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Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: emerging issues: “The global crises and their impact on social development”

The current global crises and their impact on social development

Note by the Secretariat

I. Introduction

1. In its resolution 2006/18 of 26 July 2006, the Economic and Social Council decided to include the agenda item entitled “Emerging issues” in the programme of work of the Commission for Social Development. The members of the Bureau of the forty-seventh session of the Commission, in consultation with their respective regional groups, decided that the theme for discussion under this agenda item would be “The current global crises and their impact on social development”. In this context, the Bureau noted that the financial meltdown starting in major developed market economies that has spread to developing countries (especially those succeeded in integrating into the global economy in recent years), volatile food and energy prices as well as climate change define the present global context for social development.

2. The present note by the Secretariat has been prepared to provide background information and facilitate discussions at the Commission’s session. It highlights the challenges the current global crises pose for social development. It also seeks to present policy recommendations to overcome additional development obstacles arising from the crises and safeguard progress in social developments achieved within the framework of internationally agreed development goals, including the Millennium Development Goals.

3. To keep a sharp focus on the social development impact of the global crises, the note only briefly describes the recent developments in the relevant areas. It then proceeds to assess some of the key challenges these developments pose to various aspects of social development in both the immediate short-run and the medium to

* E/CN.5/2009/1.

long term. The concluding section will offer some concrete policy measures to alleviate these impacts.

II. Climate change, the defining challenge of our times

4. Climate change is a long-term crisis that has been building up. It is primarily manifested in the rise of the Earth's mean temperature, which has risen by 0.7C° in the twentieth century, and continues on an upward trend. This change is already taking its toll in the form of widespread melting glaciers, sea-level rise, extreme weather patterns and other adverse phenomena, as documented by the 2007 report of the United Nations Intergovernmental Panel on Climate Change.¹ That report also confirmed that concentrations of greenhouse gases have increased markedly as a result of human activity.

5. Starting with the United Nations Framework Convention on Climate Change over a decade ago, most countries of the world had begun to take actions to slow and to cope with the consequences of global warming. Although it is not presenting immediate hardships compared to the headline-generating rapid price rises in food and energy in the first half of 2008 and the financial crisis in the second half of 2008, owing to its long-term nature, climate change has been described as the defining challenge of our era. It literally redefines the environment in which all the other current crises are occurring while also being affected by them.

6. Indeed, climate change is entangled in a web of complex relationships with the other ongoing crises that complicates the socio-economic context for social development. On the one hand, the increased frequency of natural disasters, including droughts and flooding, and other extreme weather conditions have contributed to food insecurity in a number of countries. Climate change will likely compound such situations. The shift from food-crop to fuel-crop production that has developed in response to the rising demand for biofuel may generate new food security risks. On the other hand, the financial crisis and projected slowdown in economic growth will likely reduce emissions, but budgetary constraints might compromise national and international commitments for climate change financing.

7. Climate change deeply affects in particular indigenous peoples, who contribute the "smallest ecological footprints" on Earth, but often bear the most catastrophic consequences, owing to their lives close to and dependent upon nature and their subsistence living. Highly centralized fossil-fuel-based energy supplies and large-scale bioenergy and hydropower dams have added to the plight of indigenous peoples from climate change. The United Nations Permanent Forum on Indigenous Issues has called for indigenous peoples' participation in all future negotiations on climate change as well as their protection from mitigation measures that may have adverse effects on their livelihoods and their future as peoples. The Forum has also called for an increased support for renewable, low-carbon and decentralized systems and recommended that States abandon old, centralized electricity grids, which are not suitable for the challenges of climate change.²

¹ Intergovernmental Panel on Climate Change, *Climate Change 2007*, Fourth Assessment Report (Geneva, 2007).

² See *Official Records of the Economic and Social Council, Supplement No. 23* (E/2008/43-E/C.19/2008/13), chap. I.B.

