

# Citizens' summary

## EU proposal –

### supporting developing countries in coping with the crisis

#### WHAT'S THE ISSUE?

- Overall, the aim is to support the outcome of the G20 Summit in London as it affects developing countries.
- The impact of the global economic crisis on developing countries is becoming clear. Estimates are that foreign investment may fall by 80% and money sent home by migrants ("remittances") by 40%. World trade is contracting and economic growth of these countries may drop by five percentage points or more. This will **push up to 100 million people into poverty in 2009**, in addition to those already affected by soaring food and fuel prices.
- Europe already has a recovery plan for its own economy. This paper presents ideas about how the EU can also help developing countries. As with climate change, they will be among the worst affected by the global downturn, yet are least responsible for its causes.
- As the most important partner of many developing countries, the EU needs an approach based on solidarity, supporting their development. In an inter-dependent world, investing in their economic recovery is also an investment in our own.

#### WHO WILL BENEFIT AND HOW?

- **Developing countries** mainly - especially the most vulnerable groups.
- **Europeans** – who strongly support development aid even in tougher times at home – will also see the benefit of tackling poverty and other global challenges like climate change.

#### WHY DOES ACTION HAVE TO BE TAKEN BY THE EU?

- No EU country can tackle global poverty alone, which is why the EU adopted a [consensus on development](#) in 2005.
- Joint European action is the most effective way to cushion the worst effects of the world economic slowdown and to get back on the road towards the millennium development goals.

#### WHAT EXACTLY WILL CHANGE?

- New and existing aid resources will be brought forward to act quickly to counter the downturn
- An improved "FLEX" mechanism will compensate developing countries' declining export revenues, with the proceeds used to fund social safety net measures
- Infrastructure lending (from the European Investment Bank) and funding (from the EU Trust Fund for energy, water, transport and telecommunications schemes) will be scaled up and targeted at job creation and regional networks.
- Continuing rapid implementation of the €1bn EU Food Facility to revitalise agriculture.
- Investment in "green growth" – through the global climate change alliance and financing mechanism – and a focus on renewable energy and technology transfer.
- Using aid for trade to stimulate private investment and commerce.

**WHEN IS THE PROPOSAL LIKELY TO COME INTO EFFECT?**

- The Communication will be adopted on 8 April 2009 as a call for immediate action. It will be discussed by the other European institutions with a view to a sizeable, effective and coordinated EU response.