

The global economic crisis : Impacts on children and policy responses in Burkina Faso

Webinar on practical implications and use of
the results

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UNICEF

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The practical aspects of the macro-micro economic model

- Objective of the study : Simulate **child welfare impacts** of the **global crisis** and **policy responses** in **Burkina Faso**

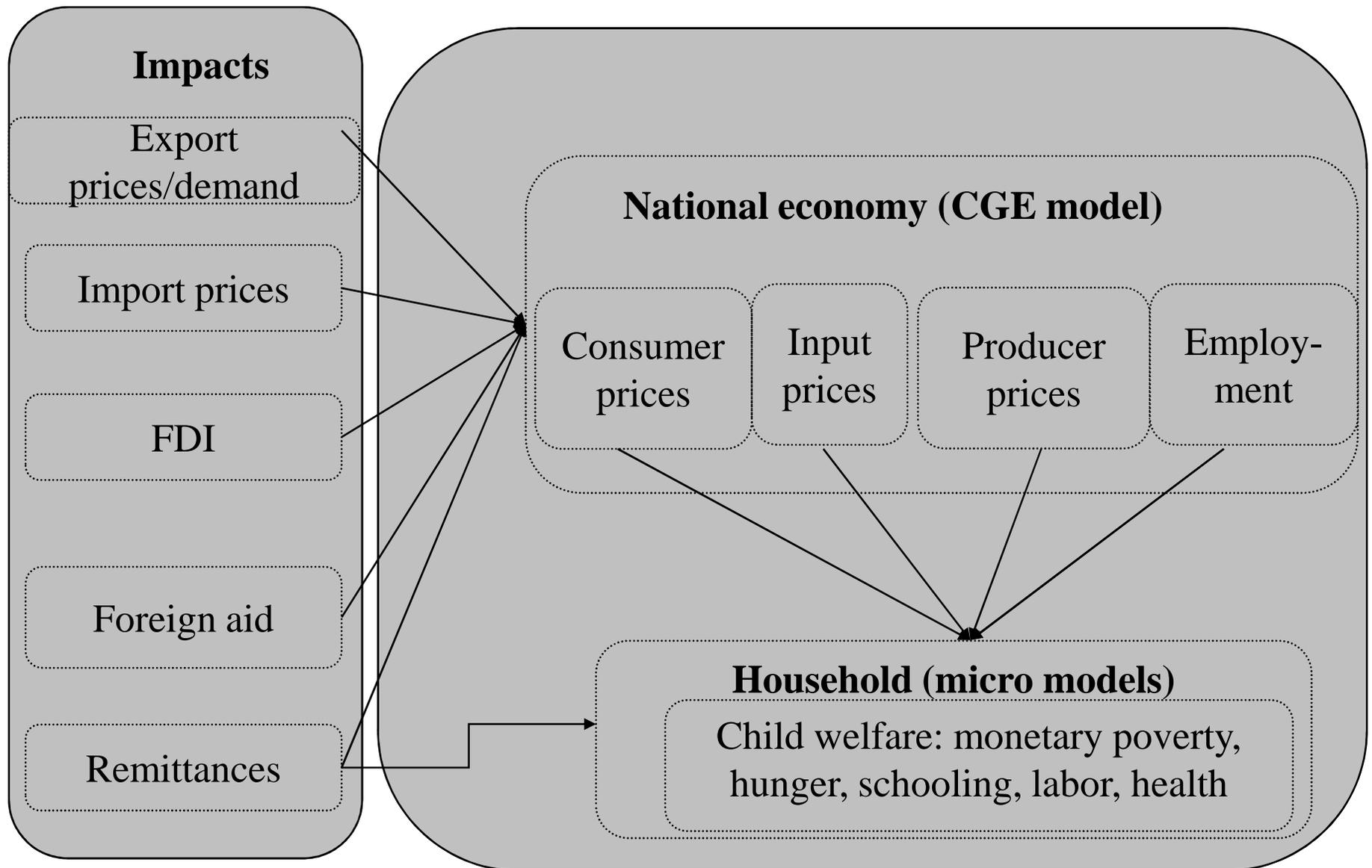
Tools and data :