III. The unfolding global crises

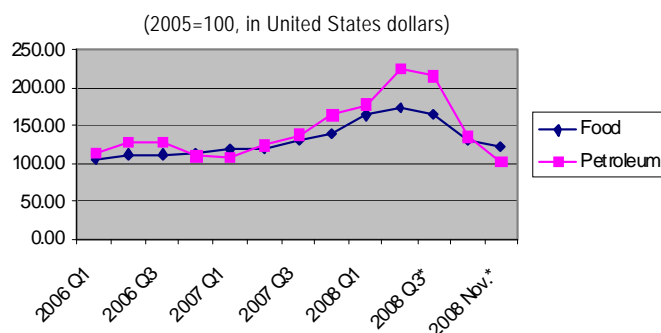
8. The *World Economic Situation and Prospects 2009* states:

Coming on the heels of the food and energy security crises, the global financial crisis will most likely substantially set back progress towards poverty reduction and the Millennium Development Goals. The tightening of access to credit and weaker growth will cut into public revenues and limit the ability of developing country Governments to make the necessary investments to meet education, health and other human development goals. Unless adequate social safety nets are in place, the poor will no doubt be hit the hardest. An estimated 125 million people in developing countries were already driven into extreme poverty because of the surge in global food prices since 2006. Lessons from earlier major financial crises point to the importance of safeguarding (public) investment in infrastructure and social development so as to avoid major setbacks in human development and allow a recovery towards high-quality economic growth in the medium term.³

9. During the first half of 2008, the world witnessed further rapid increases in food grain prices that had started to climb in 2006. At the same time, energy prices, especially that of oil, reached new heights (see figure I). These developments triggered panic reactions in the marketplace as well as on the part of some Governments to impose export restrictions. Numerous developing countries experienced food protests, mainly in the cities (see figure II), and worldwide consumer price inflation threatened to undermine the well-being of populations in developing and developed countries alike. People living in poverty or just above poverty lines were hit hard by rising food and energy prices, causing them to encounter further difficulties in affording basic food, shelter, medicine and medical care and education for their children. Worst affected are the poorest among the poor, a situation that is reversing already insufficient progress towards achieving the internationally agreed development goals, including the Millennium Development Goals.

Figure I

World commodity prices: food and oil



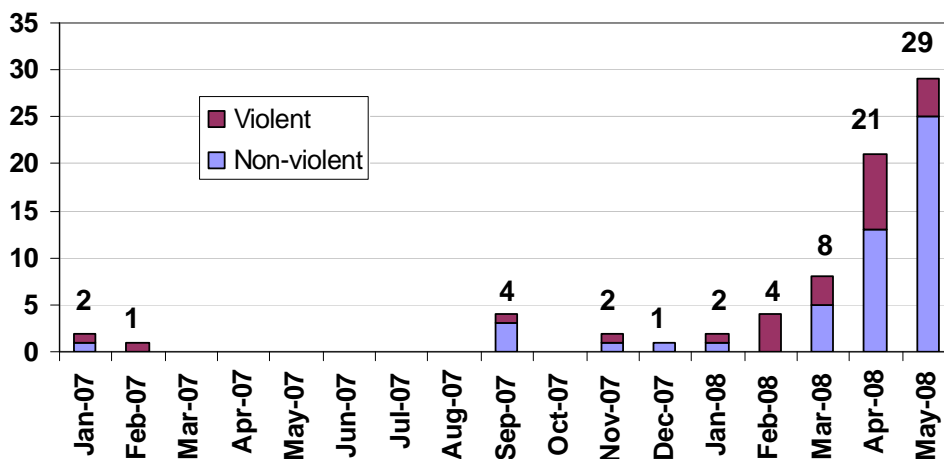
Source: International Monetary Fund, IMF Primary Commodity Price Database, as updated on 4 December 2008.

Abbreviations: Q1=first quarter, Q3=third quarter.

³ *World Economic Situation and Prospects 2009*, United Nations, New York, 2009, Executive Summary.

