached over 7 per cent, while

A huge drop in production by key export-oriented sectors began in late 2008 and continued into 2009 and represented the biggest drop since 2000. Ukrainian steel and chemical producers have been hit by falling demand and prices on export markets. As a result, overall industrial output fell in the first quarter of the current year by over 30 per cent, compared to the same period of the previous year, and the GDP also fell — by about 20 per cent. That is one of the largest, if not the largest, rates of decline in Eastern Europe.

The current account deficit keeps growing amid reduced inflow of trade-related revenue and foreign investment. The banking sector is still undergoing unprecedented crises of its own. Real estate sector lending has practically stopped, because of the lack of resources and the increased credit risk. The situation in the domestic currency market has stabilized somewhat but only in the last few months, following the sharp devaluation of the local currency in late 2008 and early 2009.

All of these factors have had a negative impact on the social sector and household incomes. The export-oriented economy, an underdeveloped domestic market, substantial amounts of corporate foreign borrowing and the ongoing process of developing market capacity have increased Ukraine's vulnerability to the impact of the global financial and economic crisis.

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I must mention here that international financial institutions have not left Ukraine to fend for itself as it faced world crisis; the strong support we received from those institutions on the very first signs of crisis were very valuable to us. They enabled us to consolidate joint efforts to rehabilitate our financial sector and stabilize the country's economic situation as a whole.

In 2008, Ukraine gained access to a two-year Standby Arrangement from the International Monetary Fund and launched two structural adjustment projects with the World Bank aimed at rehabilitating the financial sector, minimizing the impact from financial shocks, lowering inflation, supporting the balance of payments and promoting structural reforms.

However, it may be asked whether the measures taken together by Ukraine and international financial institutions are adequate to respond to the nature of the current crisis, and particularly the situation in the country. On the one hand, they are, because, after a dramatic drop, production has stabilized and has started to grow again. The current account balance has improved after the recent devaluation. Confidence in the banking system is being renewed, and the recapitalization of banks has been started.

On the other hand, the results achieved are not yet sufficient. In our opinion, recovery from the deep recession that occurred in Ukraine early this year requires much quicker growth than that which is currently taking place. However, the standard instruments and mechanisms of the international financial institutions are aimed mostly at stabilization rather than at growth and development. And stabilization under conditions of global recession can sometimes mean, in practical terms, the maintenance of recession-related processes in a given country. But we need further progress instead. We need a new approach that improves our prospects for rapid growth and modernization.

Such an approach could have a cumulative effect on countering global crises in different spheres. For example, in the case of my country, rapid economic recovery and strong agriculture development could have a decisive impact on solving another important global problem — the food crisis. Ukraine is well known for its rich, fertile soil and could make a substantial contribution to the global food supply.

We are convinced that such positive effects could be achieved as a result of increased international

cooperation and reconsideration and improvement of existing assistance practices and instruments used by international financial institutions. Ukraine could, I believe, become a successful example of the application of concerted efforts and improved approaches to the struggle against the consequences of the global crisis.

It is difficult today for a State to plot its course towards future development without first understanding what might come from further global changes caused by the current crisis. We therefore hope that this Conference will contribute in a fundamental way to setting up a framework for a future global economic system that is just and effective and will meet the expectations of all countries.

The Acting President: I now give the floor to Mr. Lázsló Várkonyi, State Secretary of Hungary.

Mr. Várkonyi (Hungary): Hungary welcomes this high-level event as an opportunity to find proper, efficient and sustainable responses to the complex challenge the international community is facing amidst the global financial and economic crisis.

We are aware that the current crisis has seriously hit the developing world, which will inevitably heighten the challenge of meeting the Millennium Development Goals by 2015.

The responsibility and the role of the donor community is to help countries in need to safeguard the development results they have achieved during the past decade and to support the recovery process. The principles of aid effectiveness reinforced in the Accra Agenda for Action and of division of labour initiated by the European Union have crucial importance in using capacities and resources in the most efficient way. Hungary has gained valuable experience during the implementation of our donor programmes in Afghanistan, Viet Nam and middle-income countries in our vicinity, and we are ready to share them with the international community.

We all have a joint responsibility in addressing the current situation. Developed countries have to live up to the promises made at the International Conference on Financing for Development held in Doha last year. On the other hand, partner countries should continue to implement their national development strategies through strong ownership,

improved governance and increased efforts in mobilizing domestic resources.

We believe that the appropriate and most efficient way to respond to the crisis is by utilizing existing institutions and mechanisms. This should go together with the strengthening of those institutions as necessary. Hungary has been allocating most of its official development assistance by using the channels of international development organizations and financial institutions. This fact makes us strongly committed to increasing the efficiency and cooperation of these institutions and their mechanisms. We are also interested in being a reliable partner in their reform if necessary.

The financial crisis has made the systemic weaknesses of the global financial market and its regulation clear. Hungary considers this problem to be a considerable factor in inducing this severe global situation. We are convinced that a significantly improved system of financial market regulation and surveillance should arise from the crisis.

Restoring high-level economic growth in developing countries will, in any case, be the most powerful tool in combating the effects of the global crisis. Efforts to support private sector development and the establishment of an investment-friendly business environment will remain a top priority for Governments. This should be accompanied by the better inclusion of developing countries in global trade, including by facilitating subregional development and South-South trade. Donor countries and international organizations should be ready to provide the necessary training and capacity-building.

It is of utmost importance that in the aftermath of the global financial and economic crisis there be a broad analysis of the lesson learned. The assessment should focus on identifying actions and institutions that increase the potential of a country to react promptly and properly to the crisis. These lessons should then be included in countries' individual reform processes. Hungary attaches great importance to the role that the United Nations and its institutions should play in coordinating these efforts.

On behalf of Hungary and on its behalf as a member of the European Union, I would like to reiterate our commitment to be an active partner in addressing the core challenges of international development cooperation and working towards the

implementation of the objectives of the Millennium Declaration.

The Acting President: I now give the floor to Her Excellency Ms. Olga Algayerova, State Secretary of the Ministry for Foreign Affairs of Slovakia.

Ms. Algayerova (Slovakia): Allow me at the very outset to congratulate the President of the Assembly on holding this conference on an extremely relevant theme that is a major source of concern for developed and developing countries alike, although more so for the latter, given their lack of sufficient financial strength to limit the impact of the crisis.

The degree to which the global crisis has spread across all countries, including the least developed, which are only marginally integrated in the world economy, is alarming. The increasing spillover effects of the global financial and economic crisis, coupled with the food, fuel and climate crises, have already inflicted damage on the lives of tens of millions of people around the world. The result is increased global poverty and inequality with potentially negative political and social consequences.

Within this context, the global economic slowdown undermines major United Nations efforts to achieve international development targets. The prospects are gravest for goals related to health and education, but also for those related to nutrition and sanitation.

The crisis threatens to undo much of the investment made to achieve the Millennium Development Goals and to make future efforts more challenging. We must ensure that the current financial difficulties do not undermine the commitments of the international community and the financing of development as a whole. Developed countries must ensure that foreign aid does not fall victim to difficult budgetary choices. My country, as an emerging donor, is committed to maintaining the level of its aid despite budgetary constraints related to the financial and economic crises.

On the other hand, the current crisis has created a rare opportunity to significantly improve global governance in order to achieve a stronger, cleaner and fairer world economy. This opportunity must not be wasted. It is important to note here that these new principles must be agreed among the largest possible number of countries in a spirit of cooperation and

openness. Due to its universal membership and its legitimacy, the United Nations should be a key player in these efforts.

Our meeting today demonstrates a collective will to determine the most responsible and effective ways in which the United Nations can continue to position and organize itself, as it has been doing, to take relevant actions for global economic recovery, being especially mindful of the financial needs of the poorest and most vulnerable. The Conference also provides an important opportunity to address in a meaningful manner how the United Nations can best contribute to the processes of building resilience against future global shocks, improving regulations and monitoring in the world economy and advancing the reconstruction of the global financial and economic institutional framework to make it more inclusive and representative. In this respect, we would like to express our satisfaction with the draft outcome document due to be adopted in the course of this Conference.

The process of global recovery will depend on the effectiveness of macroeconomic policies on a national basis. As a country, we have responded in a decisive and concerted manner to the deepening financial and economic crisis. The Government and the private sector are working closely together to protect savings, prevent unnecessary production declines and job losses, boost economic growth and otherwise alleviate the human cost of the crisis.

The employment and social impact of the crisis is still unfolding. It is essential that all Governments continue their efforts to contain the crisis and stabilize their economies. In particular, Governments must ensure that, while funding is now needed to respond to the crisis in macroeconomic terms, adequate investment also be made to protect the most vulnerable communities in a targeted manner.

As I mentioned before, the financial and economic crisis is a challenge of global proportions and solutions must also be global. For the past several months, Governments have taken coordinated steps to begin to address the world's financial and economic problems and the underlying systemic issues. At the international conferences held in Accra and Doha and at the G-20 summits in Washington and London, strong positions with precise commitments were taken to stimulate the world economy, to help developing countries face financial difficulties, to refocus global

priorities, to achieve green growth and to redesign the international economic and financial architecture and adapt it to new realities. My Government welcomes and supports their implementation and delivery. That dynamic should be further strengthened. We must continue to build on those important measures and take further action, as needed, within multilateral frameworks.

In conclusion, I wish again to thank the President for convening this important Conference. I would like to reiterate our political commitment and determination to achieve our common goal of stability and sustainable development.

The Group of Eastern European States has endorsed the candidacy of my country for membership in the Economic and Social Council in the elections to be held during the sixty-fourth session of the General Assembly later this year. If elected, my country will make its best effort to contribute actively to advancing the United Nations economic and social agenda.

The Acting President: I now give the floor to Andrej Benedejčič, Director-General for Multilateral and Global Affairs of the Ministry of Foreign Affairs of the Republic of Slovenia.

Mr. Benedejčič (Slovenia): It is a pleasure to be here in New York in the General Assembly Hall of the United Nations. As Professor Joseph Stiglitz pointed out yesterday at the round table on reforming and strengthening the international financial and economic system and architecture, the world is in need not only of a G-20 but also especially of a G-192. It is therefore indeed welcome that the only universal international organization, the United Nations, has organized a conference to address a crisis that concerns us all.

Speaking in my capacity as the representative of Slovenia, I must say that the crisis has affected my part of the world on a number of levels. On the one hand, there is the economic aspect of the global financial and economic downturn, which is being painfully felt by many ordinary people. On the other hand, there is also the psychological effect. After all, countries in that part of Europe only recently emerged from a prolonged and demanding transition to a free market economy, during which special emphasis was placed on the benefits of laissez-faire capitalism. Ironically, the way things look right now, it seems that we could actually benefit from dusting off our discarded editions of Karl Marx's *Das Kapital*. After all, the talk these days, including here in

New York, is very much of national and supranational regulation, coordination and monitoring. However, many of us still remember what it is like to live in a regulated economic system and would prefer to put the experience behind us. We know that it simply does not work. Therefore, when the question is asked about why some countries are not too keen to jump on the bandwagon of reworking the existing financial and economic architecture from top to bottom, the answer probably lies in their reluctance to go from one extreme back to the other.

There is also an additional aspect of the current debate that must not be underestimated. Taking place almost concurrently with the ongoing discussions on the new financial system are deliberations on new security arrangements. At the beginning of this year, intergovernmental negotiations on the reform of the Security Council were launched here in New York. However, an intensive debate is also going on at the level of regional organizations. For example, this past Tuesday in Vienna, a concrete proposal was presented at a conference of the Organization for Security and Cooperation in Europe on the elements of a new European security treaty. The proposal received a mixed reception, not only because of the already existing security mechanisms, but also because of the questions it raises regarding the set of principles and values on which the post-cold-war order is based. Those include respect for human rights, democracy and the rule of law. Are they also in need of reform? I hope not.

The point that I would like to make is the following: just as devoting increased attention to hard security must never come at the expense of what is often, in a misleading way, referred to as soft security, so too a more critical look at the shortcomings of the existing financial and economic arrangements should not affect the basic premises of a free market economy.

