



25 June 2009

## **United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development**

**Mr. Håkon Golbrandsen  
State Secretary for International Development**

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Mr President,

I thank the co-facilitators, the Permanent Representatives of the Netherlands and of Saint Vincent and the Grenadines, for preparing a bold and strong outcome document.

This is not the time for "business as usual". Concerted action is required to protect the poor and vulnerable. It strengthens the case for reforming international institutions and the way they work together.

Most importantly, we need to seriously and urgently address, at the national and the international level, the problem of illicit financial flows out of developing countries, estimated at many times global ODA. Whatever the exact amount is, we know enough to act now. Targeted measures at the national and international level must be devised and implemented.

An expert commission presented its report to the Norwegian government last week. It made proposals on what should be done to reduce the flow of illicit money from developing countries. Capital flows are essential for development. But secrecy and lack of transparency in many tax havens and financial centers, indeed the very existence of tax havens harms global financial stability.

The commission proposed measures which we believe could lead to a win-win situation for rich and poor countries alike, and which should be assessed in the follow-up of the

(Check against delivery)

negotiated document from this conference. The measures could include country-by-country reporting with multinationals being required to disclose their investments, their capital transfers and their taxes paid. We need to improve rules for transfer pricing, consider automatic exchange of tax information, and we should look at the need for negotiating an international convention that would specify the measures needed to reduce illicit financial flows.

This is not rocket science. Transparency in the financial sector is the key issue. This involves both tax havens and financial centres in other countries where banks are willing to accept transfers of illicit money without asking questions. Unless transparency in financial markets is secured we will risk a new global economic meltdown.

The UN Committee of Experts on International Tax Matters is a very important arena for the discussion on how to improve tax cooperation. We are positive to an upgrade of this forum.

Mr President,

The world economic institutions must be reformed and made more representative of today's global economy. The outcome document from this conference, as prepared by the co-facilitators, will bring us a step further in providing voice and representation to developing countries and moving towards further reduction in conditionality with the aim of increasing policy space for developing countries.

The UN has the mandate, the legitimacy and the capacity to play the leading role in the global response to the financial crisis. More cooperation between UN bodies and agencies, and the global financial institutions should be encouraged, respecting their individual roles and mandates. Norway is ready to take part in discussions about an economic expert panel.

The UN organisations have clear mandates directed towards the protection of the world most vulnerable people, as the situation requires. We commend the initiative of the Chief Executive Board to develop a comprehensive crisis response. We support the development of a crisis response mechanism at country level under the leadership of national governments and in line with national development strategies.

Ongoing reform processes; "delivering as one" at country level, harmonisation of business practices, cluster approaches; should be intensified to ensure efficiency gains and to generate synergies and more sustainable results on the ground.

All efforts should be made to protect achievements towards fulfilling the Millennium Development Goals, and to accelerate efforts to reach those MDG's lagging behind. A special effort is needed to reach the health MDG's.

All nations should do their utmost to fight poverty and climate change, and avoid cuts in social spending, particularly in sectors such as health, education and food security.

Employment is at the heart of the economic crisis. Norway strongly supports the "decent work" agenda pursued by ILO and stands ready to discuss proposals for a global jobs pact.

All UN agencies, funds and programmes should monitor the effects of the crisis on their mandated sectors. We are particularly concerned about the negative impact of the crisis on women's rights and the difficult living conditions of many women. Gender equality lies at the heart of true progress and resilience building in poor communities. International finance institutions and bilateral donors must contribute to providing the necessary fiscal space for governments to avoid that women and girls suffer disproportionately.

A lot has been achieved in terms of debt relief over the last few years. In order to avoid that unsustainable debt again builds up, we would like to underline the responsibility of both lenders and borrowers. Illegitimate debt is an issue that is being discussed, and we would be in favour of a UN working group taking it further, including the question of a new, independent, fair and transparent debt workout mechanism.

Finally, all donor nations should maintain their ODA commitments and pledges and do their best to increase contributions to respond to greater needs.

Thank you.