

**Statement by
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**UNHCHR Social Forum: Enhancing Efforts to Combat Poverty in the Context
of the Economic and Financial Crises**

Geneva, 1st September, 2009

Rising poverty is having a severe impact on nutrition, education and health, and a feedback effect on employment and the prospects for future poverty reduction.

Problems in vulnerable economies

The following figures offer a snapshot of some of the problems faced at a global level by all countries. However, it should be noted that vulnerable economies will be disproportionately affected in the following statistics. Unemployment: the International Labour Office forecasts an increase in global unemployment of 50 million by the end of this year, compared to 2007, and a further 200 million workers pushed into extreme poverty. This past March, it was reported that some 53 million people will be pushed back into poverty (< \$1.25/day) as a result of the crisis in 2009 alone.

The World Food Programme warned that the number of malnourished has risen to more than 1 billion in 2009; high food prices have already in the first half of this year pushed an additional 105 million people into hunger. The WFP says it needs \$6.4 billion this year to cope with the problem, but contributions are down, and the agency has so far received only \$1.5 billion. Humanitarian concerns and social protection are now adding to the damage inflicted on vulnerable countries and creating a new social crisis. Alarming, the consequences of this crisis for human development may be felt long after the so-called “green shoots” of recovery have taken root in advanced economies.

I have one overriding concern, and that is that this crisis has the potential of spinning off into other crises – another food crisis, for example; an intensified energy crisis; a debt crisis. What we most need, then, is a sound exit strategy that will mitigate the

debt effects on poor countries when they emerge from the crisis, and that pre-empts the development and impact of further crises.

I mentioned the possibility of another **food crisis**. My first concern is the precariousness of food security, especially in Africa. The crisis has exposed just how vulnerable the continent is in terms of its agricultural underdevelopment, lack of financial resources and physical infrastructure, and dependence on imports of food. Although local food prices have come down somewhat in sub-Saharan Africa and elsewhere, in the first quarter of this year they were still higher than in 2005. This means that much of the hard-earned foreign exchange of many developing countries, especially the net-food-importing countries, is still going to buy food.

This recent crisis should also be seen as a wake-up call for a dramatic rethinking of Africa's agricultural policies. This, in effect, means a new "Green Revolution" for Africa, one that approaches agricultural development in an integrated manner, including land reform and investment in rural infrastructure – such as feeder roads, energy and small-scale irrigation; enhancing extension services; creating greater awareness; and promoting farmers' cooperatives.

Second, I am worried about the effects of the financial crisis on **global energy supplies**. Although last year's oil price peak of \$150 was caused mainly by speculation – speculation that has since come to at least a temporary halt – it caused serious problems for oil-dependent countries, and those problems will not go away, and oil prices will be high (rising recently to over \$70-a-barrel). It is time to rethink our energy strategies globally and start investing massively in "green", renewable sources of energy.

The need for more ODA

The declining growth rates in aid-giving countries are likely to have an effect on their budgets for ODA. UNCTAD's analysis of previous banking crises suggests that aid budgets can dip by 30% in the five years following a crisis; other studies have put that figure at between 10% and 60%. Support for development programmes in countries' aid budgets have already been affected by the economic downturn through

backsliding growth rates (against which countries sometimes set the level of their development assistance) and through currency depreciation. The increase in liquidity from the IMF and G20 should thus be complemented by an increase in ODA. A larger injection of ODA is essential to help poorer countries sustain social protection and even tackle potential humanitarian problems, such as the mounting numbers of people suffering from hunger.

However, despite pressing social and humanitarian needs, the longer-term, post-crisis picture should not be forgotten. For vulnerable countries to emerge from this crisis and re-establish the strong growth rates that many of them experienced in the past decade, they will need to maintain expenditures on productive capacities, in agriculture, manufacturing and services. During a crisis, productive capacities often suffer from under-use or abandonment as a result of lower demand. Lack of income and credit forces companies to sell off assets. And families that may depend on the simplest of assets – a loom, for example – could be forced to sacrifice their investment for immediate consumption.

The need to support a debt moratorium

Many vulnerable economies already have debt-to-GDP ratios of more than 40%. In more than half of the LDCs, indebtedness is nearer to 100%-to-150% of GDP. There is currently a risk that poor countries may again find themselves indebted as a result of necessary spending on stimulus measures and social protection. UNCTAD has been calling for a debt moratorium for the poorest countries during the crisis to help offset the risk of further debt build-up. A moratorium would potentially benefit all countries, as foreign exchange earnings could be used to buy imports rather than to service debts. A similar moratorium was agreed in the aftermath of Hurricane Mitch and the Asian tsunami. The recent announcement by the IMF to reduce interest payments to zero on concessional lending to low income countries until 2011 is a welcome step in the right direction.

Finding solutions through trade

The world has waited for too long to finalize an outcome to the Doha Round of trade negotiations, which aimed, among other things, to reduce bound tariff rates precisely in order to avoid protectionism during a downward cycle. It has been reported (in March 2009) that 78 trade measures have been proposed or implemented, of which 66 involved trade restrictions. Of these, 47 have been actually implemented, including 17 by the G20. In addition, anti-dumping claims and actions increased 20% in 2008 relative to 2007, and 55% in the second half of 2008 relative to the first half.

Given the time and energy that has already been expended, I would urge countries to find a way out of the deadlock at this critical juncture and also signal a commitment to multilateral solutions. We can wait no more, because the millions of undernourished and impoverished people around the globe need solutions now.

I thank you.