



(Checked against delivery)

REPUBLIC OF MOZAMBIQUE

ADDRESS

By His Excellency Manuel Chang

**Minister of Finance of the Republic of Mozambique at
the United Nations Conference on the World Financial
and Economic Crisis and its Impact on Development**

New York, 25 June, 2009

Mr. President of the *General Assembly* of the United Nations,
Mr. *Secretary General*,
Excellencies,
Distinguished guests,
Ladies and Gentlemen

First of all, allow me to express on behalf of His Excellency Armando Guebuza, President of the Republic of Mozambique, warm greetings and convey the most sincere apologies and regret for his unavailability to take part in this very important event, due to a tight domestic schedule.

It is a great honour and pleasure to participate in this historic conference on the world financial and economic crisis and its impact on development. I am mindful that it will open doors for us all, to frankly discuss on the current global problem which can potentially derail the progress made so far in the pursuit of the internationally agreed development goals, including the *Millennium Development Goals (MDGs)*. I hope that concrete results will be achieved from this meeting in the identification of necessary measures to mitigate the impact of this crisis and prevent the development of similar crisis in the future.

Excellencies

We are witnessing the unfolding of a chain of alarming events that began as a financial crisis in a limited number of developed countries but soon, through the recession and deceleration of the most developed economies, affected the wider world economy, triggering a global economic crisis, with dire consequences on the productive sector, exports and employment, and thus hitting the most vulnerable groups of the population.

As we all recall, the current financial crisis came to weaken further our economies, which were aggravated by the negative effects of the raise of oil and food prices in the international markets, as well as the effects of climate change which also posed tremendous challenges to our development and to the gains towards the achievement of the MDGs.

This chain of events is, therefore, providing us with unequivocal evidence that our economies, from the North to the South, rich and poor, are ever more interconnected through globalization. Therefore, we need to find common, harmonized and unified measures to mitigate the impact of the crisis in order to move towards a sustainable development and poverty reduction.

Mr. President,

Ladies and Gentlemen

The crisis broke at a time when Sub-Saharan Africa, the region lagging behind in the achievement of the Millennium Development Goals, was witnessing impressive economic performance, as a result of prudent macroeconomic and structural reforms, including fiscal and monetary policy reforms, good governance, transparency and implementation of appropriate business environment framework.

It is already evident that due to the current global economic recession, the region will be severely affected and most likely the African economy will grow less than the averaged 5% registered in recent years. In fact, many African countries are already revising their growth targets downwards, as a result of the failure in the implementation of investment in infrastructures of great impact. This is due to the lack of funding, as well as the reduction of exports and fall in prices of raw materials in the international markets as a consequence of the contraction of the demand side, which dramatically affects the budgets of our countries.

Therefore, we want to emphasize the importance of urgent actions from our development partners, through innovative and flexible financing solutions, of short and long term, in order to avoid major reversal trend in the development programs underway. Those solutions should be in line with what we have agreed in Doha last December, mainly the need to strengthen financing for development.

In this context, we want to affirm that the current financial and economic crisis can not be seen as an obstacle for the allocation of financial resources internationally committed, as well as to the provision of additional resources. Thus, we strongly call upon developed countries to double their efforts with a view of fulfilling their commitment to allocate 0.7% of their GNP to developing countries, in general, and 0.15 to 0.20% to the least developed countries (LDCs), in particular, as well as other bilateral commitments made for development assistance to developing countries. It can be through direct budget support, infrastructure projects, aid for trade, private capital flows, public-private partnerships, concessionary funds, liquidity facilities, etc.

In this regard, I would like to convey the Mozambican Government's appreciation to the commitments of the G20 London Summit to make available an additional funding amount of 1.1 trillion of US Dollars to support actions against the impact of the crisis in the emerging economies and developing countries. We thus hope that least developed countries, including Mozambique, will be able to secure more affordable and substantial financial resources, through flexible, fast disbursing and unconditional facilities.

Mr. President,

Excellencies,

Allow me to capture your attention with regard to the experience on how my country is facing the crisis. Mozambique is a country exposed to natural disasters, such as cyclones, floods and drought, as well as exogenous shocks, such as the volatility of prices in the international markets. Despite this adverse environment, the overall economic performance was reasonably robust and stable in the last 10 years, with growth rates reaching about 7% of the real GDP and poverty decreasing from 69.4% in 1997 to 54.1% in 2003. We expect to reduce poverty to 45% at the end of 2009.

This positive expectation can be frustrated as the negative effects of the financial crisis are getting deeper in our economy. Indeed, the statistical reports reveal the decline of exports, the fall of prices of raw materials, the cancellation or delays in the implementation of foreign direct investment projects, the depreciation of our national currency against the dollar, impacting negatively on the balance of payments, foreign reserves, fiscal income and ultimately on the economic growth which is forecast to slow to 4.3% in 2009. In the real sector, the crisis is threatening the agriculture, industry, tourism, transport and fish sectors, jeopardising the welfare of the population and the economy as whole.

Excellencies,

In concluding, I would like to share a few lessons drawn from this crisis:

First, there is the need to be more vigilant and follow carefully the policy we adopt;

Second, Governments should play an increased proactive role for a good market performance;

Last, we need to reform the current international economic and financial system and architecture, and adapt it to the real needs of the 21 century, as a prerequisite to restore the world economic confidence and achieve sustainable development.

Therefore, the structure of governance of the international cooperation should be unique and inclusive, where the voices of both rich and poor countries deserve equal consideration. In our humble opinion, the current reform on the voice and participation in the Bretton Woods institutions should reflect this principle and the United Nations should play a catalyst role in building consensus on these matters.

Thank you for your attention!