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**Statement**

**by**

**Dr. Reinhold Lopatka**

**State Secretary in the Federal Ministry of Finance  
of the Republic of Austria**

**On the occasion of the Conference on the World Financial and  
Economic Crisis and its Impact on Development**

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Mr. President,

It is my honour to speak on behalf of Austria today. While, as a EU member state fully aligning itself with the statement made earlier by the Czech Presidency of the European Union, Austria would like to bring up, in its national capacity, some additional comments on points which are particularly relevant to us.

Due to the high economic growth rates in recent years a majority of developing countries were on track in reaching the internationally agreed international development goals, including the Millennium Development Goals (MDGs). Last year's food and fuel crises, however, hampered this promising development. Furthermore, the triple challenge of the food, fuel and financial and economic crises heavily imperils their development prospects. In light of all these adverse developments we have to further increase all efforts towards achieving the MDGs.

The global financial and economic crisis, the most severe since the Great Depression, is turning into a human and development crisis. The financial and economic crisis originated in the developed world, but spread rapidly to the developing world, sparing no country. And it may not be a short-lived crisis. Even the economically most successful industrialized countries are severely affected by the crisis, the world gross domestic product is projected to decline in 2009 for the first time since World War II and world trade is projected to register its largest decline in the post-war period. The poor countries, in particular low-income countries and least developed countries are especially vulnerable, lacking the resources to respond with adequate economic policies. The crisis and the sharp slowdown in growth pose serious threats to their hard-won achievements in fighting poverty and hunger, reaching sustainable economic growth and achieving progress towards reaching the internationally agreed development goals.

In this context, the recommendations by the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System contain a series of valuable proposals to counter the crisis. Austria is convinced that the success of a rapid and effective response to the financial and economic crisis on a global scale largely depends on the common efforts of donors, developing countries, the organizations of the United Nations Development Group and the international financial institutions alike.

In this regard, improving the quality and effectiveness of aid, by accelerating progress on the implementation of the Paris Declaration and the Accra Agenda for Action, is decisive. Applying best practices in aid effectiveness in our crisis response will also help retain continued public support for ODA despite the economic downturn. The United Nations can and must play a key role in helping developing countries in coping with the financial and economic crisis. In this context, the organization's capacity to Deliver as One has to be strengthened. Coherence and coordination of policies and actions between the United Nations and the international financial institutions must be improved, duplication of tasks and work should be avoided.

Another occasion to address the impact of the global financial and economic crisis on the development prospects of least developed countries presents the Fourth United Nations Conference on Least Developed Countries (UNLDC-IV) in 2011. Donors, least developed countries and organizations of the United Nations system and other relevant international and regional organizations will have to work together to make this conference a success and to produce a tangible result which helps least developed countries to better respond and adapt to the challenges of the crisis.

Donors should encourage developing countries to elaborate national response plans to the financial and economic crisis and review their respective development co-operation programmes and activities on the basis of developing countries' priorities. While recognising the responsibility and ownership of developing countries for their own development, donors should scale up their support to mobilise domestic resources for development with a strong focus on pro-poor development, improving public financial management incorporating gender responsive budgeting, the effectiveness of tax and customs systems and the capacity to create an enabling business environment, indispensable to attract foreign investment. One possible way to scale up resources for development-related issues is the Financial Transaction Tax. In this context, Austria, as an observer of the Leading Group on Solidarity Levies, is looking forward to the report of the Secretary-General about innovative sources of development finance, which will be presented at the 64<sup>th</sup> session of the General Assembly.

We are convinced that a collective response to the crisis on a global scale and the commitment of donors on aid volumes and aid effectiveness together with intensified efforts of developing countries and the relevant organizations of the United Nations system and other international stakeholders will contribute to reverse the negative effects of the financial and economic crisis on developing countries and to bring them back on the path of sustainable economic and human development.

Thank you!