Madam President,

Let me start briefly by noting some of the implications of the financial crisis which are by now well accepted facts, which have been pointed out today. The current global crisis is the worst since the Great Depression i.e. it is broad-based and affects all elements of the global system, including goods and services, trade financial flows of every dimension, FDI, equity, debt and issues of migration and flows of people. Now as a consequence, the relative importance of each of these differs across the countries, giving rise to different mix of impact. The needed response is, therefore, different for each country or region. This highlights the need for flexibility in important action that several earlier speakers have pointed out.

Secondly, again the world recognized, the crisis has originated in the developed countries and in particular the financial sector. What this means is that as a consequence there has been a negative effect on the critical but intangible drivers of growth what is variously referred to as confidence, sentiment or expectation. Therefore, financial sector stabilization and macro-economic rebalancing is critical to restoring and sustaining confidence and positive sentiment.

Thirdly, again as well recognized now, the crisis has been transmitted rapidly to the developing countries and is likely to increase poverty and deprivation in these countries. Consequently, better understanding of the links between these shocks and the impacts will help in devising region and country-specific solutions of the kind that many earlier speakers have talked about.
Fortunately, the need for urgent global coordinated action has been recognized as indicated by some of the decisions taken at the G-20 Summit. From all these, the agreement to expand the resources of the IMF and the ADB and to bring forward quota reviews in the IMF and the increase in agreement to increase FDI's. As noted earlier, this will increase flows by $ 1.1 trillion. However, besides the physical resource flows, it is very important to recognize that this will help developing countries that need assistance and restore confidence in emerging markets. That is linked to the issue of confidence that I have pointed out earlier, which will affect private flows and private investment, which played a very important role in the last six years.

Third point I would make is that, which has not been so widely mentioned, is that the move towards a stronger regulation, which was an improved supervision, is absolutely essential to avoid repetition of these crisis in future, as noted by the UN report. The leaders have discussed and agreed on broad direction for improvement in regulatory and supervisory structures for the world financial system. But implementing these will take a considerable amount of time. Further, they will be carried out by the Financial Stability Forum and the Besal Committee on Banking Supervision, the two key standard-setting bodies, broadening representation in these bodies has, therefore, been a very important improvement from earlier times with a very restricted and limited to the rich developed countries.

Finally, I note that the wide spectrums of initiatives taken by the World Bank is, as the speaker from World Bank also noted, I think is encouraging because of the flexibility and the open-mindedness with which the World Bank has approached these issues.

Thank you.