Having said that let me also acknowledge the fact that the global crisis has indeed revealed a number of deficiencies in the existing international institutions that need to be addressed. Slovenia therefore supports structural reforms aimed at ensuring more stability in the global economic system, including effective oversight, enhanced transparency and increased integrity of financial markets. The second phase of governance reform of the World Bank needs to be accelerated, while the work of the International Monetary Fund has to reflect changes in the global

economy and ensure a greater voice, representation and responsibility for emerging and developing countries.

In Slovenia we also agree with the analysis that the crisis and its consequences have spread unevenly around the world. Those in developing countries, who are the least to blame for the economic downturn, have been hit the hardest by its aftershocks. In that connection, I would like to emphasize that we are especially worried by the possible effects of the crisis on the countries of our region. The concerns that were raised here yesterday by the Prime Minister of Serbia and the Chairman of the Council of Ministers of Bosnia and Herzegovina are serious and should be taken into account. It is also for that reason that Slovenia is organizing a special strategic forum, to be held at the end of August, which will address the current situation and devote special attention to the economic challenges in the Western Balkans.

On a wider scale, a sharp focus has to be maintained on the Millennium Development Goals. The quantity, quality and effectiveness of official development assistance are more important than ever. Slovenia is therefore determined to meet its commitments in the spirit of the Doha Declaration on Financing for Development, as well as the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. We would like to encourage other developed countries to join in the efforts to do more to assist the most vulnerable. As a member of the European Union, we would also like to take this opportunity to recall the comprehensive and targeted actions taken by the Union in support of developing countries. We call on other stakeholders to join in those efforts.

In addition to its economic and financial aspects, the social and human dimensions of the crisis must also be taken into account, since they present a serious threat to stability. Among other things, the crisis is making protectionist reflexes and an emphasis on national priorities more popular, which means that the possibility of amplified xenophobia is becoming more real, especially the stigmatization of migrants in transit and destination countries. Therefore, in its current role as the chairman of the Committee of Ministers of the Council of Europe, the oldest pan-European organization, Slovenia is devoting special attention to the issue of minority protection and the rights of children. In that context, we are especially watchful of the rights of the Roma and Sinti, because of their

willingness to take the risks of migration, repeated expulsions and self-sufficient clandestine existence.

In conclusion, I would like to express my satisfaction that the question of the world financial and economic crisis has been placed firmly on the agenda of the United Nations. It is important to exchange views in this truly universal forum on the way ahead and on striking the right balance between regulation and free enterprise. On behalf of my Government, I would therefore like to congratulate the organizers of this event for providing a unique opportunity for all countries to be heard on this pressing issue. I also look forward to the adoption of the final outcome document, which reflects solidarity among developed and developing countries.

The Acting President: I now give the floor to Mr. Stefano Manservigi, Director General for Development of the European Community.

Mr. Manservigi (European Community): I make this statement on behalf of the European Commission in the context of European Union (EU) position expressed by the Czech presidency.

The European Commission shares the analysis about the dramatic global economic, social and political impact that the crisis is having on all of us. But, in places like Europe or here in the United States the crisis means economic downturn and unemployment, in the poorest countries the crisis brings with it increased human suffering, poverty, hunger and instability. It can even bring war.

The crisis shows how deeply the prosperity and the future of advanced economies, emerging economies and developing countries are linked and interdependent through globalization. The crisis also reveals what globalization means in its current unregulated reality. We therefore have to face all of that with the determination to create the conditions for a more equal and regulated globalization and with a strong commitment to fight poverty and exclusion as necessary elements of a sustainable solution.

It is undeniable that the third wave of the economic and financial crisis has reached the shores of the developing world, hitting those countries much harder than we expected only some months ago. Additionally, the forecasts for the second half of 2009 and for 2010 look gloomy. That demands a quick and coordinated global response. The G-20 meeting in

London confirmed the need for a global response and took a number of steps in the right direction. Now it is time for action.

It is clear that, although the crisis affects countries and regions in different ways, no country can ensure successful recovery on its own. We need each other more than ever. We have a shared responsibility in addressing all these issues. The cooperation and contribution of all countries — developed, emerging and developing — are needed. The United Nations is the appropriate forum to discuss that cooperation.

The European Union has shown, is showing and will show its leadership. That leadership is crucial in the global response to the crisis. That is why the European Commission envisages a number of concrete, targeted and coordinated actions for the European Union to support the developing world in coping with the crisis. I should like to highlight four of those proposals.

The first entails keeping our promises on official development assistance (ODA) and leveraging other development-friendly resources. Increasing ODA remains the backbone of our action. The European Union has demonstrated its determination by increasing its annual aid to €49 billion in 2008, which is 0.40 per cent of the Union's gross national income. The European Union remains, therefore, the world's biggest donor, providing 60 per cent of total ODA. Of course, that effort must be maintained, and even intensified.

At the same time, the crisis shows us the need to use aid better. More than ever, it is necessary for development aid to act as a catalyst in attracting investment, promoting technology transfers and facilitating trade. Innovative sources of financing are to be expanded and translated into systemic action.

Secondly, with regard to targeting the vulnerable and supporting the real economy, the crisis requires that we discuss priorities in partnership. No top-down solution will work. The European Union is setting up a €500 million vulnerability instrument to assist the developing countries worst hit by the downturn in trade and falling revenues. The instrument will focus on ensuring social safety net spending. It will act counter-cyclically, based on forecast fiscal losses and other vulnerability criteria, to help to cushion the blow, rather than acting after the event. Of course, the instrument will work in full complementarity with the

World Bank, the International Monetary Fund and regional development banks.

On the other hand, we will increase our support for the real economy. The European Union will reinforce and reshape the EU-Africa Infrastructure Trust Fund, increasing it to a total of €500 million by 2010. That will allow for the mobilization of additional funding in the amount of €2.5 billion in loans to support trans-African networks, as identified by the African Union and regional economic communities, in order to create a backbone and links to and within Africa.

EU institutions are therefore mobilizing €1 billion to act to protect the most vulnerable countries. That is in addition to the €1 billion in funding delivered through the now fully operational new food facility, which was established to help relaunch agricultural production in developing countries.

Thirdly, we must make aid more effective. This crisis should push us to further free up resources through efficiency gains. That is a priority for the European Union. Worldwide, 225 bilateral and 242 multilateral agencies fund hundreds of thousands of activities each year, many of them involving very small amounts. We have to address that fragmentation, which is not acceptable in either political or moral terms.

To promote aid effectiveness, in 2009 the European Commission suggested and took concrete actions to make better use of our resources. Those included codes of conduct for use in country systems, joint programming and the division of labour. Predictability is our key word.

Fourthly, we must move from “donorship” to partnership to change our paradigm. These efforts will not work without national measures taken by developing countries themselves to mobilize domestic resources and stimulate private-sector activities and growth. Good governance, including in the fiscal area, will increase domestic financial resources for development and will allow external resources to be effective.

Mr. Siles Alvarado (Bolivia), Vice-President, took the Chair.

The national governance agenda must be enhanced by strengthening regional integration processes. Fifty years of European integration show

that integration is the key to stability, prosperity and economic progress. Uncoordinated, or even competing, national plans can have a detrimental effect on neighbouring countries and worsen the economic recession. Conversely, regional integration and cooperation, in particular the promotion of intraregional trade and the free movement of goods, services, persons and capital, will help to mitigate the longer-term effects of the crisis and to consolidate the response over time.

Lastly, let me once again underline that, for the real economy to keep going, we must keep trade flows open and avoid a return to protectionism. That means, therefore, open economies. But open economies require open societies — open to the movement of persons and open to contributions by all.

This United Nations Conference is a milestone event in the string of international events and processes dealing with the financial and economic crisis. This United Nations event is unique for two reasons. First, it is the first major event so far focused on the development impact of the crisis. Secondly, it is the only event with the sort of global and universal participation that only a United Nations event can provide.

The United Nations must play a key role in efforts to continue to help developing countries to tackle the variety of global social, economic, financial and environmental challenges caused by the current crisis, including political challenges as well. Now more than ever, nations must be united. I therefore hope and believe that participants of this United Nations Conference share the determination of the European Commission and the whole European Union to make this event the success that is needed.

The Acting President (*spoke in Spanish*): I now give the floor to His Excellency Mr. Charles Mutalemwa, Permanent Secretary for Planning of the United Republic of Tanzania.

Mr. Mutalemwa (United Republic of Tanzania): I have the honour to speak on behalf of the Government of the United Republic of Tanzania in this important forum. I wish to congratulate the President for his efforts in organizing and steering this high-level Conference. We recognize that those efforts, although they were challenging, have achieved the expected results. We are certain that his efforts will leave historical evidence of how the General Assembly,

during his tenure at its sixty-third session, mobilized efforts on the part of the United Nations membership to address the most serious financial crisis since the Great Depression. Allow me also at this juncture to congratulate the co-facilitators and advisers on the stewardship of the negotiation process that has resulted in a balanced draft outcome document that all of us can live with. We know that it entailed much give and take on the part of various constituencies. It is really a great success of which we are all proud.

Members may also wish to recall that my country, Tanzania, in collaboration with the International Monetary Fund (IMF), hosted an Africa/IMF ministerial meeting that was also designed to contribute to the global endeavours to address the current crisis. In addition to that meeting, held in Dar es Salaam, I am sure that we are all aware of the various meetings and forums that took place in the period leading up to this Conference. All of them provided the building blocks upon which this United Nations Conference can chart a coordinated global endeavour to deal resolutely with the crisis.

The importance of this Conference cannot be overemphasized. We recall that such a conference was held in 1945, almost 64 years ago, to address the crisis that faced the world at that time. The current crisis is connected to multiple, interrelated global crises and challenges, such as high food prices and food insecurity, volatile energy and commodity prices and climate change, as well as the lack of results so far in the multilateral trade negotiations. Those challenges have led to a significant loss of confidence in the international economic system.

Ironically, the crisis has worsened the situation for developing countries and has endangered the attainment of specific national development objectives as well as internationally agreed development goals, including the Millennium Development Goals. For example, for the past five years Tanzania has been enjoying an average growth rate of 7.2 per cent. However, as a result of the current crisis, it is projected that our growth rate will drop to 6.5 per cent in 2009 and will drop further to 5.0 per cent in 2010.

The global crisis manifests itself in many profound ways. In Tanzania, for example, this includes a rapid increase in unemployment and reduced access to credit and trade financing. There has also been a notable decline in investment opportunities, including

the shelving of a number of planned large investment projects, as prospective investors have failed to mobilize the requisite capital. Our tourism revenue has declined by 20 per cent, while the prices of our major export crops have declined owing to a fall in demand on the world market. Government revenues are in distress, thus constraining the provision of vital social services and public goods as well as the development of key infrastructure. The impact of all of this on our poverty reduction efforts must be clear: it is dire.

The origins of this crisis have been extensively discussed, and it is not my desire to recite them here. The outcome document that we shall soon adopt also highlights those origins, underlining the fact that developing and least developed countries (LDCs) were not involved in those origins but are now suffering collateral damage. Nevertheless, despite the varying levels of responsibility with regard to the origins of the crisis, we need to work together in solidarity and in a coordinated manner to respond to the crisis in accordance with our respective abilities.

An immediate priority should be to stabilize the financial markets with a view to restoring public confidence and counter falling demand, which is fuelling the recession. We have to revitalize trade and investment and reject protectionism. At the same time, resolute and urgent measures are needed to mitigate the impact of the crisis on the most vulnerable countries and populations. In particular, the LDCs, including Tanzania, have the least capacity for self-defence against the effects of the current crisis. They deserve special attention.

As LDCs, Tanzania and many other African countries will need external resources and assistance in order to mitigate that impact. One estimate puts the additional annual financial resources needed for LDCs at \$50 billion in official development assistance (ODA), while others estimate that developing countries as a whole will need an additional \$1 trillion. We feel encouraged by the pronouncement of the Group of 20 (G-20) at the London summit to the effect that, in spite of the crisis, the developed countries will meet their respective ODA pledges, including commitments on aid for trade and debt relief, and will also refrain from raising new barriers to investment or trade in goods and services and ensure the prompt conclusion of the Doha Development Round. We hope that the G-20 will hold fast to its promises.

