

## SOCIAL AND ECONOMIC POLICY WORKING BRIEFS

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# Two Years into the Crisis: Signs of Severe Coping Strategies that are Impacting on Children

- Emerging real and close to real time data are showing signs of severe coping strategies that are raising risks faced by children and other vulnerable groups
- While rapid data assessments are not intended to be representative or fully conclusive they provide important warnings of households are coping during crises
- Failure to advance budgets for children, women and other vulnerable risks the crisis having intergenerational impacts

It has been two years since the first international food price spike affected countries' access to world food markets. Since the onset in early-to-mid 2008, international food prices have relaxed but remain well above their long-run averages. In many countries, national food prices have remained sticky, and in some have actually continued to ascend in 2009 (World Bank, 2010). The global economic slowdown has compounded high food prices by eroding income and purchasing power in many parts of the world. UNICEF's efforts to track child and maternal nutrition have raised alarms for many countries that had already indicated serious challenges even before the brunt of the food price volatility and global economic slowdown (UNICEF, 2009). This working brief draws on ongoing work by UNICEF and its partners, and it surveys recent emerging evidence relating to how households are coping with the aggregate shocks in 2008 and 2009. The main finding is stark: field reports and surveys by think tanks, the UN and other development agencies confirm the rising risk faced by children, women and poor families in a number of developing countries.

### EVIDENCE OF HOUSEHOLDS UNDER STRESS

Rapid (and almost real-time) monitoring initiatives conducted in East Asia and the Pacific, and supported by UNICEF and other partner agencies, found evidence that households are struggling to cope. For instance, a food security survey conducted in June-July 2009 in four provinces in Indonesia (East Java, Nusa Tenggara Timur or NTT, Central Sulawesi and West Kalimantan) found that 14 percent of all surveyed households were food insecure, 30 percent were vulnerable and 56 percent were food secure. There were more food insecure households in rural regions (20 percent) compared to urban areas (8 percent). In addition, 21 percent of households with at least one school-age child reported school

Figure 1. Turkey: Household Coping Mechanisms During the Economic Crisis

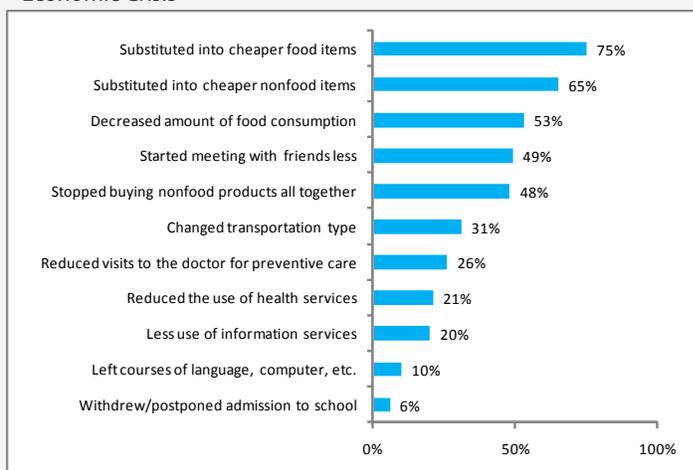
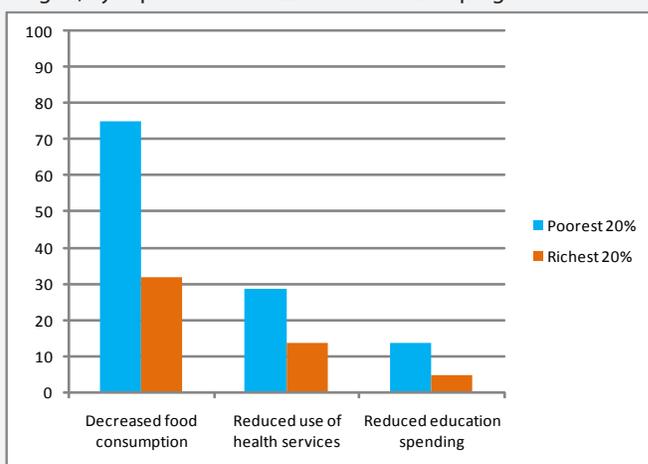


Figure 2. Turkey: Share of Households Turning to Certain Severe Coping Strategies, By Top and Bottom 20% Income Grouping



absenteeism, and this was higher in rural (26 percent) compared to urban areas (16 percent). Furthermore, 56 percent of all households reported experiencing difficulties in the last three months, owing to the lack of cash, high food prices, health expenditures, agriculture/ fishing related difficulties, debt payment and the increased cost of social events (Patel and Thapa, 2010:5).