Figure II
Food protests, January 2007-May 2008

2007-2008 timeline of food protests



Source: Joachim Von Braun, International Food Policy Research Institute, "High Food Prices and the Impacts on the Poor in Latin America", presentation made at Inter-American Dialogue, Washington, D.C., 21 July 2008.

10. The second half of the year 2008 saw the unravelling of the global financial system that brought on the worst financial crisis since the Great Depression of the 1930s. The financial crisis had its origin in the sub-prime mortgage debacle in the United States in mid-2007 which undermined the health of the major financial institutions in the United States. The damage quickly spread to affect financial institutions in other major industrial countries. As a result, several major financial institutions in the United States and Europe have failed despite the multibillion-dollar rescue packages offered by the Governments in these countries. Interbank lending in developed countries and capital flows to developing countries came to a halt. By October 2008, stock markets all over the world had collapsed while commodity prices dropped significantly. As the present note is being prepared, the impact of the financial crisis on the real economy has started to materialize, dimming the global economic prospects for 2009. The anticipated contraction in global demand is keeping downward pressures in the commodities markets. The price of oil plummeted by over 60 per cent from its peak in July to November, while food commodity prices also declined significantly, by about 30 per cent in the same period. However, price volatility remains, especially in petroleum.

11. Although Governments in the world's major economies have announced several large-scale stimulus plans with increased international coordination since October 2008, it remains to be seen how effective the plans will be. In any case, the experiences of past financial crises indicate that the realization of the effect of policy measures, namely, restoring confidence in the financial sector and the economy, all take time. Therefore, short-term contractions seem inevitable while the economic recovery may take months, even years, to occur. In addition, it is unknown how much and how quickly the enormous fiscal costs of the rescue plans and stimulus packages can be recovered. Volatility in commodity prices and exchange rates further deter investment. All together, these factors create

tremendous uncertainty, clouding the global social and economic prospects as the world struggles to avoid further damages.

IV. Assessment of the impact on social development

12. There is a pressing need to address these crises and their immediate consequences, such as the negative impact of the financial crisis on the achievement of the Millennium Development Goals and on efforts to tackle climate change. While statistical data are not yet available for many countries, preliminary estimates and predictions based on the experiences of crises in the past are highly indicative of what challenges may lay ahead for social development.

Impact on growth and macroeconomic stability

13. At the outset, it should be pointed out that the impact of the global crises on country situations will differ in the short to medium term, depending on the degree to which a country is integrated into the global economy and on its external payment positions. Poor countries that have not benefited from globalization may experience less the fallout from the global financial crisis, on the one hand, owing to the unfortunate fact of being marginalized in the global economy. On the other hand, many of those countries are net importers of food and energy, and have seen their import bills balloon in 2008. For the group of least developed countries, their food import bills increased by 37 per cent in 2008, after a rise of 30 per cent in 2006.⁴

14. IMF has the most optimistic projections (2.2 per cent global gross domestic product (GDP) growth for 2009). The World Bank and the Department of Economic and Social Affairs projections (0.9 to 1.0 per cent global GDP growth) are pretty close (and far more pessimistic than those of IMF), but the similarity ends there. The Department expresses considerable concern about prospects for developing countries and their ability to meet the Millennium Development Goals.

15. The high import prices for food and oil have undermined the macroeconomic stability enjoyed by many countries, with core inflation going up in a number of economies. Higher rates of inflation returned to many developing countries. According to the Department of Economic and Social Affairs estimates, headline inflation increased by 5 percentage points or more in most developing countries, while more than half of all developing countries experienced a headline inflation rate of 10 per cent or more by the middle of 2008.

16. The tightening of credit is not only leading to output contractions in developed countries, but is also darkening the prospects for developing countries. In addition to higher inflation and volatile market conditions, capital flows to developing countries are expected to slow. Fiscal space for many developing countries is also expected to shrink as the value of reserves of surplus countries decline while deficit countries face tighter credit and higher borrowing costs.