- (1) CGE model capturing main channels of impact of the global crisis on the national economy, notably prices, wages and employment : Data provided by national accounts, household surveys of 2003, Trade, Finances and Custom institutions
- (2) **Child welfare impacts were captured using behavioral and consumption econometric relations combined with changes** in prices, wages, employment and remittances : Data coming from national accounts, household surveys of 2003, price monitoring systems;
- (3) simulations using : (a) normal economic trend without crisis as reference or business as usual, (b) crisis situation for 2009, 2010 and 2011 based on new empirical trends of main variables estimated by different sources, (c) testing the effects of 5 policy responses using proxy means approach for transfers : data and options coming from governmental staff and the coordination board of the study.

The practical aspects of the macro-micro economic model

- The 5 policy responses to the crisis are :
 - (1) Food subsidies equivalent to 1% of 2008 GDP,
 - (2) Cash transfers to presumed 0-14 years old poor children, equivalent to 1% of 2008 GDP,
 - (3) Cereals prices subsidies equivalent to 0.2% of 2008 GDP,
 - (4) Cash transfers to 0-14 years old children, equivalent to 0.4% of 2008 GDP financed by foreign aid,
 - (5) The previous cash transfer but financed by internal taxes.
- Of these policy responses, two came from the meeting with Governmental policy staff (December 4th 2009) : (1) Price subsidy on cereals using external funding of 6.7 billions FCFA equivalent to 0,2% of GDP of 2008 , (2) Monetary transfers of 70 billions FCFA to repair flooding damages of September 1st 2009, in Central and Western regions

Global links in the macro-micro economic model



Scientific coordination of the study

- The research team of Burkina Faso was coordinated by : (1) PEP CGE team of Laval university, (2) Innocenti Research Center, (3) the local UNICEF coordination team;
- The main coordination tools were : (1) Methodological workshops at the beginning (Accra), during Data analysis (Ouagadougou, August 2009) and after the first draft (Dakar, november 2009), (2) regular communication through Emails, Skype and phones, (3) Scientific literature, (4) Assistance for calculations and programming.

Policy coordination of the study

- The policy coordination was done by : (1) the governmental coordination board of the study, (2) the macroeconomic policy office (DPAM), (3) the local UNICEF coordination team, interacting with research team.
- The main tools of policy coordination were : (1) Workshops on methods, results and policy responses, (2) bilateral meetings with some staff for data collection, simulation options and coherence between models assumptions, results and real practices, (3) comments of policy staff on research results and reports, (4) interactions between UNICEF coordination team and policy staff to organize meetings, discuss policy options and measures (See Sarah presentation).
- Two new policy simulations were added after the meeting with Governmental policy staff (December 4th 2009) : (1) Price subsidy on cereals using external funding of 6.7 billions FCFA equivalent to 0,2% of GDP of 2008 , (2) Monetary transfers of 70 billions FCFA to repair flooding damage of September 1st 2009, in Central and Western regions

Benefits and weakness of CGE model

- Main benefits of CGE Model : (1) all the main links and stakeholders involved are taken into account, which increase the usefulness of the model, (2) the staff of the macroeconomic policy office (DPAM) is familiar with CGE modeling, (3) the results were relevant for policy staff because the government started Crisis and Flooding damages management without any deep analysis of expected global and micro impacts.
- Weaknesses of CGE model : (1) Poor quality of data, (2) non macroeconomic staff were not used to this kind of methodology.

