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Statement by  
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TO THE HIGH-LEVEL POLICY DIALOGUE OF ECOSOC  
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In the latest *World Economic Situation and Prospects*, the United Nations forecasts that the world economy will decline by 2.6 per cent this year. For the developing world as a whole, there will be zero per capita income growth. At least 60 developing countries will face reductions in average income, with people living in sub-Saharan Africa, Western Asia and Latin America suffering the sharpest declines.

Between 73 and 103 million more people are expected to remain poor or fall below the extreme poverty line of \$1.25 per day because of the global economic slowdown. Unemployment will rise significantly worldwide. All this will generate significant setbacks in the efforts to reduce poverty and hunger.

The crisis will continue to hit developing countries through several channels of transmission, from tighter conditions for international financing to higher costs of borrowing, a sharp fall in global trade, declining remittances and a possible fall in aid flows.

Developing countries face a reduction in infrastructure investment, drop in social spending, increasing costs of achieving the MDGs and renewed external debt problems. Most of the HIPC countries and one third of the countries in sub-Saharan Africa are already at great risk of debt distress.

Significant steps have been taken in response to the crisis. We have seen major public action to repair the financial system, unprecedented fiscal stimulus packages, and massive availability of new international liquidity. We have an agenda for reform of financial regulatory frameworks and of the international financial institutions. Yet, much more concerted international action will be needed to overcome the crisis and its most potentially devastating effects, especially on development and developing countries.

First, as analyzed in the *WESP*, more fiscal stimulus and closer international coordination of the stimulus packages are needed. This would help to reduce any leakage effects of fiscal spending measures and to enable a more comprehensive, long-term approach to economic policy making.

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Second, the fiscal stimulus should work for all. Eighty per cent of the stimulus is concentrated in developed countries, while many developing countries lack the fiscal space to counteract the consequences of the crisis. More of the \$1.1 trillion in extra emergency financing should be made available to developing countries. Lending should be stepped up substantially. Donors should accelerate the delivery on aid commitments. And temporary moratoriums should be placed on external debt obligations of those countries in severe financial distress.

Third, it will be critical to resist trade protectionism tendencies and intensify efforts to achieve a truly developmental outcome of the Doha Round of trade negotiations. To further support a recovery of global trade, developing countries' access to trade financing must be restored and the promise of Aid for Trade fulfilled.

Fourth, enabling a continued flow of remittances will help economic recovery in many developing countries. For humanitarian reasons as well, we must strongly resist more limits on migration and discrimination against migrant workers.

Fifth, the world, and the developing countries in particular, is facing multiple interconnected crises, from the current economic and financial crisis to food insecurity, the persistence of widespread hunger and poverty, the increased frequency and intensity of natural disasters, and the imminent threat of potentially catastrophic climate change. We must use the opportunity of new, large-scale investments – including through stimulus packages – to set our economies and our planet on a more sustainable and equitable growth path.

I hope this can be our shared view and that your deliberations will contribute to finding effective and concrete solutions that can lead us onto that path.

The Economic and Social Council this week will focus on the realization of the goals related to public health and the broad array of issues involved. ~~During this morning's policy dialogue,~~ let me suggest that, while the financial and economic crisis poses many challenges, it should also be seen as an opportunity to reform health systems, and to rethink the direction and nature of financing for

health care. Hence developing an agenda for health financing means not only more money for health, but also more health for the money.

Even before the onset of the crisis, high reliance on out-of-pocket payments is estimated to have pushed more than 100 million people into poverty each year. The crisis threatens to reverse hard-won progress by developing countries toward the MDGs.

Past crises show us the imperative, in an economic downturn, of maintaining domestic support to the health sector. We must act to ensure the affordability, accessibility and the quality of health services to the poor and most vulnerable groups.

There is no one-size-fits-all policy on health care financing. Yet, countries' varied experiences do seem to suggest a general lesson: the importance of reducing reliance on out-of-pocket payments and moving toward pre-payment and pooling of funds, in order to avoid catastrophic health expenditure – and as steps toward achieving universal health coverage.

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At a time when ODA will become only more important for developing countries, donors need to uphold their commitments to the health sector. Where existing commitments are tied to decreasing GNI, there may still be a drop in the value of aid. Donors need to ensure that this does not happen, especially in flows to the health sector.

Ladies and Gentlemen,

I would like to emphasize that without strong links to the process of poverty reduction, aid may not have positive impacts on the considerable health gaps that exist across and within countries.

I also hope that, as members of the Economic and Social Council, you will give appropriate follow up to the decisions taken at the Doha Review Conference in December last year and at the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development, which took place last month in New York.

The outcome document, adopted on 26 June, sets forth a number of specific proposals for tackling the crisis. The "way forward" section of the outcome document underscores the principle of inclusiveness in the global response to the crisis and collective understanding of its impacts. It calls for strengthening the capacity, effectiveness and efficiency of the United Nations, and enhancing the coherence and coordination of policies and actions between the United Nations, international financial institutions and relevant regional organizations. And it requests ECOSOC, in particular, to pursue a range of related actions to follow-up on the implementation of the outcome.

In closing, we must keep up the sense of urgency, for it is real. We must not lose the opportunity presented by these multiple interconnected crises to put the world on a more sustainable and equitable growth path.

Thank you.

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