17. Falling international commodity prices are posing a different set of challenges for commodity exporting developing countries, as their export revenues decline. This turn of events reversed the improvement in external payments these countries

⁴ Ibid., chap. I, box 1.2.

enjoyed during the international commodity boom. The ability of Governments to attend to social concerns, which has increased with higher revenues, is likely to be undermined. External balances and overall macroeconomic stability are at risk for these countries.

18. For low-income developing countries, especially for many of the least developed countries, the biggest question raised by these developments will be how the economic hardship of donor countries affects their official development assistance (ODA) budgets. While pledges were made at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, to sustain ODA despite domestic hardships, their fulfilment remains to be seen. Recent experiences do not hold out much hope for optimism: of the US\$ 20 billion pledged to the United Nations appeal for emergency food aid around the time of the High-Level Conference on World Food Security: the Challenges of Climate Change and Bioenergy, held in Rome in June 2008, only 10 per cent came forward as of the end of November 2008. If the international response to the food crisis is any indication, a possible decline in actual ODA to poor countries is very likely. Faced with debt services, higher import bills and possible decline in ODA, Governments of the least developed countries will have difficulties stemming a rise in poverty and hunger in their countries.

Impact on employment

19. The global slowdown in economic growth is expected to lead to significantly higher levels of unemployment. In major developed countries and export-oriented developing countries, unemployment is already on the rise as activities in finance, construction, automotive, manufacturing for export, tourism, services and real estate slow notably. The International Labour Organization (ILO) estimated that the number of unemployed could rise by 20 million, reaching 210 million women and men by the end of 2009. The ranks of the working poor living on less than one dollar a day could swell by 40 million, while those on less than two dollars a day could increase by over 100 million.⁵ Although comprehensive data are still not available, the following are some indications of the severity of the unemployment situation in many countries.

20. In the United States, the latest Government statistics indicate a total job loss of 2.6 million during 2008, bringing the unemployment rate to 7.2 per cent in December 2008, the highest since January 1993. The number of persons unemployed for 27 weeks or more increased by 1.3 million in 2008. During the same period, the number of part-time workers who would like to work full-time also grew by 3.4 million.⁶

21. In China, an estimated 7,000 factories closed in the southern special economic zone of Shengzhen and Guangdong Province alone during 2008. Millions of laid-off migrant workers have returned home to the countryside. This is likely to result in reduced future remittances that have contributed to reducing poverty in rural areas while also adding pressure on rural unemployment and underemployment.

⁵ ILO, Press release, 20 October 2008.

⁶ United States Bureau of Labor Statistics, Commissioner's Statement on the Employment Situation, 9 January 2009.

22. The implication of job losses occurring in the immediate short term must be viewed in a long-term context. The current crisis is following a period of robust global economic growth, which some had described as “jobless growth”, where job creation has not been sufficient to meet the demand for work by a growing global labour force. Contractions in economic activities can be expected to worsen labour market conditions for workers, who have been facing increasing economic insecurity even during the economic boom.

23. Slowing or even negative economic growth, together with volatile prices, will put great downward pressure on workers’ real wages. ILO is predicting that wages in 2009 will likely decline by half of a percentage point in industrial countries while growing by about 1 per cent globally.⁷

24. While the economic downturn has taken a considerable toll on employment around the world, some social groups have been particularly affected. Today’s youth bear the brunt of the unemployment problem. Even in times of relative economic prosperity, young people are already three times more likely to be unemployed than adults. In times of economic crisis, the youth employment predicament multiplies. Young people tend to be the last in and the first out, having not had the time to build long-standing relationships with their employers. Owing to their relative lack of work experience, contacts and job-search expertise, many youth will have difficulty finding new employment once they have been laid off.