Main results and lessons

- **Strong increases** of child **monetary poverty** but small worsening of caloric poverty
- **Important reduce** of **schooling** and recourse to (modern) **health services**, while increasing **child labor**
- **Food subsidies, cereals subsidies as well targeting flooding affected zones** marginally offset the impacts of the crisis.
- **Targeted cash transfers** are far more effective
- **Crisis brings many shocks**: imports, exports, FDI, aid, remittances
- **Complex impacts**: wages, employment, self-employment income, consumer prices.
- **Next steps**: Continuing policy interaction and advocacy to improve governmental action in crisis management

Many thanks for your kind attention

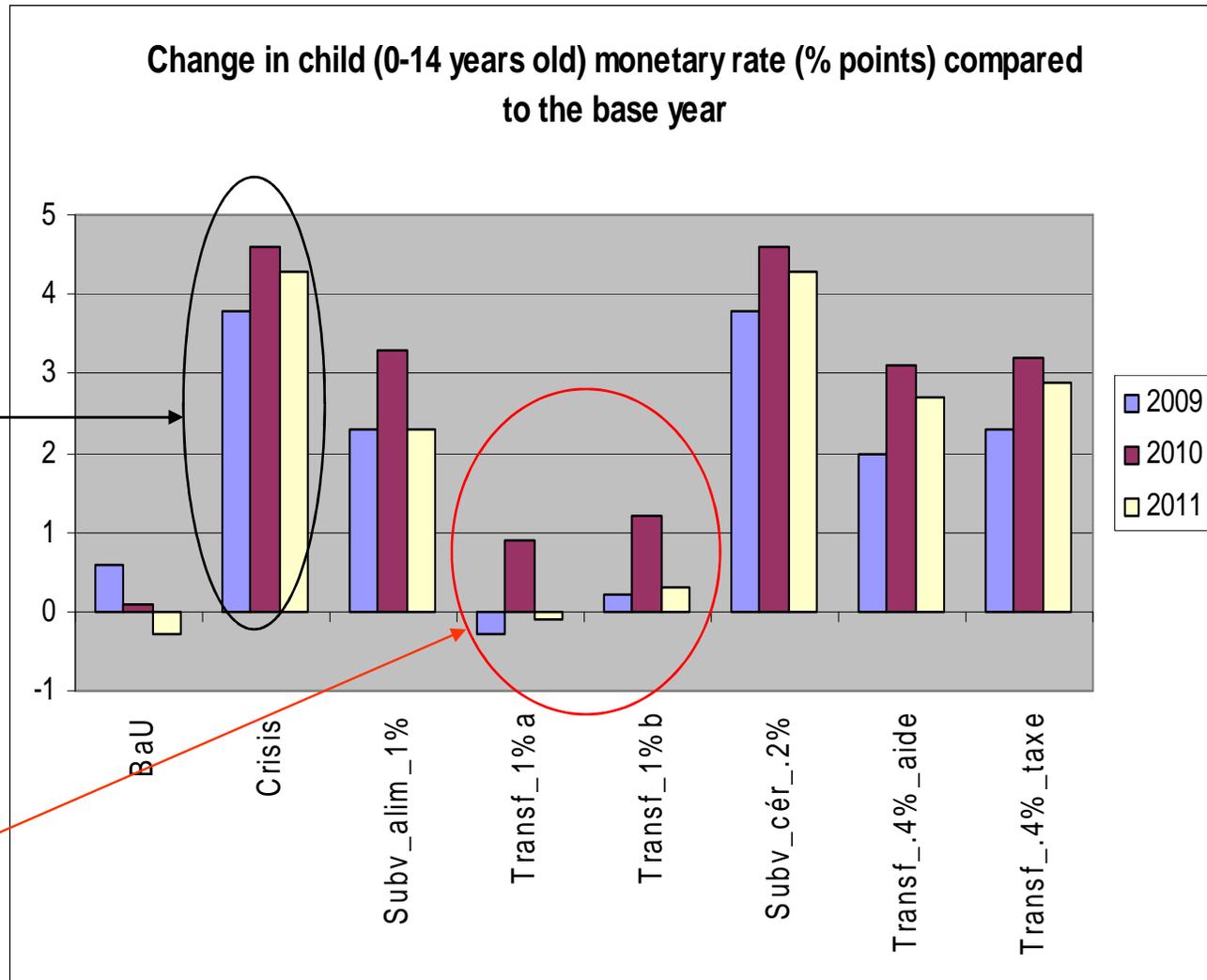
- Appendix
- Useful technical results

Main results of the study (1)

