

MALAWI

STATEMENT BY HIS EXCELLENCY MR. STEVE D. MATENJE, SC, AMBASSADOR/PERMANENT REPRESENTATIVE OF THE REPUBLIC OF MALAWI TO THE UNITED NATIONS DURING THE HIGH LEVEL CONFERENCE ON THE WORLD FINANCIAL AND ECONOMIC CRISIS AND ITS IMPACT ON DEVELOPMENT, NEW YORK, 29TH JUNE, 2009

Mr. President

I wish to begin by thanking you for organizing this conference and Ambassador Frank Major of the Netherlands and Ambassador Camilo Gonsalves of Saint Vincent and the Grenadines for ably facilitating the negotiations on the outcome document for this meeting adopted last Friday.

Mr. President,

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

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

The hardest hit are the least developed countries (LDCs) where the crisis is impacting upon the real economy and affecting particularly the most vulnerable groups.

It is aggravating hunger and malnutrition for poor families, women, children and persons with disabilities and causing rising unemployment, reducing revenues and earnings and fueling civil unrest and conflicts as populations see their situation worsen and their livelihoods threatened.

Mr. President,

In short, the crisis is threatening to wipe out prospects for eradicating extreme poverty, hunger and malnutrition and is likely to have serious repercussions on the achievement of the internationally-agreed development goals, including the Millennium Development Goals.

Combined with the devastating effects of gender inequalities, climate change, HIV and AIDS, tuberculosis and malaria, the resulting global recession is bound to quickly become a humanitarian crisis of unprecedented proportions and reverse progressed made by most least developed countries to achieve their development strategies and targets.

For example, Malawi has in the last five years achieved GDP annual growth rate averaging 7.5 percent. In 2008, the economy recorded a robust growth in real GDP of 9.7 percent, compared to 8.6 percent achieved in 2007. This growth rate is above the target of 6 percent for sub-Saharan African countries.

Furthermore, in 2008, the Malawi economy maintained a single digit inflation rate of 8.7 percent, coupled with a stable exchange rate and lower fuel prices on the world market later in 2008. Interest rates closed at 15 percent in 2008, from 35 percent in 2003. As a result credit to the private sector increased from 30 percent of total credit to over 60 percent presently.

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

Mr. President,

The enormity of the crisis is such that no one country, whether developed or developing, is immune to its effects or able to resolve it alone.

Given its universal membership and legitimacy, the United Nations gives us a common forum to deliberate and find innovative solutions needed to not only address the effects of the current crisis but also equally important and related issues such as peace and security, disarmament, sustainable social, cultural and economic development, human rights and the rule of law, and the provision of humanitarian assistance in conflict situations and in times of natural disasters.

Mr. President,

In this regard, Malawi welcomes the holding of this conference and hopes that the outcome document adopted last Friday provides a good basis for consolidating and coordinating global action and measures needed to mitigate the effects of the current financial and economic crisis.

For Malawi, these include, first and foremost, ensuring that food production to attain food and nutrition security both at household and national levels particularly in the least developed countries is not affected by the global economic turmoil.

Malawi believes that food and nutrition security are key to the successful implementation of the internationally-agreed development goals, particularly the Millennium Development Goals.

In this regard, Malawi wishes to request our bilateral and multilateral development partners to increase investment in agriculture and reconsider their policies on agricultural input subsidies in order to make agricultural inputs such as fertilizers, hybrid seeds and pesticides affordable to poor farmers in the least developed countries.

Mr. President,

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

Therefore, we urge the international community to find pragmatic solutions to the most pressing challenges posed by climate change by supporting scientific research and the development of appropriate technologies for combating its effects and sharing the results of that research and

the technologies with developing countries. Malawi hopes that the current crisis will not divert attention from our respective international responsibilities to combat climate change.

Thirdly, while Malawi appreciates the support it has received from its cooperating partners in the past, Malawi hopes that the current crisis is not used as a reason for the developed countries to backtrack on their promises to provide at least 0.7% of their national income as official development aid to the developing countries.

Any backtracking on those promises would exacerbate poverty and hunger amongst the world's poorest people in the developing countries. We also call for an early resumption and conclusion of the WTO trade talks since trade is the engine for economic development for the developing countries.

Mr. President,

Fourth, Malawi faces the challenges of being both a least developed country and a land locked developing country. The challenges it faces are daunting and likely to be compounded by the effects of the current crisis especially through reduced export trade of its agricultural commodities.

As such, we commend the international community for recognizing the special needs of the least developed countries (LDCs) and landlocked developing countries (LLDCs) in the outcome document.

In this regard, we urge the United Nations to remain actively engaged in ensuring the full and urgent implementation of all international instruments including the Brussels Declaration and Program of Action for Least Developed Countries, the Almaty Declaration and Program of Action for Landlocked Developing Countries, the Monterrey Consensus and the Doha Outcome Document which, among other things, address the special needs of those groups of countries.

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

Mr. President,

Fifth, the role and contribution of the United Nations system in social and economic development at the country level cannot be over-emphasized, particularly with regard to the achievement by developing countries of the Millennium Development Goals.

However, we believe that for the United Nations to play its role effectively, it needs to be reformed to make it work more coherently and deliver more, and thus be more effective in assisting the least developed countries reach their development aspirations and goals.

For Malawi this means ensuring a new and more responsive UN governance structure particularly at the country level and better funding practices that respect national ownership of the

development process at the country level and recognize that there are no "one size, fits all" solutions to the development challenges of developing countries.

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

Mr. President,

Reforming the United Nations only is not enough. Malawi joins those who have called for the reform of the institutions of global economic governance including the international financial institutions to make them more transparent and accountable and ensure an equitable participation of all countries, developed and developing, in their decision-making processes.

It is unacceptable that developing countries with the largest number of the world's poor people are not represented in the G20 and have limited voting power in the IMF and World Bank. We, therefore, call for greater participation of developing countries in the institutions of global governance to ensure that the interests of the world's poor people are fully taken into account before decisions affecting them are made.

Furthermore, given its universal membership and legitimacy, we believe that the United Nations, too, should be given a greater role in global economic governance in keeping with its founding principles, which among others, include "to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character" and "to be a centre for harmonizing the actions of nations in the attainment of these common ends".

Mr. President,

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

I thank you for your attention.