Similar monitoring initiatives in the Pacific Islands revealed households under stress. For instance, survey results from Tonga conducted in December 2009 showed that approximately 60 percent of

those interviewed reported experiencing more difficulty in paying school-related expenses compared to the last year. Roughly 77 percent of households surveyed also reported having more difficulty meeting daily expenses compared to last year. In order to cope with challenging financial times, about 75 percent of the households surveyed turned to friends and relatives for help, and about a quarter of them drew down on assets such as savings or selling household assets in order to meet expenses (Patel and Thapa, 2010:9).

Further, since late 2008 and into 2009, signs of more severe coping strategies are already beginning to be observed, such as eating less (and less nutritious) meals, diminished health seeking behaviors and children dropping out of school. Other severe consequences for children and women suggest their high vulnerability to exploitation and abuse. It is possible to draw on the results of recent surveys and qualitative data gathering initiatives implemented over various periods in 2009.

For instance, Figures 1 and 2 illustrate results from a survey conducted by UNICEF in collaboration with the World Bank and TEPAV, a Turkish think tank, in May and June 2009. The survey covered over 2000 households spread over several large cities in Turkey. It assessed the impact of the economic slowdown on income and consumption of households and tried to shed further light on how families cope with such changes. Coping strategies harmful to children and family members such as reduced healthseeking behavior and substitution of cheaper, but possibly less nutritious food, have been observed in a

large number of households (see Figure 1). Poorer families are also over twice as likely to decrease food consumption, reduce healthseeking behavior and cut back on education investments (see Figure 2), suggesting a disproportionate impact on the poor.

## INFORMAL WORKERS ALSO DEEPLY IMPACTED BY THE CRISIS

Similarly, based on more qualitative interviews by WIEGO (Women in Informal Employment: Globalizing and Organizing) of 160 informal workers across 11 cities in Africa, Asia and Latin America conducted between January and June 2009, even the informal sector has been deeply affected by the crisis. Over 70 percent of those interviewed reported that their weekly income declined between January and June 2009 (see Figure 3), suggesting that economic activity in the informal sector is very sensitive to change.

The interviews also revealed that informal workers appeared to face more intense competition as a result of the crisis. Most street vendors, home based workers and waste pickers interviewed answered that they faced more competition from new workers, the majority of whom were women. Many of these workers tried to cope with falling prices of their products, increased competition from new workers, and other pressure factors by working longer hours (Figure 4). This suggests that the crisis may have exacerbated the time poverty of the poor – and most notably the time poverty of women.

In addition, a survey of 450 households

Figure 3: Informal Workers In Selected Cities In Asia Africa And Latin America: Reported Changes in Weekly Income

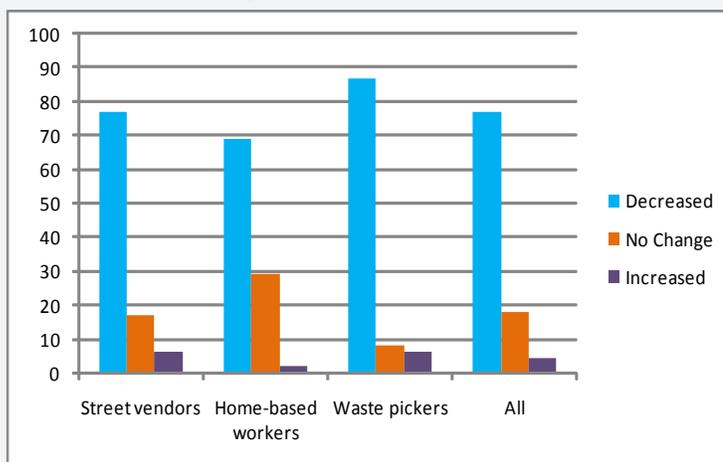
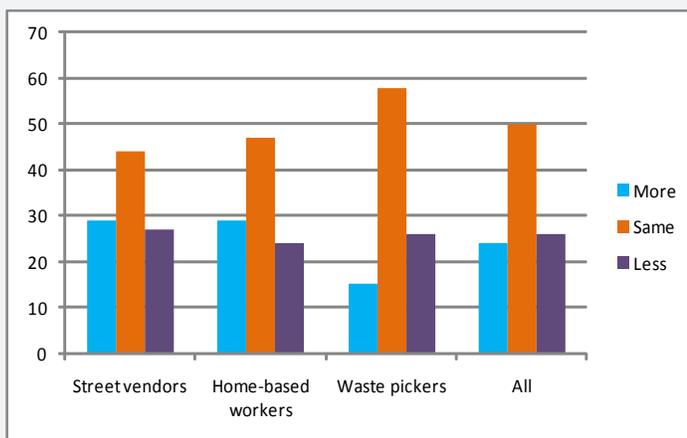
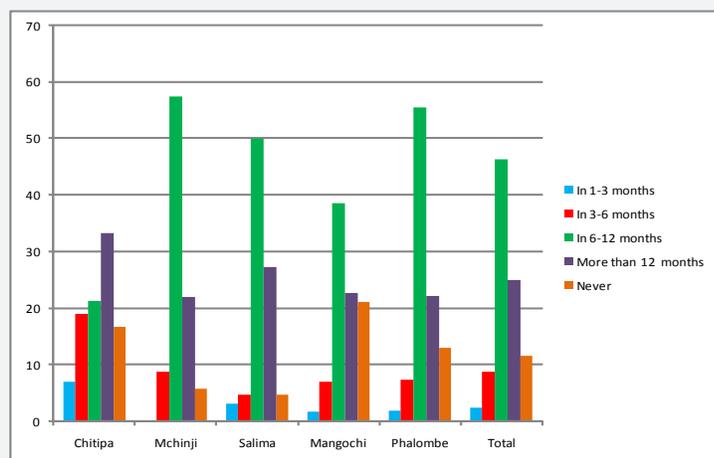