Monetary Poverty

- Important increase of Child monetary poverty after the crisis

- Relative efficiency of Cash transfers to presumed poor children to reduce child monetary poverty

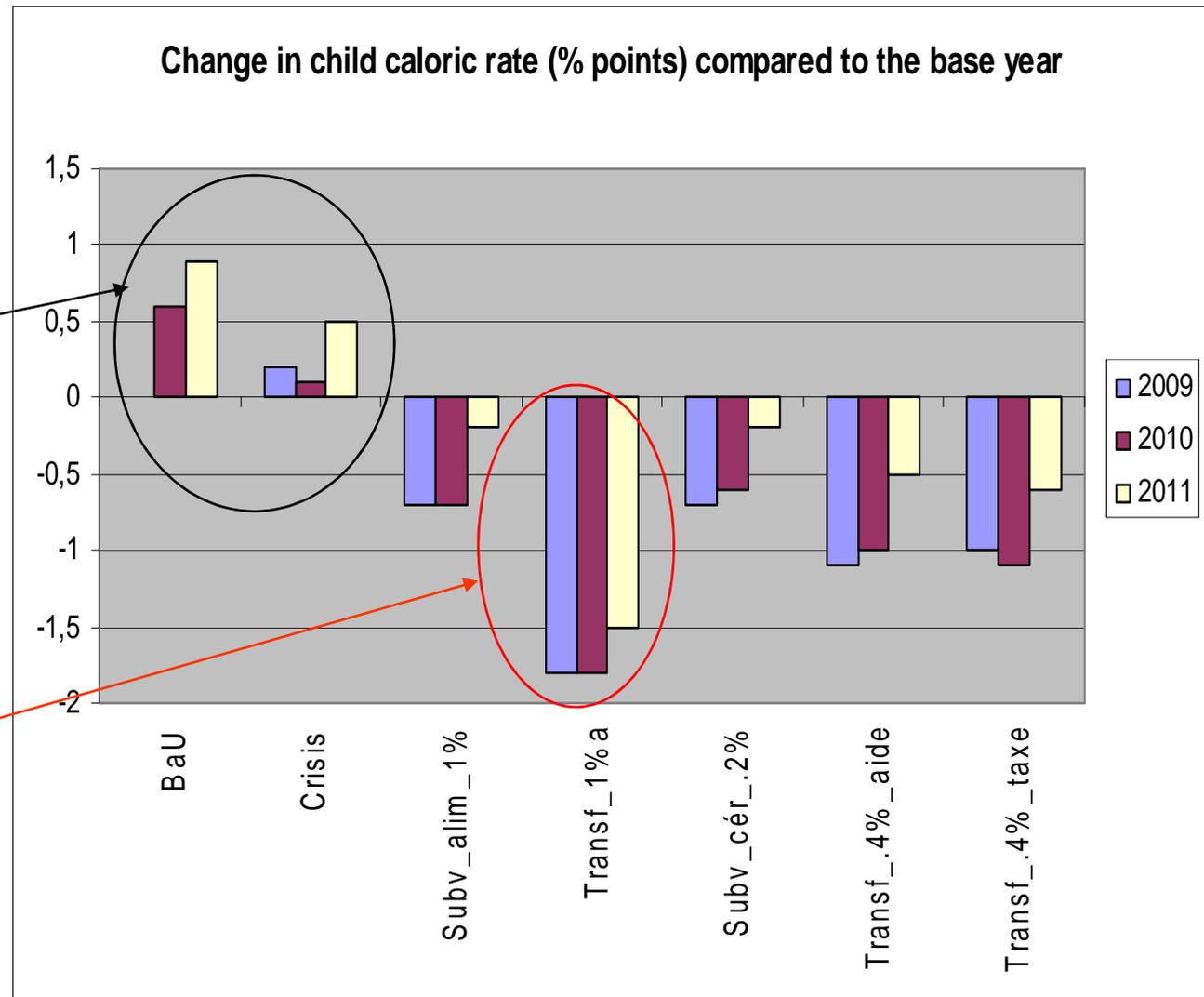


Main results of the study (2)