25. At the other end of the age spectrum, older persons also face similar challenges in remaining in, or re-entering the labour market. Owing to their age, they face additional difficulties as many of them in developed countries have seen the value of their assets, including their retirement funds, pensions, savings and houses, decline drastically. At a time when food prices and health-care costs have increased, older persons will have to stretch their dwindling resources even further. For older persons in developing countries, most of whom are not covered under social security or other income schemes and many of whom remain in the labour market, their ability to sustain their livelihood, to compete for jobs and gain access to microcredit to sustain their own businesses will be further constrained. Furthermore, many of these older persons depend on younger family members for financial support. The loss of employment in urban areas and the expected decline in remittances will affect the well-being of the older household members left in rural areas.

26. Employment is an important channel through which the financial crisis is likely to affect indigenous peoples, who represent historically one of the poorest and most excluded social sectors in society. Similarly, migrant workers will face particular difficulties during a global economic downturn. In addition to higher unemployment and exclusion from social protection in host countries, they are likely to face heightened discrimination and rising xenophobia in difficult economic times.

27. Evidence from past crises shows that economic recessions put a disproportionate burden on women, as women tend to have lower unemployment and social security benefits. In times of crises, women also take on additional responsibilities to provide non-market substitutes for market goods that their families are no longer able to afford. The review of the implementation of the Beijing Platform for Action in 2000 indicated that the economic and financial crises

⁷ International Labour Organization, *Executive summary of the Global Wage Report 2008/09*.

in Latin America, South Asia and Eastern Europe had hit the most vulnerable social groups hardest, and that women in particular had ended up with larger burdens of unpaid work. Women were especially affected by the resulting loss of jobs in the public sector and incurred increased responsibility for household caregiving. During the Asian financial crisis in 1998, women were found to be disproportionately affected in the labour market. While both men and women were laid off, women were fired first as men were traditionally considered to be “breadwinners”.

Impact on poverty

28. With the increase in the unemployment rate owing to the financial crisis, the poverty level is expected to rise. The poverty situation has already been made worse by the rising food and energy prices. When the price of food shot up by more than 50 per cent in the past year alone, an additional 100 million people may have been pushed into poverty and hunger.⁸ The World Bank’s calculations suggest that the surge in food prices in 2008 probably pushed between 130 million and 150 million people into poverty (evaluated at \$1.25 a day — which is the latest purchasing power parity standard adopted by the World Bank).

29. Some simple arithmetic (drawing on World Bank assumptions) suggest that the growth slowdown in the developing world as a whole (about 3 percentage points, according to all projections) will add another 60 million to the ranks of the poor. The Chief Economist of the World Bank has claimed that since the 1997 financial crisis the number of people living in poverty has fallen by 300 million. It is trivially obvious how steep the reversal has been so far — about 60 per cent of the gains in global poverty are likely to be wiped out between 2008 and 2009.

30. As poor families spend a greater share of their income on food, inflation is eating into the purchasing power of their meagre consumption expenditure. Although the price of food commodities in international markets has declined, the food crisis still exists: domestic food prices have remained high, at least in the short term, making food out of the reach of poor families. The situation is most acute in sub-Saharan Africa. Even in developed countries, people are increasingly experiencing difficulty affording food. For example, in New York City, the number of residents experiencing difficulty affording food increased by 26 per cent in 2008, to about 4 million, from 3.1 million in 2007.⁹

Impact on social expenditures and inequality

31. Under the current circumstances, it can be expected that the need for social assistance and other social services will increase during a period of crises on multiple fronts.

32. On the other hand, government revenues, the basis for social expenditures, can be expected to be lower owing to the slowdown in overall economic activities. Although the budgetary constraints faced by exporters of oil and commodities may

⁸ The Food and Agriculture Organization of the United Nations (FAO) estimates that 75 million more people were added to the world’s chronically hungry in 2007 alone (FAO, *The State of Food Insecurity in the World 2008*, (Rome, 2008)).