The pronouncement at the G-20 summit in London provides a glimmer of hope. In recent years we have witnessed not only stagnation in terms of ODA, but also the imposition of onerous conditionalities. We take the G-20 pronouncement as a signal to all development partners to maintain and deliver on their existing bilateral and multilateral commitments and targets. These were made, *inter alia*, in the Millennium Declaration and the Monterrey Consensus, at the 2005 World Summit, at the Group of Eight (G-8) summit in Gleneagles and in the Doha Declaration. We underline that the fulfilment of all ODA commitments is crucial, including the commitments of many developed countries to achieve the targets of 0.7 per cent of gross national product (GNP) in ODA to developing countries by 2015 and at least 0.5 per cent of GNP in ODA by 2010, as well as 0.15 to 0.20 per cent of GNP in ODA to least developed countries. We recognize that many developed countries have set a time frame for reaching the level of at least 0.5 per cent of GNP in ODA by 2010. At the same time, we thank all development partners who have stood by our side, especially in this time of crisis, and we urge them to continue doing so.

While we implore our development partners to factor the needs of the developing countries — and LDCs in particular — into their efforts to deal with the crisis, we remain cognizant of our own responsibilities to do whatever is in our power to cope with the effects of the crisis. In Tanzania, for example, we have been taking various measures to cope with the impact of the crisis. In that regard, the Bank of Tanzania has set up an early warning system to detect weaknesses in the financial sector and is constantly on alert to take any decisive action that might be necessary to respond to any weaknesses that might be detected. On a broader front, the Government is committed to taking a wider range of measures to mitigate the effects of the crisis. For example, earlier this month our President unveiled a stimulus package equivalent to 5.4 per cent of GNP to cushion the economy from the effects of the crisis. We hope that those efforts will be complemented by part of the \$1.1 trillion pledged at the G-20 summit in London.

Before I conclude, let me underline the importance of this Conference and its outcome. While efforts have been made by different groups and in various formats to contain the effects of the crisis, the United Nations remains the single most competent

mechanism for galvanizing world action on any global emergency. We therefore feel proud that the United Nations has taken its rightful place in dealing with this financial and economic emergency. We look forward to the adoption of the draft outcome document, which we believe will provide the basis for practical short-, medium- and long-term measures. We believe that the proposed institutional mechanism for follow-up will not only serve as a mechanism for coordinating worldwide efforts to stem the current crisis but will also act as a watchdog to protect us from the recurrence of similar crises in the future.

The Acting President (*spoke in Spanish*): I now give the floor to Mr. Georges Aboua, Director of the United Nations and International Organizations Department of the Ministry of Foreign Affairs of Côte d'Ivoire.

Mr. Aboua (Côte d'Ivoire) (*spoke in French*): On behalf of the delegation of Côte d'Ivoire, allow me to join others who have taken the podium before me to warmly congratulate the President on presiding over this meeting, whose theme, namely, the world financial and economic crisis and its impact on development, brings us all together to address the crisis currently confronting the world. The delegation of Côte d'Ivoire is convinced of the success of these proceedings, given the competency with which the President has so far guided the work of the sixty-third session of the General Assembly. We assure him of the full cooperation of the delegation of Côte d'Ivoire. We would also like to commend Secretary-General Ban Ki-moon for his tireless efforts on behalf of peace and development.

This meeting is taking place at a time when the world is facing the worst recession since the 1930s. According to projections by the International Monetary Fund (IMF), the world economy will shrink by 1.3 per cent in 2009. This severe recession, which is marked by a financial crisis that began in various developed countries, has today affected every country. That includes developing countries, where the crisis is reflected in the drop in prices for raw material exports, the decrease in tourism revenues, the decline in migrant worker remittances and, above all, the increased scarcity of official development assistance and foreign direct investment.

The consequences of this economic and financial crisis, whose initial effects experts believe we are just

beginning to experience, have yet to be determined on the human development front, in particular in developing countries, which were already weakened by poverty, hunger, pandemics and other natural disasters, all of which hinder the achievement of the Millennium Development Goals. Moreover, as indicated by the Managing Director of the International Monetary Fund, in Africa, which is an innocent victim of the financial tsunami that is ravaging the planet, almost 50 million people could swell the ranks of the poor living on less than \$2 per day. Likewise, if the crisis continues, an additional 3 million children could die by 2015. We must therefore act now.

In the face of this crisis, the globalization of the economy requires us to find a global response, as called for by the Monterrey Consensus on Financing for Development and later reiterated by the Doha Conference in 2008. Among other things, that includes increasing the participation of developing and transitioning countries in international decision-making discussions and processes pertaining to improving the coherence of monetary, financial and commercial systems in support of development. It also includes liberalizing international trade by eradicating distorting trade barriers and tariffs, as well as similar measures. It includes as well having developed countries devote 0.7 per cent of the gross national product to official development assistance, as well as abandoning conditional assistance.

Against that backdrop, I should like to single out and welcome the recent decision taken by the G-20 at the London summit to provide support for credit, growth and employment by, in particular, tripling IMF resources and providing substantial trade support.

Above and beyond those substantial efforts, this meeting should provide an opportunity for the international community to reaffirm its solidarity by going beyond mere promises and by acting in unison to take concrete steps and adopt innovative, courageous and, above all, hopeful measures to find a global response to a problem that is inherently global.

Along those lines, my delegation calls on the most industrialized countries to honour the commitments made at Gleneagles in 2005 and to allocate \$50 billion between now and 2010 for assistance to developing countries. Côte d'Ivoire believes that the current economic and financial crisis must not serve as an excuse to renege on those

commitments. On the contrary, it should serve as an opportunity to act to implement them.

In that regard, my delegation would like to commend the efforts of the international community on behalf of Côte d'Ivoire, which in 2009 made it possible for us to qualify for the Heavily Indebted Poor Countries Debt Initiative. That has opened the door to our now being able to reduce our foreign debt by 20 per cent, while, among other things, being able to take advantage of the Poverty Reduction and Growth Facility to benefit from a three-year support plan in the course of our participation in the Initiative, which is expected to continue for 18 months. The Facility should make it possible for Côte d'Ivoire — which has experienced a growth rate of 3.5 per cent in 2009, as compared to 2.8 per cent in 2008 — to reduce its current poverty rate of 48.9 per cent to 16.2 per cent by 2015.

I would therefore like to take this opportunity to express once again to the international community the gratitude of His Excellency Laurent Gbagbo, President of the Republic of Côte d'Ivoire, as well as that of the Government, headed by Prime Minister Guillaume Kigbafori Soro, and the people of Côte d'Ivoire for its support and commitment to resolving the crisis in my country.

I would also like to thank Mr. Dominique Strauss-Kahn, Managing Director of the International Monetary Fund, for his determination to work with African countries to find a solution to the problems they currently face. In that regard, on his recent trip to Côte d'Ivoire from 25 to 27 May 2009, he was able to observe not only the efforts made to implement the Heavily Indebted Poor Countries Debt Initiative as soon as possible but also, above all, the willingness of our country's officials to emerge once and for all from the current social and political crisis by organizing free, open and transparent elections, with the first round of the presidential voting to be held on 29 November 2009.

The financial and economic crisis that all of our countries are grappling with today is a major challenge. We can and must face this challenge together in a spirit of cooperation and solidarity, in line with the ideals of the Charter of the Organization of which we are all Members.

Before concluding, I would like to reiterate my appeal to the international community to commit to

translating into action the shared ideals of cooperation and solidarity, as we search for satisfactory solutions to resolve the current economic and financial crisis.

The Acting President (*spoke in Spanish*): I now call on Mr. Abdulrahman Almofadhi, Resident Representative to the World Bank of Saudi Arabia.

Mr. Almofadhi (Saudi Arabia): Let me, at the outset, thank all those involved in the preparations for this uniquely inclusive forum to discuss issues of urgent concern that arise out of the ongoing global crisis and are relevant to all States Members of the United Nations.

Other ongoing international forums and processes dealing with the crisis, while admittedly not as broadly inclusive as the present gathering, also reflect the importance that the international community attaches to the resolution of the crisis. I hope that the outcome document of this Conference can help build consensus on what needs to be done, and by whom, to address the development emergency confronting us all.

Let me now offer some selective but brief comments on the origins of this crisis, its effects on development, and the steps that are under way to address its adverse impacts. I will then conclude with a brief review of actions taken by Saudi Arabia in this regard.

It is worth emphasizing at the outset that the origins of the crisis can be found in the weaknesses in financial markets exemplified by excessive leverage and risk-taking in a lax and inadequate regulatory environment. Undisciplined globalization then helped to transmit the financial contagion to the real economy worldwide. Careful consideration of such causal factors is essential if we are to avoid a recurrence of such episodes in the future. Financial market regulations must therefore be strengthened, drawing upon international best practices, including the risk-reducing safeguards offered by the Islamic financing model.

As to the effects of the crisis on development, I would like to stress that the impacted countries are suffering because of actions or inaction by parties outside the developing world. Indeed, the background documents presented to us confirm a very worrisome situation. The Secretary-General's report notes that global per capita income could drop by 3.7 per cent in 2009 (A/CONF.214/4, para. 1). Private capital flows to

emerging markets have collapsed. Other sources confirm that world trade is falling, the livelihoods of rural and urban poor families are deteriorating rapidly, and jobs are being lost everywhere at an alarming rate of more than a million a month.

The 850 million people already suffering from chronic hunger in 2006 will increase to around 1 billion in 2009. A hundred million people may fall into extreme poverty in each year that the crisis persists. And all of these adverse developments come on top of the already existing significant challenges to the poorer countries in the form of higher food prices and reduced energy access, all threatening any progress towards achieving the Millennium Development Goals (MDGs). Hence, what we face today is a real development emergency, which is unacceptable on both economic and moral grounds.

Against such a background, a vigorous and sustained effort by the international community to address the crisis, reduce its harmful effects and help to establish normal growth in the world economy and accelerate progress towards achievement of the MDGs, is essential. Concurrently, the global financial system must be reformed to prevent recurrence of such a crisis. In this regard, I welcome the actions taken by the Group of 20 (G-20), of which Saudi Arabia is a member.

The G-20 leaders summits held so far show agreement on a number of measures to restore growth and jobs, repair the financial system to revitalize markets and revive lending, strengthen financial regulation to build trust, enhance the resources of the international financial institutions, and reverse declines in global trade and investment. The \$1.1 trillion in support announced at the London summit demonstrates the commitment of the parties concerned.

Let me add that Saudi Arabia has very meaningfully contributed to the G-20 efforts to resolve the crisis. The Supreme Economic Council has approved a \$400 billion investment programme for the next five years. This fiscal stimulus comprises both oil-related and infrastructure investments to boost the productive capacity of the economy and shield it from the impact of the global crisis.

The Kingdom is currently implementing the largest budget in its history — the equivalent of \$126 billion — in order to spur domestic demand and sustain strong gross domestic product (GDP) growth

over the medium term. Concurrently, the Saudi Arabian Monetary Agency has maintained close supervision of banks and provided support as needed. The capitalization and provisioning policies of Saudi banks have enhanced their resilience. Saudi Arabia also remains firmly committed to an open trade regime. The Arab Summit of January 2009 also called for policies for trade liberalization at the local, regional and international levels and for promotion of exports. Moreover, at the Gulf Cooperation Council Saudi Arabia called for the finance ministries and central bank governors to coordinate positions on crisis resolution.

However, G-20 actions need to be complemented by meaningful efforts by all development partners. Responses to the crisis by developing countries, which must of course receive support through necessary actions by external partners, in particular, follow-through on aid commitments, have implications for the ongoing drive to increase the domestic resource mobilization, which was listed as the first key action area in the Monterrey Consensus.

This approach requires a continuation of reforms to provide a conducive macroeconomic framework. Where the country context permits, fiscal measures can be taken to stimulate demand. However, lack of a fiscal cushion, as is common in low-income countries, when combined with high vulnerability to adverse external events, unfortunately makes it difficult to choose among priorities and allocate resources. Assistance from multilateral and regional development institutions as well as bilateral donors assumes special importance in such cases.