Caloric Poverty

-Worsening of Child caloric poverty before and after the crisis

-Relative efficiency of Cash transfers response to reduce child caloric poverty

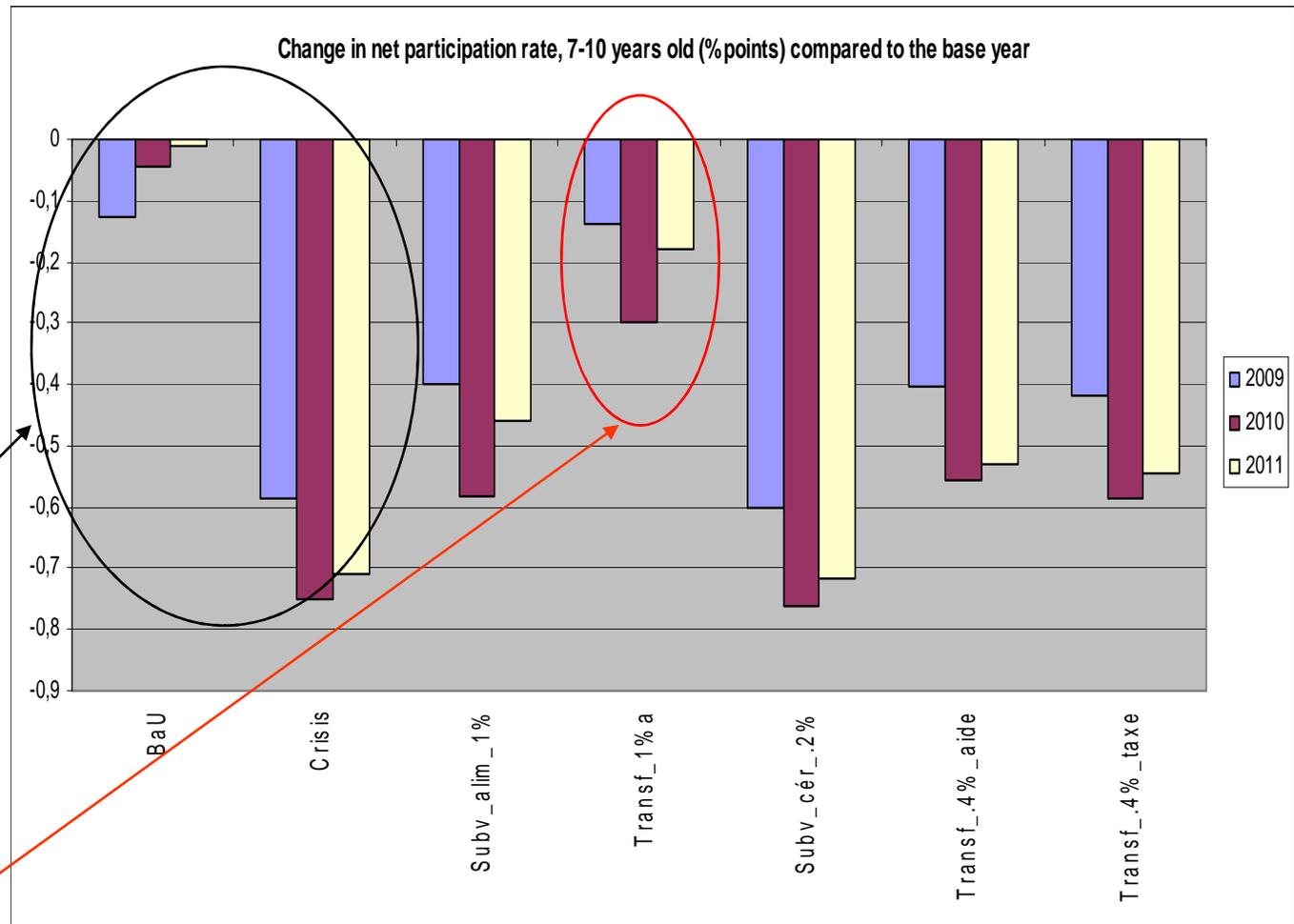


Main results of the study (3)