⁹ Food Bank for New York City, “NYC Hunger Experience 2008 Update: food poverty soars as recession hits home”, *NYC Hunger Experience Report Series*.

be affected differently from those of importers by the price movements in the international markets, the general trend may be dominated by the effect of slower growth. This will result in a decrease in resources for public expenditure on social development in a time of greater needs domestically and internationally.

33. Moreover, in many countries affected by the financial crisis, public funds have to be used in support of faltering financial sectors to avoid a complete breakdown of the financial systems. This raises the fear that the allocation of public resources for social development will be pushed farther down the ladder of priorities. A great concern is that the most marginalized and vulnerable groups, such as the poorest people, indigenous peoples, persons with disability, youth and older persons, will be disproportionately affected by cut backs in social expenditure.

34. Cutbacks in public social expenditure, including social services, basic health services, education and training, have a disproportionate impact on women and girls and further increases their workload as they are expected to compensate for the lack of public services. In addition, the extent and economic significance of women's unpaid work remains largely unrecognized.

35. Worsening economic growth prospects, rising unemployment, the erosion of real wages and a prospect of declining resources for social development threaten to reverse the moderate gains in poverty reduction achieved so far. Moreover, given concerns over increased inequality among and within countries in recent years, which was a period of robust economic growth, the possibility of worsening inequality as growth slows is real.

36. Inequality is likely to rise, as the impacts of the crisis and cuts in public expenditure would be disproportionate for low-income people. As they experience job loss and income reduction resulting from the financial crisis and economic recession, poorer segments of the population will have to rely on public support to cushion the impact on their daily lives much more than will higher-income groups with more assets. Thus, the impact of cutbacks in public expenditures would disproportionately affect low-income people.

37. For people living in poverty and other marginalized and vulnerable social groups, hardships resulting from unemployment and loss of meagre income are compounded by relative price movements that make items of daily necessities such as food, which typically constitute a large share of poor people's consumption, more expensive. The people in these groups are hit the hardest by an economic slowdown and higher prices. However, they typically do not have access to social protection, as the majority of them work in informal jobs and subsistence agriculture.¹⁰ This combination results in the most vulnerable people being affected the most, a situation that exacerbates the socio-economic inequality in countries. The combination of increasing inequality and slower growth will jeopardize future progress in poverty reduction.

38. In addition to poverty, many other aspects of social development will be adversely affected. Weaker economic growth, tightening of access to credit and potential decline in ODA jointly limit the ability of Governments, especially those

¹⁰ Those who are largely outside the cash economy, who are engaged in subsistence production without access to formal credit markets, could be to a degree insulated from the effects of the various crises, but only by virtue of their already being among the poorest of the poor.

in developing countries, to make the necessary investment in education, health and other human development areas.

39. Moreover, social measures aimed at promoting social development or targeting specific social groups could fall victim of the financial crisis. For example, the Convention on the Rights of Persons with Disabilities has entered into force on 3 May 2008 and has been ratified by 44 countries as of the end of November 2008. States parties have committed to taking specific measures to implement the Convention in their countries. In the aftermath of the financial crisis, many countries are feeling the pressure on their public budgets. It could be expected that the actual implementation of certain measures to improve accessibility in society may be delayed.

Credit crunch, small- and medium-sized enterprise, microenterprise and poverty

40. The ongoing financial crisis poses serious challenges to small, medium-sized and microenterprises worldwide. The credit contraction and deleveraging taking place in many economies are curtailing the supply of credit and leading to higher costs of funding. As large financial institutions tighten underwriting standards, many projects for such enterprises will likely face funding difficulties.

41. At the same time, the revenue prospects for small, medium-sized and microenterprises are expected to be adversely affected by recessionary conditions in their respective local economies. Those enterprises that cater to low-end products and services which are more demand-inelastic as incomes decline, may fare better than those that cater to high-end consumer products and services. Those enterprises in economies that are more integrated with the global economy are likely to be more adversely affected. Those that export to the leading developed economies are already adversely impacted, as is happening in China.