The proactive approach of the World Bank Group in such areas as vulnerability financing, infrastructure provision, including access to clean affordable energy, and trade liquidity, among other initiatives, is therefore welcome, although it naturally must be placed in the context of preserving the Group's own long-term financial stability.

Priority also needs to be given to counter-cyclical short-term assistance with a poverty reduction focus. Some wish to use the opportunity to advance climate change issues through a green recovery. I believe the world, especially the poor countries, cannot afford to choose the colour of its recovery in this way, especially if the solutions proposed are themselves not commercially viable.

This crisis has yet again highlighted the importance of trade as a critical element of global growth. We must therefore strive for a successful outcome of the Doha Round. But countries must also refrain from resorting to protectionism, including financial protectionism, such as restrictions on overseas lending from institutions based in the advanced economies.

In the context of long-term recovery, the private sector's well established role in supporting economic growth and development through sustainable job creation should be highlighted here.

As the G-20 confirmed at its London summit, a new framework for ensuring global economic and social order has begun to emerge, with the private sector working in partnership with government to attain those objectives. But the current reality is that of a dramatic fall-off in private sector flows due to the financial crisis. This is both a cause of concern and an opportunity to explore new avenues for private financial flows. There is considerable financial potential for triangular North-South-South investment in such areas as the food and energy sectors, in cooperation with multilateral co-partners.

I turn now to reform of international financial and economic governance. This is the subject of an ongoing and healthy debate. The need to reform the Bretton Woods institutions to make them more representative in order to enhance the perspective, voice and participation of developing countries is more widely recognized now than ever before. I hope a consensus will be reached among the shareholders in the coming months. More generally, while the long-standing idea of a global economic council can be discussed, I have some doubts as to whether that will add value to existing institutional arrangements. The dialogue should focus on making cooperation between the Bretton Woods institutions and the United Nations more effective.

In conclusion, let me say that Saudi Arabia has long acted on the principle that successful economic and social development is in the collective self-interest of the international community. Saudi Arabia regards itself as a developing country, and its development assistance continues to demonstrate solidarity with other developing countries. Saudi development assistance has been highly concessional and in the form of untied aid, a good part of which has been

provided as grants. The level of such assistance has for decades far exceeded the United Nations target of 0.7 per cent of gross national income and has been geographically diverse, reaching a large number of countries in all developing regions.

A final point that I would like to highlight is that Saudi Arabia is also aware of the pivotal role it needs to play in the global economy by ensuring the stability of oil supplies to help meet energy needs internationally. The Kingdom has been playing that role effectively for decades. Its oil policy continues to be based on balanced principles, taking into account the interests of both producing and consuming countries. In that regard, we look forward to the cooperation of the consuming countries in not adopting policies that could adversely affect the oil sector.

The Acting President (*spoke in Spanish*): I now give the floor to Mr. Giandomenico Magliano, Director, Directorate General for Economic Cooperation, Ministry for Foreign Affairs of Italy.

Mr. Magliano (Italy): The economic and financial crisis calls for a prompt and strong response by the international community — be it at the multilateral, regional, subregional or national level — based on the criteria of coherence, coordination and efficiency and on the values of equity and solidarity. The draft outcome document before us is a most useful instrument along that path. The United Nations, by virtue of its founding principles and purposes, its universal character and its presence on the ground is in a unique position to contribute to achieving recovery on a new, more stable and more sustainable basis.

The past 12 months were indeed unprecedented due to the magnitude of the financial and economic events. The crisis is both global and systemic. We have witnessed the transition from the sharp hikes in the prices of commodities, agricultural goods and oil to the most difficult crisis since 1929.

Great efforts have been made so far. Substantial stimulus packages are under way, while huge liquidity has been injected. Important processes towards green growth have been implemented and are about to be further implemented. Italy is confident that the decisions agreed upon within the international financial institutions and those announced in London at the Group of 20 (G-20) summit will respond to the most urgent short- and medium-term needs. Nonetheless, more must be spelled out and implemented, in

particular to benefit the most vulnerable and those who are at greater disadvantage in the face of the crisis.

It is by now clear that none of the challenges the world is facing, from the economic crisis to climate change, from food security and development to peace and security, will be effectively tackled without firm commitments from all sides — developed, emerging and developing countries — to accept their respective shares of responsibility and contribute to shaping new frameworks for global governance. The governance of globalization must be inclusive. That issue has come up strongly at this United Nations Conference.

In that context, Italy is called on for a specific contribution, because of its presidency of the Group of 8 (G-8) for 2009. I will refer here specifically to some of the actions that the G-8 countries, under the Italian presidency, have decided to carry out in order to support the development agenda and the Millennium Development Goals (MDGs), while responding to the economic crisis. As I said, we are fully aware that the poorest countries and the poorest individuals are most at risk, at a time when even their most basic needs are subject to increased strain.

Development ministers of the G-8, who met in Rome on 11 and 12 June, have reaffirmed the commitments on official development assistance and international assistance made at Gleneagles and subsequently confirmed at Heiligendamm in 2007 and at Toyako in 2008. With a view to the G-8 summit to be held at l'Aquila, we are placing special focus on food security that will build on the United Nations Comprehensive Framework for Action.

We hosted the first-ever G-8 ministerial meeting of agriculture ministers. We are committed to establishing, in close cooperation with the High-Level Task Force on the Global Food Security Crisis, the Global Partnership for Agriculture and Food Security. It is expected to be inclusive and open to all stakeholders, including Governments, producers and consumers, civil society and research and development centres. Ensuring reliable access to water supply and sanitation, promoting global health and advancing towards education for all are priorities that, together with food security, the G-8 will focus on in order to advance towards achievement of the MDGs.

Turning to financial markets, these must be fully based on principles of propriety, integrity and transparency. To that end, and complementing the

actions decided by the G-20 in Washington and London, the Italian presidency of the G-8 has promoted the so-called Lecce Framework — Lecce being the Italian town in which the meeting was held — which is a comprehensive set of common principles and standards regarding the conduct of international business and finance. It will be brought to the attention of the leaders at the upcoming G-8 summit in l'Aquila. The Lecce Framework, building on existing international initiatives, aims to create a comprehensive framework meant to bring about further propriety, integrity and transparency in five areas: first, corporate governance; secondly, market integrity; thirdly, financial regulation and supervision; fourthly, tax cooperation; and fifthly, transparency in macroeconomic policy and data. We are committed to making progress with the Lecce Framework, reaching out to broader forums, including the upcoming meeting of the G-20 in Pittsburgh and pursuing the widest country participation.

In line with the principles of the Rome Declaration on Harmonization and the Paris Declaration on Aid Effectiveness, and following up on the conclusions of the 2008 Accra High-level Forum on Aid Effectiveness and the Doha Conference on Financing for Development, the G-8 countries are proposing to development partners a “whole-of-country” approach to sustainable development, aimed at optimizing the coordinated impact of all sources of finance for development: official development assistance (ODA), remittances from migrant workers, domestic resources of developing countries, foreign direct investment, trade and debt relief.

In that context, innovative financing is a most important vehicle for contributing, along with traditional ODA, to raising additional resources to tackle the challenges of the economic crisis and to mitigate its impact on development. That is why the G-8 is encouraging the work of the Leading Group on Innovative Financing for Development, the High-level Task Force on Innovative Financing for Health Systems and United Nations and the Innovative Eight group for the Millennium Development Goals (I-8)/LIFE group, which encompasses existing innovative financing mechanisms.

On this basis, we will work together to further activate innovative instruments, such as advance market commitments (AMCs), the International Finance Facility for Immunization (IFFIm), the air-

ticket solidarity levy, the proceeds from emissions trading, the promotion of public-private partnerships and new forms of voluntary contributions by citizens and private companies.

We heard yesterday and today how important is the contribution to economic growth and development stemming from migrant remittances. We strongly believe that we have to strengthen the resilience of these flows against the crisis. The G-8 is thus supporting the initiative for a global remittances working group, launched by the Italian presidency and coordinated by the World Bank, with the purpose of ensuring more reliable data on remittances and favouring more transparent and safer flows and enhancing their impact on development. The G-8 will work together with all stakeholders, with a view to collectively reducing by half the global average costs of transferring remittances, from the present 10 per cent to 5 per cent, in five years.

In conclusion, Italy looks forward to actively contributing to the follow-up of this Conference, starting with the ad hoc open-ended working group, as well as to the various lines of action envisaged in the draft outcome document.

The Acting President (*spoke in Spanish*): I now give the floor to the Chairman of the delegation of Canada.

Mr. McNee (Canada): It is my pleasure to speak today on behalf of Canada, Australia and New Zealand — the CANZ countries. At the outset I would like to thank all delegations for their constructive contributions to the outcome of this important Conference. My thanks go especially to the two co-facilitators for their excellent work.

This Conference presents a valuable and timely opportunity for us to come together to discuss the risks all countries face as a result of the global financial and economic crisis, with a particular focus on development. The CANZ countries welcome this opportunity to contribute to the further coordination and collaboration between all relevant actors and to help identify where gaps remain in our collective response. At this Conference we are hearing, for the first time, from all States Members of the United Nations, and from developing countries in particular, about the real impacts of the crisis, as well as about what is needed most to spur recovery.

I wish to focus my comments on three critical issues: first, the importance of meeting existing aid commitments; secondly, the critical role of international financial institutions in mitigating the impacts of this crisis on developing countries; and finally, the need to ensure complementary engagement of all actors, including the United Nations.

Of critical importance during this time of financial and economic uncertainty, is a reaffirmation of our shared financing-for-development commitments, particularly with respect to mobilizing all available resources for development in order to achieve sustained economic growth, promote sustainable development and eradicate poverty. The risks are significant in terms of deepening poverty, increasing child mortality and loss or even reversal of development progress towards the internationally agreed development goals, including the Millennium Development Goals (MDGs).

Now more than ever, it is critical that all donors fulfil existing national commitments for international assistance, despite the financial and economic crisis. Canada, Australia and New Zealand are proud of our record in this regard.

Canada is on track to double international assistance to \$5 billion by 2010-11, and we have already met our Group of Eight (G-8) Gleneagles commitment to double aid to Africa by 2008-09.

Australia remains committed to effectively doubling ODA by 2015, and its development budget for 2009-10 commits to increasing aid to Africa by 75 per cent in real terms over 2008-09.

New Zealand's development assistance is continuing to increase and will reach NZ\$ 600 million in ODA by 2012-13, more than doubling 2003-04 levels.

To help those that are most vulnerable to the impacts of this crisis, we have made multi-year pledges to support development in the Americas, Africa, Asia including Afghanistan, the Pacific, the Middle East and Eastern Europe. The CANZ countries have worked hard to focus our aid on programmes that generate employment and economic growth, protect the vulnerable, notably children and youth, contribute to food security and deliver basic health and education services, particularly in fragile environments.

But quantity of aid is only part of the story: aid must also be effective. For too many years, international assistance has not been fully effective because it came with strings attached. We therefore reaffirm our commitment to make our aid more effective. This includes fully untying our aid programmes and increasing transparency and accountability, but also tailoring our responses to the individual needs of development partners. These actions are consistent with our commitments under the Paris Declaration and the Accra Agenda for Action.

Staving off an extended global recession and promoting early recovery are of primary importance in containing the impact of the global financial and economic crisis on all countries, whether advanced, middle- or low-income economies. In that respect, Group of 20 leaders provided a strong response at the London summit on 2 April. The combined \$1.1 trillion commitment to the international financial institutions will help to restore credit, encourage economic growth, promote global trade and maintain employment.

The CANZ countries are also helping out in our respective neighbourhoods. Canada and Australia are contributing to a 200 per cent general capital increase to the Asian Development Bank so that that institution can significantly expand its lending capacity for programmes in the region. Canada will temporarily double the callable portion of its capital investment in the Inter-American Development Bank with a new investment of up to \$4 billion, allowing the Bank to immediately increase its lending capacity in response to real needs in the region. Australia and New Zealand will use the upcoming Pacific Islands Forum Leaders Meeting to focus on supporting an effective response to the crisis and its impact on the Pacific islands.

It is critical that we also address the specific needs of highly indebted countries, avoid a new build-up of unsustainable debt levels and be mindful of safeguarding the significant progress achieved to date.