**School : 7-10
Years Old**

Negative trend
in school
participation
and great
worsening of
the trend with
the crisis

Relative
efficiency of
Cash transfers
response to
increase school
participation

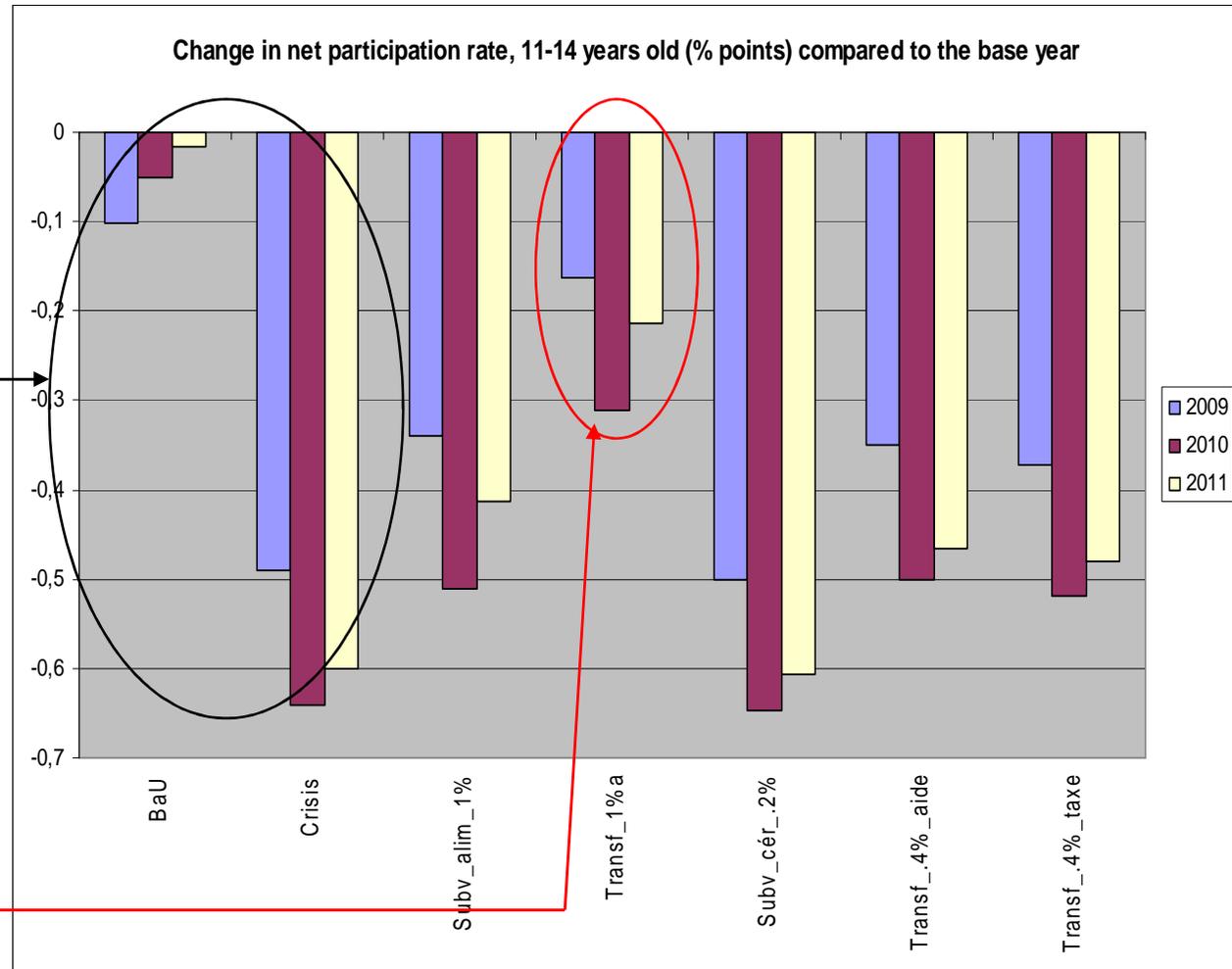


Main results of the study (4)