Figure 4: Informal Workers In Selected Cities In Asia Africa And Latin America: Reported Increase in Hours Worked per Day



spread across 15 villages in Malawi conducted in late October to early November 2009 produced evidence to suggest that even low income countries – which may have been considered protected from the worst effects of the crisis – can be impacted due to ripple effects such as the reduction of remittance flows from migrant workers located in other countries experiencing an economic slowdown. For instance, in Chitipa, Mangochi and Phalombe, roughly half of the surveyed households reported that remittances declined when comparing 2009 to the year before. Nevertheless, some also noted an increase, which may in turn have helped them cope better.

Figure 5: Malawi: Household Perception of the Time to Recover from Income Decline



Of those households that experienced a decline in remittances, some reported hunger, and reduced fertilizer use along with a variety of other strategies for coping. Furthermore, in some villages, female headed households appeared to have been hit harder by a decline in income (see Figure 5). And based on perceptions of the time it would take to recover from the income shock, most responded that it would take anywhere from 6 months to over a year to be able to recover (see Figure 6).

The preceding illustrations should not be attributed solely to the crisis, nor should these figures be considered as representative and conclusive. Indeed, due to the nature of the rapid survey techniques used, most are sensitive to perceptions, the time of the year the surveys and interviews are conducted and other factors. Nevertheless, despite all these caveats, these findings serve as warning indicators of rising stress and the difficulty placed on households trying to cope with the compounded effects of (in some cases) initial challenging conditions, food price volatility and the economic slowdown. Policymakers

should see these indicators as critical alert signals of the risks of the emerging social consequences of the crisis.

## CRITICAL MESSAGES FOR POLICY MAKERS

In order to help ensure a more inclusive social and economic recovery, governments could follow a number of strategies so that children, women and poor families will benefit from the policy stimulus and other policy responses. One key aspect involves undertaking a more pro-poor countercyclical strategy that preserves (if not increases) social spending and investments, as well as uses part of these resources to develop social protection systems.

Social spending and investments—including the array of investments and recurrent expenditures that preserve well-functioning and well-resourced social services such as in education, health and other social sectors—should be ringfenced, if not increased, in order to preserve countries' pre-crisis investments. This is critical in preventing the crisis from causing permanent harm to children (by harming their future capabilities), families (by pushing them deeper into poverty and weakening their resilience) and indeed entire countries (by setting back human capital and human development).

Some may argue to preserve only the core components of these social sector spending and investments. This is a risky strategy given that the demand for social services has, de facto, increased as a result of the

crisis. As in past crises, it is likely that millions of poor and low income families have shifted from private to public providers of education, health and other services, straining existing public sector capacities. This is on top of already high demand for scaling-up these services in many countries even before the crisis broke.

Now is not the time to scale back—doing so risks undermining the hard fought gains and achievements in many developing countries' social sectors in recent years. With the foundation of health and well being laid in childhood, failure to advance budgets for children, women and other vulnerable groups would fuel an intergenerational cycle of poverty and risk the crisis having permanent effects.

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This Working Brief was compiled by Ronald Mendoza of Economic and Social Policy Unit of UNICEF's Division of Policy and Practice (DPP). It brings together work from UNICEF Country and Regional Offices, with particular thanks to work lead by Reza Hossaini in Turkey, Mahesh Patel in East Asia, and Mayke Huijbregts in Malawi. Other sources are listed in the references.

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