The CANZ countries will also continue to work with our partners on important governance reforms to the international financial institutions to improve their effectiveness and enhance their capacity to be platforms for international cooperation. That process is currently under way in both the World Bank and the International Monetary Fund (IMF), in line with their respective mandates and governance structures. Beyond those measures, we encourage IMF to urge

national Government responses to effectively address these challenges in a cooperative and consistent manner.

(spoke in French)

The CANZ countries are firmly resolved to oppose protectionism, including by taking concrete steps to liberalize trade, which is indisputably a key component of global economic recovery. We must also strive to successfully manage the Doha Development Round of the World Trade Organization so as to obtain an ambitious and equitable outcome that would restore confidence in the world economy.

One of the main strengths of the United Nations system is its vast network of experts. As a result, the Organization is best placed to assess the effects of the crisis on the most vulnerable countries, including the most fragile States and small island developing States, which is crucial during this constantly evolving crisis. We thus call on the United Nations to continue to play a leadership role in that regard.

We are aware that the United Nations alone cannot resolve the economic crisis or mitigate its effects on developing countries. All development actors, including the international financial institutions, the regional development banks, the private sector and civil society, must collaborate to contribute to the multilateral interventions already in place.

Finally, by working collectively to honour our existing national commitments, we are helping to meet the financial shortfalls faced by the most vulnerable. By recognizing the important role played by the international financial institutions in mitigating the effects of the crisis, we also welcome their efforts to implement reform programmes that will enable them to continue to effectively meet the needs of the developing world. By utilizing the added value of all development actors, we will be better placed to collectively address the development consequences of this crisis.

The Acting President *(spoke in Spanish)*: I now call on the Chairman of the delegation of Saint Kitts and Nevis.

Mr. Bart (Saint Kitts and Nevis): The Government of Saint Kitts and Nevis wishes to associate itself with the statement made on behalf of the Caribbean Community by the Prime Minister of Belize, His Excellency Mr. Dean Barrow.

My delegation is grateful for this meeting for a very simple reason: it addresses one of the most critical issues for us to consider. For many of us, the financial system has collapsed; for others, it is near collapse. The structures that governed us even before this Organization was established are in need of repair, reform and restructuring. We have allowed ourselves to be consumed by a singular quest for profit, and we have lost touch with the principles of benevolence.

The global financial and economic crisis, which we are here to address, did not occur overnight. Rather, it has been an amalgamation of deficiencies in our international system that has delivered these results. It is correct that the global financial system was the spark that lit the current crisis, but it had been smouldering for a long time. Prior to the financial crisis, we encountered an energy crisis and a food crisis. The monetary system had been fragile for an extended period of time, and the various interconnected economic sectors were barely on life support. We socialized risk, and we privatized profits. That is the reality of the current global economic and financial crisis.

We live in an age in which the technological advances that occur continue to transfix and inspire us, and the level of detail that goes into that technological development shows just how far we have come and all that can potentially be accomplished. Therefore, it is particularly sad that, despite all those advancements and the commitments that we made in the first Development Decade in the 1960s and reaffirmed in the Millennium Development Goals (MDGs), many of our fellow human beings are in need of life's most basic necessities. Food, shelter, education and health are beyond the reach of a large segment of the world community. It is imperative that we address basic human needs.

I say this because addressing the ills that plague our societies constitutes a commitment to working together to assist our fellow humans. It suggests the absence of greed and the disappearance of exploitation. With those factors absent, the same mindset would be applied to the economic and financial environments, which could result in a genuine self-regulating framework. My delegation is convinced that that is the best approach.

This crisis has been referred to as the worst since the Great Depression. That suggests that this is the

greatest economic and financial crisis that the United Nations has had to address. The United Nations, however, has long-standing structures in place to deal with the problems presented. It is therefore imperative that Member States throw their full support behind the United Nations in its attempts to alleviate the impacts of this crisis. There is a need to strengthen the United Nations bodies and agencies that have responsibility for bringing the MDGs to fruition. The MDGs are being threatened. We must resist the temptation to place them on the periphery of our attention. Marginalizing them would only exacerbate the problem.

We in Saint Kitts and Nevis see the crisis as a wake-up call. We view it as an opportunity to correct the inconsistencies within the international community and to move forward as a truly global family. The only way forward is through international cooperation. We all have national interests, but we must wake up to the fact that, in this climate, global interests are also national interests. Aid, trade, migration and development are all interconnected variables of the international community that allow its proper functioning. When there is a disconnect in that proper functioning, the whole system self-destructs. That is why we are here today. The system self-destructed owing to the fact that one or more parties had obstructed the natural cohesive functioning of the international community.

It is easy to continue to blame this crisis on a multiplicity of factors, and no doubt Member States can justify each factor that they highlight as a contributor to the crisis. That, however, is not a productive approach. If we are to be honest with ourselves, there are some with varying degrees of culpability. Some Member States contributed significantly to the cause; others remained silent. And there are those whose objections were not strong enough.

We made no contribution to this crisis. We did not remain silent; we objected with every breath we had. But we were ignored.

The damage has been done. To get us out of this dilemma, we have to examine the available options. What we have to understand is that we cannot and must not attempt to pursue these options alone or selectively. That is so because, as we have seen, when one or two sectors in one or two economies start experiencing

difficulties, there is contagion affecting the international community. The solutions have to be all-encompassing so as to ensure that the problem does not recur.

This means that the interests of all Member States have to be taken into consideration. My delegation therefore aspires to see the least developed countries, the landlocked developing countries, small island developing States, the economies in transition and the middle-income States sitting at the same table with the developed countries, implementing policies that can bring about real reform in the international agencies.

The Bretton Woods institutions and other international financial institutions have to be restructured to ensure that Member States are operating on a level playing field. Consideration has to be given to the fact that developing countries have been hardest hit.

For my own country of Saint Kitts and Nevis, this crisis has brought about a rise in unemployment and a shortfall in tourism. We have also experienced decreases in remittances. In addition, as other economies have been affected, we have experienced a fall-off in foreign direct investment and official development assistance. For a small island developing State, that can produce cataclysmic results. If events continue along the current path, we shall face rising crime, a decrease in social services and increased debt.

We are not alone in this. What Saint Kitts and Nevis is currently experiencing and potentially faces is felt around the world. We have to act now to prevent that future from occurring.

Saint Kitts and Nevis supports the idea of a vulnerability fund. It is through such a fund that the impact can be mitigated. My delegation also supports the establishment of an ad hoc open-ended working group of the General Assembly to follow up on this Conference — one that is proactive and time-sensitive and that addresses specific benchmarks. We believe that constant monitoring once this crisis has abated will be the best means of preventing a recurrence.

Saint Kitts and Nevis also supports coordination and cooperation between the United Nations and the Bretton Woods institutions. Reform and transparency of all of these institutions are necessary, as they are tasked with the responsibility of advancing human development. We feel strongly that the United Nations

must have an increased role in international economic governance.

While we grapple with the impact of the financial and economic crisis, it is necessary to ensure that important areas are not ignored. The issue of climate change has to remain in our collective consciousness. The threat of climate change will not diminish because of the crisis, and it may get worse if we ignore it for the moment. The fight against HIV/AIDS and other chronic diseases and pandemics must not cease. The need for financial assistance in combating the scourge and addressing its treatment remain vital.

The Millennium Development Goals on the whole should be constantly placed in a central position of all deliberations, policies and initiatives. That would ensure that the recovery to this crisis would follow a sustainable and holistic approach.

In our quest to emerge from this crisis, it is imperative that we not single out the vulnerable economies and industries to use as scapegoats. In this regard, we have to be careful in our approach to addressing the issue of offshore financial services. That is so when there is no suggestion of considering replacement economic activity or assistance for those countries whose services are targeted. My delegation agrees that transparency and good governance are necessary. However, we do not agree that the services provided by these small developing independent Member States are the overriding problem. Targeting them to make them an example is not the best strategy.

We know that when the dust settles, there will continue to be a need for such services. My delegation believes strongly that in addressing this issue we must have a level playing field. The end product must not be the protection of the few by their strong and powerful international partners, while the services provided by small developing independent Member States have been destroyed. It is only when there is a level playing field that one can consider the question of targeting those who are non-compliant.

As we move forward, let us be reminded of the technological advances that have been made since this millennium began. Those were initiatives that occurred as a result of collaboration and a shared vision of a brighter future. Let us use them as our guide and ensure that the international community emerges from this test strengthened, more informed and considerably improved.

The Acting President (*spoke in Spanish*): I now give the floor to the Chairman of the delegation of Cameroon.

Mr. Tommo Monthe (Cameroon) (*spoke in French*): First of all, allow me to pay tribute to the President of the General Assembly, Father Miguel d'Escoto Brockmann, who in the current international context of growing interdependence has displayed far-sighted initiative in convening this Conference on the world financial and economic crisis and its impact on development.

I would also like to pay tribute to the co-facilitators, the Permanent Representatives of the Netherlands and Saint Vincent and the Grenadines, for their endeavours throughout the process of preparing the draft outcome document. I also hail the Secretary-General, His Excellency Mr. Ban Ki-moon, and his team, for their constant support in the preparations of these meetings.

The current financial and economic crisis is particularly grave. Its most devastating effects are being particularly felt in the poorest countries. The report of the Secretary-General (A/CONF.214/4), issued to support our work, gives us a clear picture of this situation.

As regards my country, Cameroon, for example, the indicators show a net loss in budgetary income other than external financing of approximately 71 billion CFA francs, close to \$155 million, over the first half of 2009. That represents a decline of 14.2 per cent compared with the same period last year.

The situation can be explained by, among other things, volatile prices and the decline in demand for our export products such as timber, cotton, aluminium and rubber. That gloomy picture is compounded by, among other things, the drop in oil prices as well as a decline in capital and private investments. As a result, Cameroon has for months been faced with a weakened balance of payments, a risk of weakening public investment, in particular in the areas of infrastructure and public services, and increased unemployment and reduced household purchasing power.

Faced with that situation and under the impetus of His Excellency President Paul Biya, the Cameroonian Government has adopted a set of counter-cyclical measures, including the development of our productive sectors, better access to markets and

the opening up of productive areas as well as the continued construction of energy infrastructure. Other measures include efforts to improve the business environment and governance, facilitation of the lifting of bank security requirements and continued efforts to limit risk.

In cooperation with economic actors, the Government decided to reduce the price of basic commodities, in particular food products. In the subregion, the Bank of Central African States lowered its prime interest rate in March, from 4.75 per cent to 4.5 per cent. Moreover, the countries of the Central African Economic and Monetary Community have agreed to set up tax incentives and create a support fund for the sectors most affected by the crisis. We are considering measures aimed at facilitating access to credit, in particular to benefit small and medium-sized enterprises and industries. Of course, those measures will make sense only if they are matched by adequate financing.

In that regard, Cameroon has taken note of the decision of the Group of 20 leaders at their London summit to inject more than \$1 trillion into the global economy through the International Monetary Fund. My country is of the view that those resources should be granted without conditionalities in order to support the counter-cyclical measures taken by the countries of the South. Moreover, it should be noted that resources alone cannot meet the urgent needs of the developing countries. Hence, additional sources of financing must be explored.

It is worth recalling the need to firmly implementing the 30-year-old commitment of the rich countries to allocate 0.7 per cent of gross domestic income to official development assistance. Following up the work of the Commission of Experts chaired by Joseph Stiglitz, one might also envisage that, as they support their own economies financially, the rich countries might allocate to the South 1 per cent of the funds in their recovery plans. Such an initiative could become part of a global economic recovery plan as a way to ensure that we collectively extricate ourselves from the crisis. Of course, that is a measure that requires true political will on the part of our development partners, who have repeatedly affirmed their commitment to easing the effects of the crisis on the poorest countries.

The necessary increase in aid would, however, have limited effect if it is not underpinned by appropriate management methods based on the principles of predictability, harmonization, monitoring and evaluation of results, in line with the national priorities of the beneficiary countries. Moreover, development partners should undertake an innovative sectoral distribution of resources in order to find the necessary balance between the social sector and the productive sector that would ensure sustainable growth.

