

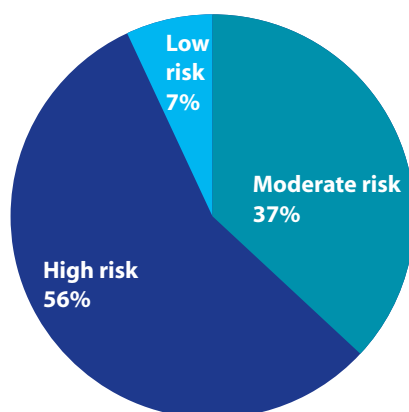
Introduction: A Time to Come Together

The burgeoning financial crisis that came to a dramatic head in September 2008 after more than a year of volatile food, energy and commodity prices compounded a series of shocks already being felt around the world. As daily headlines chart the ups and downs of stock prices and chronicle the failures of financial institutions and industrial giants, the international community must reflect on what is at stake for the millions in developing countries who had benefited from the strong growth of the past decade. It must also assess the plight of the poor, who did not reap the benefits of this global growth. We cannot afford to run the risk of further reversing progress towards achieving the MDGs, eight development goals agreed upon by the world's leaders to halve extreme poverty by 2015. As UN Secretary-General

Ban Ki-moon has stated, ensuring that aid goes to the poorest countries will be crucial in preventing the economic crisis from becoming a crisis of human development and security. April 2009 saw the wind up of the much anticipated G20 London Summit, where leaders reaffirmed previous commitments to increase aid and help countries achieve the MDGs. They also committed significant new resources for the International Monetary Fund and the World Bank, and promised to make resources available for social protection, investments in long-term food security and addressing the threat of irreversible climate change. The time has arrived for the international community to live up to the commitments made to the world's poor to ensure that their needs are not forgotten and their voices are heard.

A GLOBAL ECONOMIC CRISIS PUTS MOST DEVELOPING COUNTRIES AT RISK

Risk level as a percentage of all developing countries, as of March 2009.



Source: World Bank

IN A GLOBAL CRISIS, UNDP IS WELL SITUATED TO HELP MITIGATE ITS NEGATIVE IMPACTS

Crisis	Impact	UNDP Action
Financial/ Economic →	<ul style="list-style-type: none"> • Remittance growth is falling • Unemployment is rising • Reduced aid and investments 	<ul style="list-style-type: none"> • Advise governments and institutions on how to respond to and plan for impacts of crisis • Advocate for monitoring human development impact • Strengthen countries' effectiveness in establishing aid priorities with partners
Food / Fuel →	<ul style="list-style-type: none"> • Potential massive malnutrition • Potential riots and civil unrest • High prices make life unaffordable • Children drop out of school to work 	<ul style="list-style-type: none"> • Improve procurement and management of food reserves • Intensify research and development of higher-yield staple crops • Promote energy efficiency and diversify away from traditional fossil fuels
Climate Change →	<ul style="list-style-type: none"> • Decreased agricultural production • Increased exposure to climate-induced natural disasters • Increased incidence of warmer climate diseases 	<ul style="list-style-type: none"> • Foster financial and technological solutions to make economies less carbon-intensive • Increase access to cleaner energy for household usage • Establish disaster-risk reduction and adaptation plans such as early warning systems

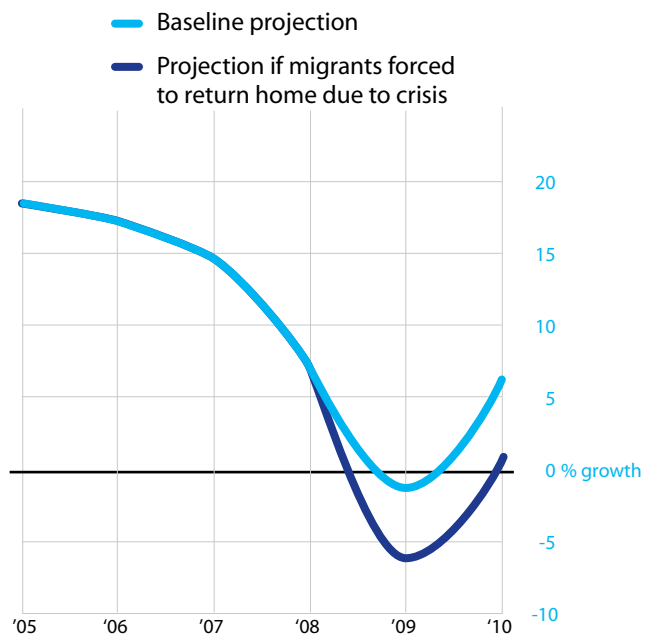
The Need for Effective and Continuing Commitment to Human Development

Fifty-one years ago, UNDP's main objective was the provision of technical assistance and support in order to promote economic and social development in developing countries. Today, that role has evolved to one that promotes pro-poor policies in the quest for human development, a concept defined as a process of enlarging people's choices and enhancing human freedoms and capabilities (the range of things people can be and do), enabling them to live a long and healthy life, have access to knowledge and a decent standard of living and participate in the life of their community and decisions affecting their lives.

As effects of the financial and economic crisis continue to mount, countries everywhere are struggling to sustain their development achievements. A severe decrease in foreign direct investment is expected for about half of all low-income countries while net private capital flows to emerging markets are estimated to have declined in 2008 to half of their 2007 level; that number is expected to decline even more in 2009. Global trade, meanwhile, will see a dramatic decrease in 2009, with export-driven developing economies facing severe consequences, such as high rates of unemployment. Lower income countries especially are facing critical increases in

deprivation, with large amounts of their populations living just above the poverty line and thus particularly vulnerable to the vagaries of an economic crisis. Households already reeling from the volatile prices of the food and fuel crises are finding it even harder

GROWTH IN REMITTANCES TO DEVELOPING COUNTRIES DROPPED DRAMATICALLY IN 2008 BUT ARE PROJECTED TO REBOUND BY 2010



Source: World Bank



to afford basic necessities; governments are likely to reduce public health and education services; and, lacking social safety nets, families will begin taking their children out of school, selling off livelihood assets and whittling down diets, with the long-term effects of such changes likely to outlast the crises themselves. Only a continued and increased commitment to human development can help the world weather these tumultuous times.

As UNDP continues to support developing countries as they address the current economic crisis, it is staying true to the shared sets of values as set out by the Millennium Declaration. UNDP thus remains committed to ensuring that our policy advice, technical support and advocacy for strengthening coherence is aimed at one end result: real improvements in people's lives and in the choices and opportunities open to them.

UNDP's commitment to capacity development – or the “how” of development – is the organization's overarching service in the 166 countries where it has a presence. Once needs or constraints are identified – always in consultation with national governments and various local and international development partners – UNDP works with its partners in drawing up a plan of action for capacity development: it gives people, governments, institutions and communities

Global unemployment rates are projected to continue increasing through 2010, a trend that could take a serious toll on human development gains.

the tools and training required to take charge of addressing their own needs in a way that can be sustainable. The demand from developing countries for capacity development support, especially in the area of developing local services, increased dramatically in 2008 as countries faced the fallout from the food, fuel and financial crises. As a result, UNDP responded to requests to facilitate capacity assessments and diagnostics in 65 programme countries in 2008. UNDP will stay the course as spelled out in the UNDP Strategic Plan 2008-2011 and focus its efforts on reducing poverty, promoting democratic governance, supporting crisis prevention and recovery efforts and achieving sustainable development results in energy and environment, efforts that are crucial to achieving the MDGs, both in times of economic crisis and prosperity.