

UNITED NATIONS



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**Remarks by
Mr. Sha
UNDER-SECRETARY-GENERAL FOR ECONOMIC AND SOCIAL AFFAIRS
High-level Policy Dialogue with International Financial and Trade Institutions**

New York, 2 July 2010

Excellencies,
Representatives of financial and trade institutions,
Ladies and Gentlemen,

Welcome to this policy dialogue on the state of the world economy and its implications for the achievement of the Millennium Development Goals. We come together to share perspectives on what steps we, the international community, should take as we climb out of the deepest recession since World War II. Our distinguished speakers and I will lead this discussion and we count on your active participation.

Allow me to share some brief remarks about where we are at. The world economy contracted by 2.0 per cent in 2009 according to our recently published *World Economic Situation and Prospects as of Mid-2010*. It is expected to grow by 3.0 per cent in 2010 and 3.1 per cent in 2011. While this is encouraging, this pace of the recovery is far from sufficient. It cannot make strong dents in the employment sector. With so many people still without jobs, we cannot expect a quick recovery in private consumption and investment demand.

The recovery is also uneven. Growth prospects for some Asian developing countries are good, but many other developing countries are still suffering from the fallout. Their economies are growing far below potential. Growth in most developed economies is lackluster.

Fiscal stimulus measures by major economies are the driving force behind the recovery. The inherent fragility caused by these measures could become a source of renewed worldwide financial instability.

These factors and others conspire against a fast and sustainable recovery. Without addressing them the world may be in for a protracted period of low economic growth and the risk of a “double-dip” recession.

Excellencies,

How do we move forward? Our *World Economic and Social Survey 2010* report, published just this week, presents many ideas. Allow me to focus on four that need our urgent attention:

First, the highest priority should be given to dealing with the jobs crisis. Incentives are needed to create productive employment. Exit strategies from the stimulus measures need to be closely coordinated with labour market policies.

Second, greater efforts are needed to reverse setbacks in progress towards the Millennium Development Goals (MDGs). In this regard, we need to address official development assistance. The estimated shortfall against the Gleneagles commitments will be \$20 billion in 2010.

Third, the global crisis has highlighted the need for improved emergency financing mechanisms. We need to have liquidity buffers in place in the form of regional and international reserves that can be utilized in times of crisis.

Fourth, none of these efforts are likely to succeed without strengthened international policy coordination. Exit strategies from stimulus measures, for example, must be coordinated to ensure a sustainable recovery.

Ladies and Gentlemen,

There are no simple recipes for development success. We have, however, learned so much over the last decades as development paradigms have changed and matured. Particularly over the last few years, we have seen that deregulated markets and private initiatives alone cannot solve the problem of widespread poverty. High-functioning government institutions and effective social policies are required.

In addition we need to avoid the “one-size-fits-all” approach. Countries need to adapt and tailor policy measures to their specific national circumstances and they must own their development strategies.

Let us focus today then on how we can push for changes needed in jobs recovery, official development assistance, emergency financing and policy coordination. Please make your views on these issues known. I also welcome other priorities as you see them.

In closing I would like to remind you that last December the UN General Assembly decided to convene a Summit on sustainable development in Brazil in 2012. It will focus on how the international community can create a green economy and an institutional framework for sustainable development.

Ladies and gentlemen, we need to keep the goals of this Summit in mind as we move forward. Let us remember that all of our ideas, initiatives and commitments must incorporate values and concrete plans that will protect our fragile environment. This perspective is central to the current development paradigm. It is our collective responsibility to advance sustainable development practices in all economic and social development plans, programmes and policies.

Please check against delivery

As Secretary-General of the Rio + 20 Summit, I am counting on you - at the national and international levels - to commit to exploring and implementing sustainable development. We need your help now in building momentum toward success in Rio.

Thank you for your attention and I look forward to a stimulating and productive dialogue today.