School : 11-14 Years Old

- Negative trend
in school
participation and
great worsening
of the trend with
the crisis

- Relative
efficiency of Cash
transfers
response to
increase school
participation

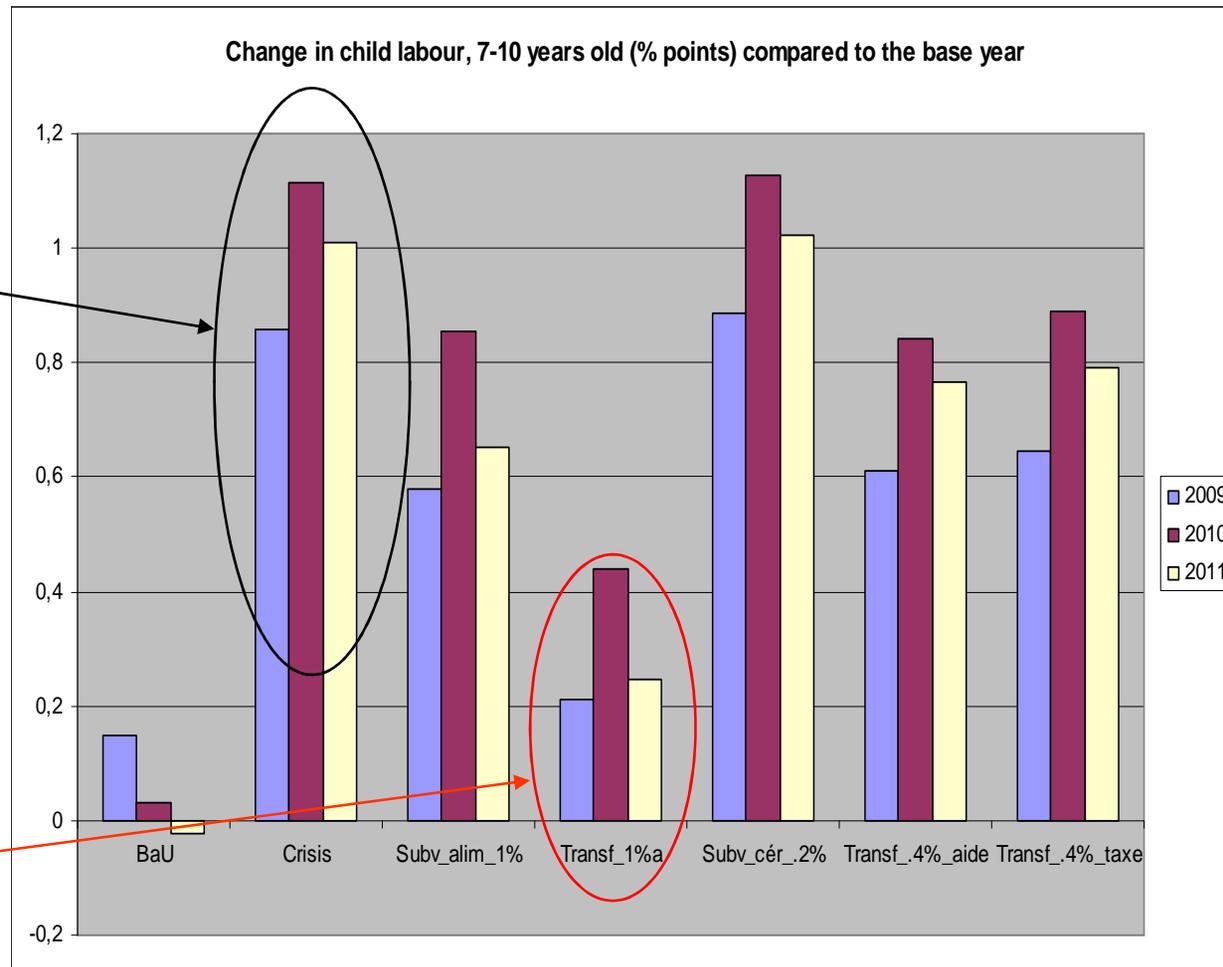


Main results of the study (5)