42. Microfinance institutions that rely on funding from developed countries are expected to face a decreased availability of capital. If microfinance institutions, which lend predominantly to the poor, are reliant on international capital markets to raise funds, then the credit crunch could seriously compromise their lending capacity. Those relying on donors face the challenge mentioned above of whether ODA levels will be sustained. Those institutions that are more reliant on local deposits, such as many savings-led microfinance institutions in Africa, are showing better resilience under the current conditions, although they too will face problems as savings decline with income.¹¹

43. As microfinance institutions face shortages of funding/capital, their financing of microenterprises and other microfinance products will likely be reduced. The climate of risk-aversion by microfinance institutions will also likely drive reduced financing to microenterprises. There are reports of sharp declines in net incomes from microfinance institutions owing to the increased cost of funding as well as losses from the non-repayment of loans.

¹¹ For a more detailed analysis, please see the Department of Economic and Social Affairs Policy Brief No. 10, entitled "Microfinance: no panacea, but useful instrument in fight against poverty".

44. Developing economies are expected to see lower remittances, of about 9 per cent, resulting from the global economic slowdown, according to the World Bank. The reduction in remittances have resulted in lower deposits in microfinance institutions, as recipients draw on savings to meet rising prices and cash (consumption) needs, and straining loan repayments. It is also expected that there will be decreased demand for microenterprise products.

45. Historically, small, medium-sized and microenterprises have contributed to generating employment and income opportunities for many poor people worldwide. In India, for example, where that sector accounts for over 40 per cent of India's industrial production and employs 31 million people, there is concern about the weakening economy and the difficulty in accessing bank credit and jeopardizing business viability and employment opportunities.

46. Furthermore, as women's access to microcredit and other microfinance products becomes limited, women's incomes which are essential for family survival in many instances will be jeopardized. In addition, as noted above, women's jobs are usually compromised compared to men during job retrenchment based on the prevailing stereotypical views of men as the breadwinners. The adverse impact of the credit crisis and unemployment will likely result in increased activity in the informal economy and will reverse gains in women's empowerment, gender equality and gains in poverty reduction.

Impact on social development and policy directions

47. There is evidence that in times of economic hardship, social cohesion comes under threat, with rising social tensions that can potentially lead to increases in violence. It is a common perception that during a crisis and economic downturn, people fear for their own economic future, resulting in a heightened sense of competition for jobs and lower support for affirmative action policies to close social gaps. There is also a tendency for violence to increase in general, but especially interpersonal violence and violence against women linked to economic stresses. Indeed, recent news reports and data collected by centres for domestic violence, including in the United Kingdom of Great Britain and Northern Ireland and the United States of America, have noted an upsurge in domestic violence in 2008. Simultaneously, budget cuts to social services and health providers have made it more difficult for local domestic violence programmes to meet the needs of their communities.

48. The ripple effects of the food and energy crises also have an impact on the fabric of communities and societies. This is particularly true in situations where unaffordable food prices led to social and political instability and factory closings resulted in widespread unemployment and the decay of small cities and towns, developments which are often followed by the out-migration of young people.

49. At the household level, the food and energy crises have had an impact on bread and butter issues across all social groups. However, as the experience of past crises shows, the impact will differ among various social groups. For instance, low-income families will be forced to cut down on meals and to pull their children out of school. They will put their children to work on family farms or in family businesses. Lower-middle-class families will reduce their leisure activities, reduce spending on health care to a minimum, cut their consumption of high quality food items such as

meat and grains such as rice, and may have to transfer their children to more affordable low-cost schools. The marginally poor will be hit hardest, with a significant proportion of them being forced into extreme poverty and more dependent on the goodwill of non-governmental organizations offering food aid. Female-headed households will be particularly affected by the crises in many parts of the world. And in some cases, low-income families and the poor will be forced to sell assets such as farm animals, radios, television sets and land to meet their food and health-care needs. Poor households will be pushed into serious debt because they will be forced to borrow from local moneylenders who often charge very high interest rates. The lack of comprehensive social protection programmes in most developing countries will worsen the impact of the food and energy shocks, as well as of financial crisis on these vulnerable groups.