The problems associated with the development of the countries of the South cannot, however, be addressed solely in terms of volume and quality of aid. They also require the establishment of a more equitable international trading system. The architecture of the international trade system must be changed with an emphasis on a compensation mechanism for commodity exporter countries which would protect them against market distortions.

The financial and economic crisis the world is experiencing today shows that the globalization of the economy and of markets has not been accompanied by adequate regulation of the financial system and macroeconomic policies. The widespread dogma of the self-regulation of markets has led to the self-destruction of those markets. Thus, if we are to resolve those problems in a sustainable manner, it is essential to reform the international financial and monetary system. In other words, one cannot indefinitely shy away from the need to put in place a system of world economic governance that can regulate the financial markets and provide oversight of macroeconomic policies in order to quickly identify and resolve the imbalances which have led to the current situation.

The systemic flaws revealed by this crisis, as well as the propagation of its effects, requires a coordinated global response at the international level. Globalization and the global character of the crisis both demand — in whatever form and of whatever scope — a reform of the international financial and monetary structures and their governance and working methods.

Better representation of developing countries within those structures is not a demand that is being made on principle; it is an ethical requirement and a necessary precondition for the system's effectiveness. From that standpoint, several years ago the Cameroonian head of State, from this rostrum,

proposed the creation of an ethics committee within the United Nations.

Now more than ever, the economic environment has a direct impact on the well-being and the future of humankind, and it must be considered to be a worldwide public good. Such a good can be managed only through an inclusive multilateral approach. Hence, the advent of a new world economic governance should be considered, with enhanced inclusion of the developing countries in international decision-making processes and bodies. As noted in the recent report of the United Nations Conference on Trade and Development on systemic failures and economic cooperation,

“The United Nations must play a central role in guiding this reform process. It is the only institution which has the universality of membership and credibility to ensure the legitimacy and viability of a reformed governance system.” (*UNCTAD/GDS/2009/1, p. iv*)

In conclusion, it is vital during these difficult times for our national concerns to properly take into account the future of the human community as a whole. Combating poverty and inequality should not be at the expense of a great leap forward for humankind. If we continue to be selfish, as was the case during the crisis of the 1970s, and if all of us are not ready to bring responses steeped in humanity to the current situation, our conferences will continue to consist of recycled partisan speeches and statements that are out of step with the higher common interests of humankind, of which peace, security and well-being for all are the most vital.

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

Mr. Elisaia (Samoa): We meet against the backdrop of a financial and economic crisis of global proportions, unparalleled since the Great Depression. With its epicentre in a few developed countries, the reach of the crisis has now engulfed the entire world. In an increasingly integrated world economy, a crisis of such magnitude recognizes neither borders nor cultures. All countries are affected whether or not they contributed to the root causes of the crisis. Even the strongest and most advanced economies have not been spared.

The repercussions of the financial crisis across the globe have been uneven. Some economies have the capacity and resilience to weather the recession unaided. Others with influence and status can ride out the temporary setbacks with the support of friends and financial institutions. The rest, the vulnerable and least able to cope with the dire consequences of the financial crisis on their own, are the most acutely affected. Samoa, a least developed country and a small island developing State belongs to the latter category.

Through no fault of theirs, the global recession has compounded the vulnerability of the least developed countries and small island developing States in the wake of the converging crises of food, energy and climate change, and now a global health epidemic.

These groups played no role in the origins of these crises, yet their global exposure and their increasing interdependence with the rest of the world means that they are no longer immune from the impacts of such catastrophes. Sadly, their level of economic development and their structural vulnerabilities make their recovery from any crisis, natural or man-made, all the more difficult and painful.

Globally, the financial crisis has placed at risk many hard-earned development gains made so far. For most countries, the achievement of national and internationally agreed development goals will be either delayed temporarily or derailed for an indefinite period. Not knowing the depth, severity and extent of the financial crisis makes forecasting how bleak the global economic outlook will be a nearly impossible task. But there is a single certainty: limited economic gains by the vulnerable groups acknowledged by the United Nations will be eroded further, causing in some cases a reversal of modest progress achieved to date in their national development efforts, pushing the Millennium Development Goals further from their reach.

Mr. Tommo Monthe (Cameroon), Vice-President, took the Chair.

The financial and economic crisis is a global problem requiring a global response. It cannot be wished away or postponed for others to deal with. To be effective, we must act decisively now. Otherwise our efforts will be severely inhibited and the realization of our development aspirations uncertain. That is why Samoa welcomes this timely opportunity to contribute to the collective search for solutions so that we can

avoid slipping deeper into a global recession with no immediate end in sight.

The draft outcome document of our Conference presents a consensual synopsis of the financial crisis and its causes and impacts, remedial actions and a proposed way forward. These had been agreed extensively through an intergovernmental process and need no further reiteration. Special mention, though, should be made of the support by the Conference for the current and planned reforms of global financial and economic governance and the need for increased and meaningful cooperation between the United Nations and the international financial institutions. These represent positive steps that must be heeded and implemented in earnest.

Clearly, if these succeed, it will bring forward the stabilization of the global financial system and the world economy with the important dividend of flow-on positive effects for weak and struggling economies such as those of the least developed countries and small island developing States.

To provide context for the real impact of the present depression at the local level, let me share my country's experience. In the past, Samoa's isolation and limited integration into the global economy shielded us from the direct impact of major external crises, but not anymore. Interconnectedness through the financial markets guarantees that Samoa will always be affected, no matter what. And the current crisis has clearly demonstrated that.

The immediate and more visible impact of the financial crisis has been on the reduced production and export of automotive wire harnesses, resulting in job cutbacks at the biggest private-sector employer of 70 per cent of the Samoan workforce involved in this activity. The extent of the job losses is a severe blow to the economy and to our Government's employment drive. As well, the forthcoming closure, in September, of one of the tuna canning operations in American Samoa will affect our fish exports and, indirectly, the level of remittances from that source. Eighty seven per cent of the more than 2,000 active cannery workers to be laid off are from Samoa.

Both examples highlight our inability to influence the outcome of external events on vital activities on which our economic sustainability is intrinsically reliant.

Tourism and remittances are our Government's main revenue earners. They unfortunately are very susceptible to external factors. Not surprisingly, the economic downturn has had an impact on both activities. Overall, total remittances for Samoa declined in real terms in 2008, with the trend continuing this year due in part to overseas markets weakening and putting pressure on our people.

Any immediate negative impact of the crisis on tourism, which contributes about 35 per cent of our foreign exchange receipts per annum, has largely been cushioned, at least for the time being, by the implementation of pipelined projects and related commitments previously agreed to. Still, total tourism earnings fell by an estimated 7.6 per cent in real terms, and, given the precarious nature of the tourism industry, we may see that downward trend continuing this year.

Samoa last week had its first positively-tested swine flu case and such development could affect the number of tourist arrivals, not to mention the need to ensure that the flu is contained and that it does not reach epidemic proportions.

All told, the current high level of inflation, driven by rising prices of food and fuel, along with the continued contraction of the economy in terms of real gross domestic product is a major concern to our Government.

Samoa is midway through the transitional period before graduating next year from the group of least developed countries. The catastrophic impact of the global recession on our economy during this critical phase, though largely unplanned, has nevertheless affected our efforts to meet the proposed graduation deadline set by the General Assembly. These impacts, both on our economy and on our people, are real and plain to see.

The economic recession has not exempted anyone, Samoa included. And while we do not want to use that as grounds to seek special dispensation, we feel justified at this juncture in doing so. Under the circumstances, Samoa intends to request through the appropriate United Nations organs an extension of the smooth transitional period for least developed countries beyond December 2010, especially if its economy has not by then recovered fully from the effects of the global economic crisis to pre-crisis levels.

No doubt, other least developed countries similarly affected by the economic downturn will be willing and able to lend their support to such a plea. Samoa is optimistic also that its development partners and the rest of the United Nations community will be sympathetic and understanding. Now that will take the form of practical recovery assistance and a tangible expression of support by Member States to give those in this specific category a fighting chance to achieve the internationally agreed development goals, including the Millennium Development Goals.

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

Mr. Outlule (Botswana): Allow me at the outset to pay tribute to Mr. Miguel d'Escoto Brockmann for his wise and effective leadership and also for having convened this extremely important and historic Conference.

It is very hard to believe that what started off as a financial crisis in developed countries has now become a global financial and economic crisis that has spread to all regions of the world, retarding development and causing untold economic hardship and misery in the process. The reality is that it is mostly people in our part of the world who have been most severely affected by the current global economic crisis. This is unfortunately the same constituency of people that, not so long ago, had begun a steady climb out of the parallel steep cliffs of the food and energy crises.

For some, the promise of assistance from near and far never materialized. For others, much-needed help came, but too little and too late. While developing countries are the least responsible for the crisis, they are nonetheless the most severely affected by it. It is those countries that bear the brunt of its impact as it turns into a human and development calamity.

It is sad that the most adversely affected in our societies are vulnerable groups, including women and children. This crisis has also had a serious adverse impact on global efforts to fight poverty and unemployment. It will undoubtedly impede developing countries' efforts to attain internationally agreed development goals, including the Millennium Development Goals (MDGs).

I speak on behalf of a country that less than four and half decades ago was one of the world's obscure and poorest, with only 10 kilometres of paved road

surface, one public secondary school, as low as a 34 per cent of adults who were literate, and a total government expenditure of a little over a million dollars, 51 per cent of which was funded through grants and soft loans.

It is discomfiting to note that a very recent report of the International Monetary Fund indicates that the world economy is likely to contract much more steeply than had initially been anticipated. This signals the need for another downward adjustment in expenditure plans for most of our economies, and with it a possible derailment of the attainment of the goals espoused in our national development plan and, in the case of Botswana, our National Vision 2016 and the Millennium Development Goals.

Even with its middle-income status, Botswana faces the risks of reversal of the modest development achievements we have made over the years. Just as at the time that Botswana became part of the United Nations family on that Monday, 17 October 1966, the greater belief rests in finding a resonance of similar voices in this hallowed hall.

It is also fitting and proper that the United Nations should host this Conference, for it is here at the United Nations, more than anywhere else, that the echoing majority of our small voices can present the conviction to the world that there are some of us whose very essence of livelihood is threatened by the crisis. This gathering at the United Nations thus gives equal opportunity to countries of the world, large and small, weak and powerful, rich and poor, to propose remedial measures and solutions to the crisis.

The United Nations offers a unique intergovernmental platform where the coordination of various commendable international efforts and initiatives already under way, such as the implementation of the decisions of the April 2009 London summit of the Group of 20, can be realized.

My delegation therefore fully supports the recommendations contained in the draft outcome document of this Conference, especially those that give support to measures enhancing regulation, supervision and transparency in global financial systems. Measures including early warning systems on financial risks and action to address such eventualities are needed in order to promote fairness and responsibility. This crisis challenges us to rethink some of the basic assumptions of our economic policies, particularly the overly

optimistic belief in the ability of markets to regulate themselves.

The current crisis has also necessitated that consideration of reform of the international financial architecture be given utmost priority. The current reality also mandates that the major lending houses such as the Bretton Woods institutions and other international financiers should align themselves with the noble call for equitable representation, allow more participation by emerging markets and permit greater say for developing countries.

In order to give effect to the universal and central role of the United Nations in promoting recovery efforts of developing countries, refocusing their development agenda and protecting their development gains, the collective force of all Member States is of utmost importance.

While my delegation supports the encouragement of countries in a position to stimulate their respective economies to do so, I need to highlight the predicament faced by middle-income countries such as my own, whose heavy reliance on one major export commodity has left it extremely vulnerable and overexposed. The need for special attention to this category of countries is therefore critical to making the stimulus work for all.

The Acting President: I now give the floor to the Chairperson of the delegation of Kazakhstan.

Mrs. Aitimova (Kazakhstan): Based on the statements of previous speakers it is not difficult to conclude that no State by itself can address the escalating challenges of the world financial and economic crisis. Moreover, countries also have to find collective solutions to ensure food and energy security, as well as to mitigate the consequences of climate change. In that regard the present Conference has demonstrated the exclusive coordination and mediation role of the United Nations, as a platform for inclusive discussion of pressing issues, including the formulation of strategies to mitigate the effects of the current crisis and to prevent future crises.

