

# FAST FACTS

United Nations  
Development Programme



## UNDP's response to the Global Economic Crisis

Nearly one and half billion people around the world live on just over a dollar a day. Sharp increases in food prices made an additional 100 million people vulnerable to poverty in 2008, stirring street riots and threatening to destabilize governments. The global economic crisis threatens to inflate those figures by another 46 million in 2009, according to World Bank estimates, as jobs and incomes are lost across the world. That makes an additional 146 million people struggling just to survive -- equivalent to over half the population of the United States of America -- in the space of two years.

The global economic crisis is now a human development crisis and, for the most vulnerable among us, it is compounded by existing challenges. As climate change



UNDP helps Senegalese women farmers to boost productivity and income.  
UN Photo/Evan Schneider

turns fertile lands to desert and weather patterns become ever more unpredictable, for example, poor nations face repeated crop failure, especially in sub-Saharan Africa, a shortage of clean water, the spread of diseases and the inundation of low-lying areas.

After eight years of concerted and united effort to reach the Millennium Development Goals there is real danger that the world will shift into reverse, highlighted by the figures above. Preventing this is not just a matter of resources -- the USA and European Union announced US\$787-billion and €200-billion stimulus packages respectively in a short space

### MATTERS OF FACT

- 26,000 garment workers in Cambodia laid off in 2008
- 5,500 jobs cut at South African mines in February 2009
- 11,500 jobs jeopardized in Laos as hydro-dam construction is suspended
- 65-70% drop in price of copper, Mongolia's largest revenue source, since mid-2008
- 24% drop in Vietnam's exports in January 2009 compared to same period in 2008
- €9 billion foreign direct investment in Romania in 2008 expected to halve in 2009

of time to stem the financial crisis. It is a question of political will.

### A Comprehensive Approach

While developed countries are suffering the initial brunt of the economic crisis, developing countries will become increasingly vulnerable to its effects as remittances slump, commodity prices become increasingly volatile, trade slows, and capital flows dry up, damaging countries' capacity to navigate and manage the crisis. The job loss figures alone tell a story of what may be ahead.

Yet in times of crisis there is always opportunity. Tackling the global economic crisis can be consistent with tackling global poverty and fighting climate change. For example, allocating part of nations' fiscal stimulus plans to finance green investments and jobs would set the world on a path to a low-carbon economy and advance efforts to mitigate climate change, which hits the poorest the hardest.

UNDP, working in close partnership with UN family and other multilateral institutions, is well placed to help countries address their urgent needs and find long-term, win-win solutions to build a more sustainable, stable future.

### Urgent needs

UNDP is working with developing country partners to ensure urgent needs are met, in particular: the design of **social protection** programmes and **safety nets**, as is happening in Cambodia; **job creation** through investment in labour-intensive **infrastructure**; as in Ukraine and Romania; increasing the income and productivity of **small farmers**, as in Mali and Malawi; better **monitoring** of human development impacts of the crisis, as in Ethiopia and Moldova; ensuring the continued

**financing of essential services** like access to antiretrovirals for people living with HIV and AIDS, as in Botswana; and stronger institutional capacity to manage **official development assistance** so it responds to urgent priorities, as in Cambodia and Rwanda.

Bringing its global knowledge and experience to the table -- along with a long-standing reputation as a neutral and trusted development partner in 166 countries around the world -- UNDP is responding to requests for advice on how to formulate **fiscal strategies** and **counter-cyclical policies**, as in Laos and Belarus, and how to use **donor assistance** as a catalyst to **mobilize additional resources**, as well as how to access new sources of funding like the **carbon market**, as in Uzbekistan and Honduras. It is also helping countries to address the **food crisis**, as in Comoros and Mongolia. UNDP's role as **coordinator** of the UN's development activities also means it is well-placed to ensure that countries in need receive comprehensive and unified support from the UN family to respond to the crisis.

## Long-term development

At the same time, the economic crisis demands **long-term solutions** and provides an opportunity to reform some of the structural issues that make developing countries so vulnerable. This includes ensuring effective **regulation of markets** for inclusive and equitable development, **governance capacity and institutions** that can empower citizens to become productive members of society, and concerted action to adapt to and mitigate the impact of **climate change**. UNDP is a thought-leader on these issues, partnering with governments and interacting with private sector, civil society and other development partners to design solutions that fit into a long-term development strategy, strengthening the **political, social and organizational capacity** of a nation so it can improve opportunities for its citizens and more easily navigate volatility and shocks in the future.

## Examples

The current global credit crunch underlines the importance of **access to finance** for growth. UNDP helps jumpstart small businesses with **advice on loans and microcredit**. With UNDP support, the **Nepalese Government** implemented the Microenterprise Development Programme (MEDEP) to help the eight million people still living in poverty in the country, targeting in particular women, minorities and youths in the informal sector. The family income of the 31,000 people who launched their businesses since the programme began in 1998 has increased by an average of 48 percent. To date, only five percent of those businesses are reported to have folded. In

April 2008, UNDP launched a new phase of the programme with the aim of creating an additional 20,000 micro-entrepreneurs by 2010.

As gold becomes increasingly attractive as a 'safe haven' in the global economic crisis, UNDP continues its work to protect miners, their families and the environment from unsafe and opportunistic work practices. **Artisanal gold mining** – mining that uses mercury - employs approximately 30 million people around the world, but the use of mercury carries health and environmental risks. In 2008 through the Global Mercury Project, a UNDP-Global Environment Facility project, 320 local trainers were trained in **Tanzania** on cleaner gold mining and the 4,200 miners trained in **Brazil** fully adopted 7 of 20 cleaner mining procedures taught by the project team, removing an estimated 1,000 kg of mercury from being released into local rivers annually.

UNDP also works with governments to generate cleaner, **greener energy**. A UNDP-Global Environment Facility project in **Thailand** is working to reduce greenhouse gas emissions by accelerating the growth of **biomass co-generation** and power generation technologies to replace fossil fuel consumption. After one year of operation, UNDP, GEF and the government partners have contributed to displacing 1,999,722 tons of CO<sub>2</sub> and generating about 398 megawatts of electricity from new biomass power plants.

As jobs and income are lost across the developing world, UNDP is taking steps to help ensure that the most vulnerable people and their families still have enough food to eat. In **Malawi**, UNDP helped the government to implement the National Input Subsidy Programme. This **agriculture subsidy programme** enabled Malawi's maize production to rise from a low 1.2 million tons in 2005 to 3.2 million tons in 2007. Malawi now fully meets its national maize needs, estimated at 2.2 million tons a year. UNDP is also helping to ensure better and more stable prices for farmers in developing nations. In Mali, pests such as red ants and fruit flies prevented mangoes from being easily exported. The **Mali Project**, supported by UNDP, allowed the phytosanitary treatment of 5,000 hectares of orchards in 2008 and paved the way for European certification standards known as EurepGAP. This led to an almost 50 per cent increase of exports of mangoes from 2007 to 2008, generating a windfall of \$30 million for the Malian economy.

**For more information, visit:**

[www.undp.org](http://www.undp.org)

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New York NY 10017 USA  
March 2009