50. The disproportional impact of the current global financial crisis and of the food and energy crises on the poor and socially disadvantaged groups compounds the problems of poverty and social exclusion, as these groups face the prospect of much more adverse effects of climate change than any other social groups. For example, the poor and indigenous peoples who depend on subsistence farming and live in fragile ecological environments have become more vulnerable to the increased frequency and intensity of natural disasters attributable to climate change.

51. Responding to the present crises requires a strong commitment and a coordinated and comprehensive response by the international community in order to bridge the gap in the implementation of the development goals. Foremost, priority attention needs to be given to mitigating the effects of the crises on the poor and the disadvantaged social groups. Immediate policy measures in nutritional support and education and measures targeting disadvantaged groups are needed. The fact that financial and economic crises not only involve monetary costs, but also have a negative impact on the human rights of people must be recognized. Enhancing social protection, including unemployment benefits, pensions, child support and health-care schemes, is also necessary for cushioning the impact of crises on the well-being of women, men, girls and boys, and for long-term poverty reduction and society-building.

52. Given the critical contribution of social protection to meeting the development goals towards poverty eradication and to making a positive impact on economic growth, social cohesion and social development, basic social protection for all should be accorded a high priority. A practical approach should be taken to extend basic social protection based on country-specific conditions, with the cooperation and participation of all development partners.

53. With the majority of the poor people living and working in the rural areas of developing countries, sustainable pro-poor agricultural and rural development is of critical importance. There is a need to address the quality and quantity of employment opportunities in developing countries' rural areas. In order to do this effectively, Governments need to undertake long-term efforts to reverse the declines in public spending and investment in rural areas.

54. As regards the energy crisis, it is imperative to renew calls for alternative cleaner energy solutions and the need to take up energy efficiency measures, in conjunction with meeting the challenge of climate change. This will require major investments and breakthroughs in science and technology as well as significant investments in cleaner energy infrastructure projects. The harnessing of alternative

energy sources will also benefit the environment. Reductions in carbon dioxide emissions are only likely to occur with an increase in the use of wind and solar power and other new energy technologies as well as solutions that may include the adoption of a carbon tax.

V. Policy recommendations

55. Concrete policy measures to counter the impact of current global crises may include the following:

Immediate short-term measures

- **The implementation of large-scale internationally coordinated fiscal stimulus packages that are mutually reinforcing and consistent with sustainable development goals will be key to counteracting the social consequences of the present crisis.**
- **Strengthened national and international political commitment to integrated economic and social policies for social development in times of crises to take immediate measures to protect the well-being of the poor and the disadvantaged, including guarding against back-peddalling in meeting international cooperation commitments.**

Medium- to long-term measures

- **Shift development policy away from focusing solely on moving people out of poverty to also include preventing many from falling into poverty or sinking into deeper poverty.**
- **In this regard, strengthen safety nets and social protection interventions for the most vulnerable people. Incorporate basic social protection for all into national and international poverty reduction strategies. Allocate external financial resources to support low-income countries in their efforts to build and expand basic social protection systems.**
- **Ensure that gender perspectives are incorporated into all policy responses to address climate change, the food and energy crises, poverty and hunger, including by undertaking gender analysis of legal and policy initiatives and by incorporating gender perspectives into all economic policies, plans and budgets.**
- **Facilitate the expansion of South-South trade and support regional initiatives to ease credit in order to counter the impact of global recession.**
- **Explore the possibility of using the opportunity and political momentum generated by the crises to initiate and adopt a new green and social compact to ensure sufficient levels of public spending on health and education towards the achievement of the Millennium Development Goals, on long-term investment in rural development and food security and energy-efficient patterns of production and consumption.**