Reforming the international financial and monetary system, reviewing approaches to and mechanisms of the world economy and renewing the global financial and economic governance system are among possible solutions to problems generated by the crisis. The forthcoming reforms must focus on acknowledging the realities of the modern economy in

order to bring the global financial architecture into consonance with the principles of democracy, justice, transparency, legitimacy, equity and accountability to the international community.

Kazakhstan attaches utmost importance to reforms of the international financial institutions that will increase the level of representation and help realize the rights of developing countries to participate in the decision-making of the Bretton Woods institutions, as well as in the surveillance and monitoring of the implementation of such reforms.

The President of Kazakhstan, Nursultan Nazarbayev, was among the first to suggest a review of the principles of global financial governance and consideration of the introduction of a supranational currency unit that is tied to major regional currencies. Our President has also proposed developing an international legal instrument on a single world currency and eventually establishing a world currency issuance centre, an anti-monopoly committee and a free market committee.

We believe that the International Monetary Fund (IMF) is the only institution that will, in the long run, be able to facilitate the transition to a single world currency. In the medium term, the Organization could undertake the responsibility of ensuring the establishment of fair regional currency systems.

We are firm in our belief that, in the post-crisis period, the implementation of any anti-crisis measure should be agreed upon among United Nations Member States in order to create conditions for open trade and the joint financing of investment infrastructure projects, with an enhanced role for public-private partnerships and more active use of existing opportunities offered by regional economic systems and zones.

Kazakhstan, as a part of the world economy, has also felt the negative impact of the global financial and economic crisis, particularly the steep decline in prices and in the aggregate global demand for raw materials. The lack of liquidity has had an adverse effect on industrial growth indicators, which 2008 figures show decreased by 4.6 per cent.

The Government's swiftly developed anti-crisis programme and the resources allocated from the national fund have enabled us to respond effectively to emerging challenges and to reduce the risk of the

potential negative impacts of the global recession without appealing for external aid or loans. It should also be noted that the national anti-crisis programme, to which \$19 billion — or 14 per cent of the country's gross domestic product — has been allocated, has been amended in order to fully reflect ever-changing conditions.

According to an IMF forecast, Kazakhstan will have an economic growth rate of 1 per cent in 2009; this corresponds with the Government's estimate. Our future actions will continue to be aimed at diversification of the economy, which we have rightly chosen as our path towards post-crisis development in order to permit the long-term, sustained social and economic well-being of our people. Despite some negative economic growth conditions, the Government of Kazakhstan continues to fulfil its obligations by not cutting State allocations for the social sector and, furthermore, intends to strengthen social safety nets.

Undoubtedly, the current crisis has resulted in a slowdown in global economic growth, a decrease in the volume of world trade, higher poverty and unemployment rates and alarming numbers of undernourished people — all of which have escalated social tension. At the same time, the achievement of the Millennium Development Goals (MDGs) and financing for development in previously committed amounts have been jeopardized.

Despite those crisis circumstances, the well-being of people and human security should remain priorities for development in all countries, because the protection of individuals from the risks and threats posed by the sudden economic downturn is undoubtedly an important aspect of the quality of life.

In making the transition to the principle of global responsibility in the interests of development, each country should bear individual responsibility and contribute to mitigating the consequences of this global crisis. Protectionist measures by States that negatively affect free trade, including price dumping and established trade barriers, only exacerbate those consequences. Therefore, it is important not to allow any disproportion or imbalance in cash flows, which could adversely affect certain economic sectors in various countries and regions throughout the world.

The promotion of trade in times of economic downturn and the fulfilment of the commitments set out in the Almaty Programme of Action are becoming

crucial for Kazakhstan, as a landlocked country. In that regard, I would like to emphasize the importance of coordinated international efforts at all levels to develop the transport infrastructures and trade systems of countries in special situations, which could provide them with access to world markets.

Kazakhstan shares the view of many that it is important to honour all previously announced international commitments with respect to financing for development and to provide emergency assistance under the renewed procedures of the international financial institutions. Crisis response measures at the global, regional and subregional levels should include the strengthening of international cooperation and the establishment of innovative forms of partnerships in financing for development.

In conclusion, I would like to note that the global financial and economic crisis has enabled all United Nations Member States to acknowledge their strong and weak positions, to reflect on mistakes that can serve as lessons and to indicate areas of huge potential and objective preconditions for ensuring sustainable prosperity for all.

The Acting President: I now call on the Chairman of the delegation of Indonesia.

Mr. Natalegawa (Indonesia): I should like to begin by expressing my delegation's appreciation to Mr. D'Escoto Brockmann for the commendable organization of this Conference. My delegation joins others in acknowledging its critical importance. Our appreciation goes also to the Secretary-General for leading the United Nations system in mitigating the impact of the crisis on developing countries.

Today, the world economy is still grappling with the financial crisis that has affected each country in different ways. Some have seen declines in trade balances and the balance of payments and rapid increases in unemployment. For many developing countries, the impacts have been even more severe, endangering the attainment of their national development objectives, including the Millennium Development Goals (MDGs). Poverty and hunger are also increasing.

If there is a silver lining to this crisis, it is a reinforcement of the importance of multilateralism — of a global approach in addressing the financial and economic crises. Indeed, our gathering here at the

United Nations reflects our commitment to moving the multilateral process forward. That strong collective commitment is reflected in the draft outcome document to be adopted in the course of our Conference. The document provides a platform for an inclusive and transparent multilateral process to mitigate the impact of the crisis on development, as well as for the discussion of ways to reform the international financial and economic system.

Indonesia welcomes the international community's urgent resolve, including that of the leaders of the Group of 20 (G-20), to take concrete actions to address the global financial crisis. As part of the global thrust, our Conference and the follow-up process need to build on efforts that have been made — such as those of the G-20 — and on various regional initiatives. We must ensure continued synergy and harmony in all future actions designed to keep the global economy vibrant and to restore the functioning of the national, regional and international financial and monetary systems.

One action of immediate importance at the international level is to limit the impact of the crisis on human development. Developing countries must be assisted in their mitigation efforts, including by providing access to resources through a stimulus package. The United Nations development system needs to be supported in order to enable developing countries to effectively implement their various mandates and to assist developing countries in minimizing the impact of the crisis on human development. Thus, Indonesia's participation in the G-20 has been guided by the need to ensure that developing countries' efforts to mitigate the crisis are duly supported by the Group.

Reforming and strengthening the international financial and economic system and architecture must also be an integral part of the global approach to addressing the crisis. Central to this will be reform of the governance of the international financial institutions, ensuring that developing countries and emerging markets have greater voice and greater representation and participation in the policies and decision-making processes of the institutions.

It is important that reform include strengthening the ability of the International Monetary Fund (IMF) to consistently and even-handedly implement its core mandates. The IMF should also better undertake

independent macroeconomic surveillance and provide an effective early warning system. Reforming the IMF's lending practices and conditionalities and their effects on developing countries is also central to ensuring its credibility and effectiveness.

In many regions, cooperation to mitigate the impact of the crisis has proceeded apace. In the case of the Association of Southeast Asian Nations (ASEAN), we have responded by promptly coordinating our policies and actions, including by adopting expansionary macroeconomic policies. Under the ASEAN+3 — ASEAN plus China, Japan and the Republic of Korea — initiative, we have agreed to implement a \$120 billion bilateral swap arrangement called the Chiang Mai Initiative multilateralization, as well as to develop a more robust and effective surveillance mechanism to support the operation of the Initiative. Those steps may well provide important lessons learned for efforts at the international level.

Although the financial crisis has cast a dark cloud over the global economy, the situation in Indonesia has not been completely bleak. We expect gross domestic product (GDP) growth of 4 to 4.5 per cent in 2009. Our foreign exchange reserves have remained healthy and are able to cover our imports. Much of our ability to endure the crisis has been due to the reforms undertaken as a result of the financial crisis that took place from 1997 to 1998.

In addressing the current crisis, we have been more proactive and transparent. To mitigate its multifaceted impact, we have implemented multifold programmes. An expansionary budget with a stimulus package equal to 1.4 per cent of our GDP is being implemented. While that will cause an increase in our current budget deficit, we recognize that the economy must be strongly stimulated to avoid the worst effects of the crisis. We are ensuring foreign exchange stability and confidence in the rupiah, making sure that trade finance is available to protect our trade flow. Indonesia is also boosting anti-poverty programmes that help to reduce unemployment, and we are strengthening our social safety net to cushion the impact of the crisis on the poorest of our poor.

Our focus on development in addressing the impacts of the global financial and economic crisis must not lead us to lose sight of other equally detrimental crises and their negative effects on the development process. We must therefore address the

financial crisis in concert with efforts to overcome the food, energy and climate change crises. The response to those crises provides an opportunity to promote efforts to attain green economic growth. That pursuit is in line with global endeavours to combat climate change. We must therefore act together to advance the implementation of the Bali Road Map and Plan of Action and ensure the success of the Climate Conference to be held in Copenhagen in December of this year.

The international community is called upon to act in unison, commit to reform and strengthen the financial and economic architecture. Long-term solutions to problems that have plagued the global economy for decades can now be attended to in a comprehensive manner with boldness and determination. To that end, we must work to strengthen the United Nations system and reposition it at the centre of the international social and economic decision-making process. The Charter is clear on that matter. We must act on this and make certain that we do not waste this historic opportunity to secure a better development system for all.

The Acting President: I now give the floor to the Chairperson of the delegation of Colombia.

Ms. Blum (Colombia) (*spoke in Spanish*): Colombia values this United Nations dialogue as an opportunity to promote international coordination, support efforts to overcome the world financial and economic crisis and mitigate its effects and reaffirm our commitment to development.

It is clear today that the economic and social repercussions of the crisis have reached all regions of the world. The depth and scope of the situation require global responses. This should also be seen as an opportunity to redouble efforts on such common goals as eradicating poverty and consolidating a global partnership for development. In particular, we hope that this Conference can contribute to advancing the United Nations agenda with regard to the attainment of the Millennium Development Goals and the international commitments emanating from the Monterrey Consensus.

It is crucial that the Assembly promote, in a constructive spirit and with solidarity, various ongoing initiatives such as the processes taking place in the framework of international financial institutions and the actions planned by the Group of 20 (G-20). The

draft document to be adopted by this Conference represents a step in the right direction. It encompasses areas in which the contribution of the United Nations system can be effective and complementary to the action of other institutions. I would like to take this opportunity to acknowledge the important leadership of the co-facilitators in the intergovernmental negotiations to achieve a positive and balanced outcome.

With regard to mitigation, Colombia would like to highlight the importance of fiscal stimulus packages, counter-cyclical measures and international cooperation making a contribution to effectively addressing the needs of the developing world in strategic areas for medium- and long-term economic sustainability, such as infrastructure, the environment, employment, education and health.

Likewise, the crisis provides opportunities to give new impetus to the strategies aimed at improving the impact and scope of multilateral cooperation, including the work of United Nations funds and programmes. Colombia recognizes the contribution of current intergovernmental processes on aid effectiveness and the principles of the Paris Declaration in making progress towards ever-more transparent and results-oriented international cooperation, in line with the priorities of recipient countries.

Furthermore, my country joins the calls to resist protectionism in trade, finance and migration. Restoring global economic confidence also depends upon the ability to reassert our commitment to the trade in goods and services as an engine of development, as well to the benefits of increasingly free flows of labour.

We would also like to emphasize the central role of financial stability and funding in reducing poverty. With proper regulation, greater financial liberalization facilitates investment in developing economies through domestic banking systems and capital markets, which offer alternative sources of development resources.

The elements of the monetary and financial policy that Colombia believes are essential to overcome the crisis and improve the international financial system fall within five main areas: ensuring greater consistency in macroeconomic policies at the global level; adopting of codes of conduct, improving information flows and strengthening oversight and regulation; safeguarding the autonomy of developing economies; designing a network of regional and

subregional organizations that support international monetary and financial management; and strengthening and reforming international financial institutions, including the International Monetary Fund, with a view to providing international liquidity in times of crisis.

With regard to reforming and modernizing the international financial system, we must increase efforts to strengthen institutions to serve the interests of countries and be able to respond efficiently and transparently to the needs and efforts of public and private sector actors.

Strengthening the multilateral financial institutions is vital in the current crisis scenario and in implementing strategies to revitalize the global economy. In this context, increasing the financial capacity and creditworthiness of the regional development banks is a strategic priority. In the case of Latin America and the Caribbean, the Inter-American Development Bank provides more than 50 per cent of multilateral financing. Colombia supports the recent measures to increase the ordinary capital resources of the Bank and of its Fund for Special Operations, which serves the five most vulnerable economies in the region.

Furthermore, I would like to stress the importance of promoting measures at the national level in order to improve macroeconomic management, strengthen institutions and continue to promote gradual integration into the international economy, with an emphasis on long-term criteria for financial markets and on promoting the expansion of financing for small business. Those five areas form the core of Colombia's agenda to promote a sustainable financial system that supports growth, equity and stability.

Allow me in conclusion to reaffirm Colombia's commitment to providing momentum to dialogue and to the actions needed to address the vast needs and vulnerabilities of developing countries at this time of crisis. That should be a continuous commitment for all entities of the United Nations system and other partners in the international community.

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

Mr. Akçay (Turkey): Allow me first to thank Mr. Miguel d'Escoto Brockmann for having convened this Conference to discuss the global financial and economic crisis and its impact on development. It is a

great pleasure for me to address this gathering. I believe this Conference constitutes a timely opportunity to discuss and consolidate efforts to shape the international architecture.

Turkey has aligned itself with the statement made by the representative of the Czech Republic on behalf of the European Union (EU). I would now like to speak about Turkey's own experience.

It is evident that we are passing through one of the most striking downturns in the global economy. Although it started in developed countries, developing economies are also affected through commercial and financial channels. The financial crisis was preceded by an upsurge in food and energy prices. The three interlinked crises created a bleak environment for development and poverty eradication efforts and reversed some important gains on those fronts. This contraction caused a dramatic increase in unemployment.

The Group of 20 (G-20) summit made important progress and produced tangible results in response to the challenges posed by the crisis. I believe that the real commitments made and the common ground reached by G-20 leaders have provided important momentum. As a member of the G-20, we will follow the implementation of those commitments. I also believe our gathering today will contribute to sustaining the momentum and taking it further.

My country is also affected by the global crisis due to its high degree of economic integration into the world economy. The global slowdown in production, consumption, investment and trade volume has also affected our economy. As a consequence, growth has declined and unemployment has reached peak levels.

However, the soundness of our banking sector, a result of a comprehensive reform process, limited the negative impacts of the crisis. In addition, the absence of toxic assets in the balance sheets of our banks prevented write-downs.

On the fiscal front, Turkey has benefited from prudent policies and crucial structural reforms implemented over the last seven years. As a result of sustained fiscal discipline, we reduced public debt ratios significantly. This sound fiscal stance helped us to deploy several stimulus packages. In this respect, several taxes were reduced temporarily; social security contributions and non-financial burdens on employers

were lowered; unemployment insurance payments were increased; and infrastructure expenditures and transfer payments to local governments were increased.

All the measures that we have taken to tackle the crisis have nothing to do with protectionism and fully coincide with EU and World Trade Organization (WTO) rules. We find merit in the existence of free markets, and we expect the same approach from all of our partners.

Based on the broad consensus on avoiding protectionism, we would like to call on the Secretariat to prepare a report in collaboration with the WTO on all new barriers to trade and their effects on the world economy within the past year. It is also extremely important that the Doha negotiations be successfully concluded. Political determination and vision are needed more than ever.

The current crisis has showed us the impossibility of overcoming its negative effects through responses by individual countries. Thus, we should develop a globally shared vision and a common action plan without sidelining any particular country groups.

The crisis has also expanded the consensus on the urgency of effecting broad global institutional reform, including stronger governance frameworks, higher transparency standards, empowered surveillance, and more institutionalized crisis prevention and management processes. As a part of this initiative, a series of reforms in international financial institutions has to be undertaken in order to enable those institutions to better reflect the current global economic landscape. We especially welcome efforts aimed at empowering the developing countries in terms of voice and voting power.

Today, we have seen that in an interlinked world, our destinies are bound together and that every single nation has to endure the mistakes made by others.

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

Mr. Gutiérrez (Peru) (spoke in Spanish): All of us are familiar with the diagnosis and the scope of the serious situation of the global economy. It began with a sudden fall in real estate prices, but has now become a global economic crisis that affects the real economy and is having a worldwide impact. For that reason, all countries — even those like Peru that were not at the origin of this phenomenon — must join together in

finding effective solutions. The various rescue plans offered successively over the past six months by the United States, the European Union, Japan and, most recently, the Group of 20 have generated enormous sums. But despite that, their effects have been limited, which makes it vital that all stakeholders in the international system take more substantial action.

In that regard, let me highlight some elements that we consider to be vital with respect to this crisis. First of all, continuity of international trade flows is essential so that all countries, in particular developing countries, can maintain income levels that enable them to tackle the current global financial crisis.

The temptation to erect tariff and para-tariff barriers is especially negative in that regard. There is an urgent need to effectively open up markets, with a view to easing the effects of the current crisis. To that end, we believe it is essential to carry out a sustained fight against all sorts of protectionism, successfully conclude the World Trade Organization Doha Round and reaffirm our commitment to the multilateral trading system.

Yesterday, at the round table on the international financial system and architecture, Professor Joseph Stiglitz, winner of the Nobel Prize in economics, said that the responses to the crisis to date had been limited because they lack a comprehensive dimension. On the one hand, that means that it is necessary that we harmonize our various approaches to the crisis and not focus solely on the financial aspect. But it also means that all countries must be involved in developing a response to the crisis.

In that regard, the call for greater participation by countries that are less involved in the international economy and finances is well grounded, for the effects of the decisions taken by larger economies have effects on those countries as well as repercussions beyond their borders as a result of fluctuations in capital and trade.

In order to emerge from the crisis and avoid its recurrence, it is necessary to go beyond banking and financial regulation. We must address the basic issue of re-energizing and expanding multilateralism. The United Nations should play a fundamental role while taking part in the reform process and the dialogue to be held with regard to the new global financial architecture and acting as a bridge between the various

decision-making bodies with regard to economic and social development and environmental sustainability.

It is also crucial for there to be better and more rigorous regulation of capital flows, as well as for simplification, reduction, harmonization and transparency in financial instruments. At the moment, the real economy and the financial economy are divorced from one another. So long as capital flows are monitored in the immediate or short term, the real economy is forced to operate in accordance with lapses in production and with a longer-term perspective in order to realize gains. As a result, financial instruments should be regulated in line with developments in the productive sector of the economic system in order to reduce short- and medium-term speculation and ensure that shares and other financial instruments serve to support business in the medium and long term.

Unfortunately, as pointed out in the report of the Secretary-General (A/CONF.214/4), joint steps have not yet been taken to protect migrant workers, who are subject to new restrictions, including, in some cases, expulsion from host countries. We should put an end to new restrictions against those workers, whose labour has been decisive in promoting the development of industrialized economies.

With regard to the draft outcome to be adopted in the course of this important Conference, we would like to emphasize five aspects that we hope will be taken into account in the process that will follow its adoption.

The United Nations system should have a pivotal role in resolving the crisis and, crucially, in the discussions on the new global financial architecture. Along the same lines, as pointed out yesterday by the Executive Secretary of the Economic Commission for Latin America and the Caribbean, we must not forget that the International Monetary Fund and the World Bank are part of the system, in a way that the World Trade Organization is not. We should therefore understand that trade is a basic part of the system. As such, it should be heard from and incorporated into these discussions.

It is crucial to allow developing countries greater participation in decisions at the global level, above all as regards financial matters, including in reforming the system that will ultimately affect their national policies. As pointed out in the draft document, in addition to the commitments already entered into by

developing countries, there is a need for additional resources to help all countries to address the crisis, including middle-income countries such as mine, where nevertheless significant parts of the population continue to have very low income.

Lastly, we support the establishment of a panel of experts to take up these issues, as suggested by the Commission of Experts of the President of the General Assembly, as well as the putting in place of a global economic coordination council.

We are certain that the process that will emerge from this Conference will be an important milestone, in that it will constitute a constructive and cooperative approach among developed and developing countries and small and large countries alike. That is the only way that we will be able to revitalize the Organization and ensure that our efforts are focused on the vast majority of dispossessed members of humankind.

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

Mr. Wenaweser (Liechtenstein): Let me express our appreciation at the fact that this Conference has been able to reach consensus on a draft outcome document, as well as to express our gratitude to Ambassadors Majoor and Gonsalves for their leadership throughout the negotiating process. The United Nations offers the sole universal platform for the international community to address the current crisis and to mitigate its impacts. It is therefore in a prime position to address the crisis.

With the Monterrey Consensus and the Doha Declaration, we have a good toolbox at our disposal to address the financial and economic crisis. We must make the best use of it. We need to implement our commitments with an even greater sense of urgency and resolve than a few months ago, improve the monitoring of the implementation of those commitments and create accountability in that respect. Let me offer three quick points related to our past commitments.

First, the negative impact of the current crisis on our economy has not affected our commitment to achieve the agreed official development assistance (ODA) target of 0.7 per cent of gross national income. Liechtenstein has consistently increased its ODA contributions since 2002. The goal for this year is to exceed 0.6 per cent of our gross national income in

ODA. Liechtenstein is committed to reaching the target as soon as possible. That figure does not entail any debt cancellation, export subsidy measures or loans. Our commitment to reaching the agreed targets is accompanied by a firm belief in the principle of aid effectiveness, as reflected in several United Nations outcome documents.

Secondly, on the matter of international cooperation on tax matters, addressed in the Doha Declaration, the Government of Liechtenstein recently committed itself to implement internationally recognized standards of transparency and exchange of information. Through our declaration, we have reaffirmed our commitment to international cooperation on tax matters on the basis of agreed standards applied in accordance with the principle of a level playing field, as well as our determination to continue to engage with our partners in Europe and elsewhere in that respect. We are currently engaged in bilateral negotiations on tax information exchange agreements in order to address tax fraud and tax evasion, as well as double taxation matters.

Thirdly, Liechtenstein has become increasingly active in the field of microfinance. In 2005, in cooperation with foundations, academia and the Liechtenstein Development Agency, the Government set up a public-private partnership called the Microfinance Initiative Liechtenstein. As an important part of our commitment in that field, a fund was established in 2008 with the aim of further supporting and strengthening the microfinance institutions best equipped to help the poor in their entrepreneurial endeavours. We believe that microfinance, which is one of the most innovative instruments in the development field, can play a particularly important role in times of limited credit financing, as was confirmed in a recent panel discussion by the United Nations Capital Development Fund. Microfinance has shown resilience and has been a buffer against the impact of the current crisis in certain developing countries, as it aims to help business activities and

thereby job creation. We have supported the Fund in its microfinance activities, providing SF100,000 consistently for a number of years.

The current crisis has hit each of us with different force and different speed. In our case, the crisis has harmed our financial services and export manufacturing industry. We are expecting a stagnating or shrinking economy for 2009. As our economy is strongly export-oriented, we want to underline the importance of open trade relations as an important engine of growth. In our view, any measures that attempt to limit trade are therefore problematic and counterproductive.

The Liechtenstein Government has not enacted a stimulus package to support its economy and is not planning to do so in the future. The Government understands its role solely as providing a regulatory framework to enable business to function in a liberal market economy. We believe that financial supervision and regulation have rightly been identified as one of the vital tasks to overcome the crisis. We support regulation that focuses on the parts of the financial services sector that gave rise to the crisis. However, overregulation, which can stifle product development and innovation, must be avoided.

In conclusion, let me express our concern about the prospect that the achievement of the Millennium Development Goals could be jeopardized to various degrees in different countries as a result of the current crisis. In our view, this extraordinary crisis calls for ever-closer coordination by the 192 United Nations Member States, as well as by other stakeholders such as the private sector and civil society. Only by adopting such a global approach will we be able to achieve more predictable and sustainable development for all as well as the Millennium Development Goals, which constitute one of the most noble and greatest of the purposes, goals and targets that we have set ourselves in the Organization.

The meeting rose at 9.25 p.m.