Work : 7-10 Years Old

- Net increase of Child work with the crisis

- Relative efficiency of Cash transfers response to reduce child participation to work

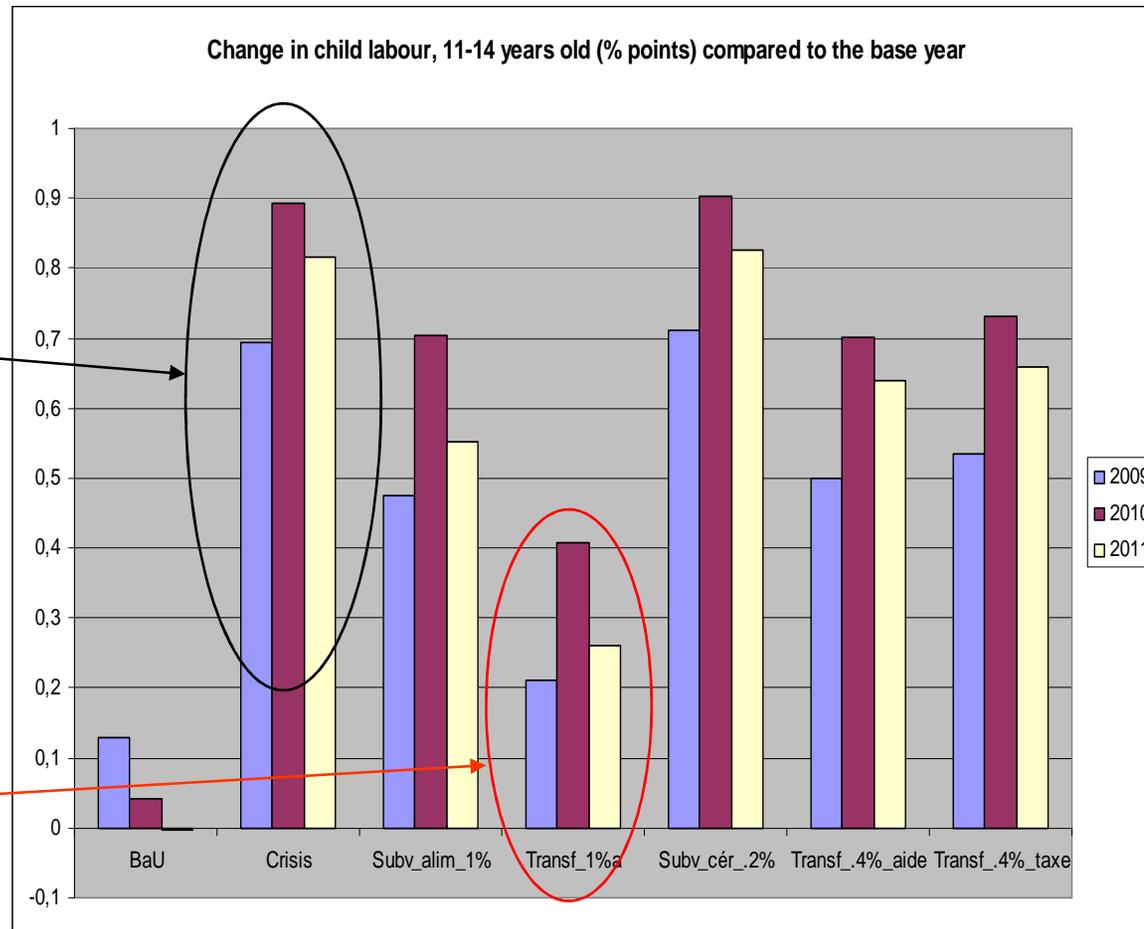


Main results of the study (6)

Work : 11-14 years Old

- Net increase of Child work with the crisis

- Relative efficiency of Cash transfers response to reduce child participation to work

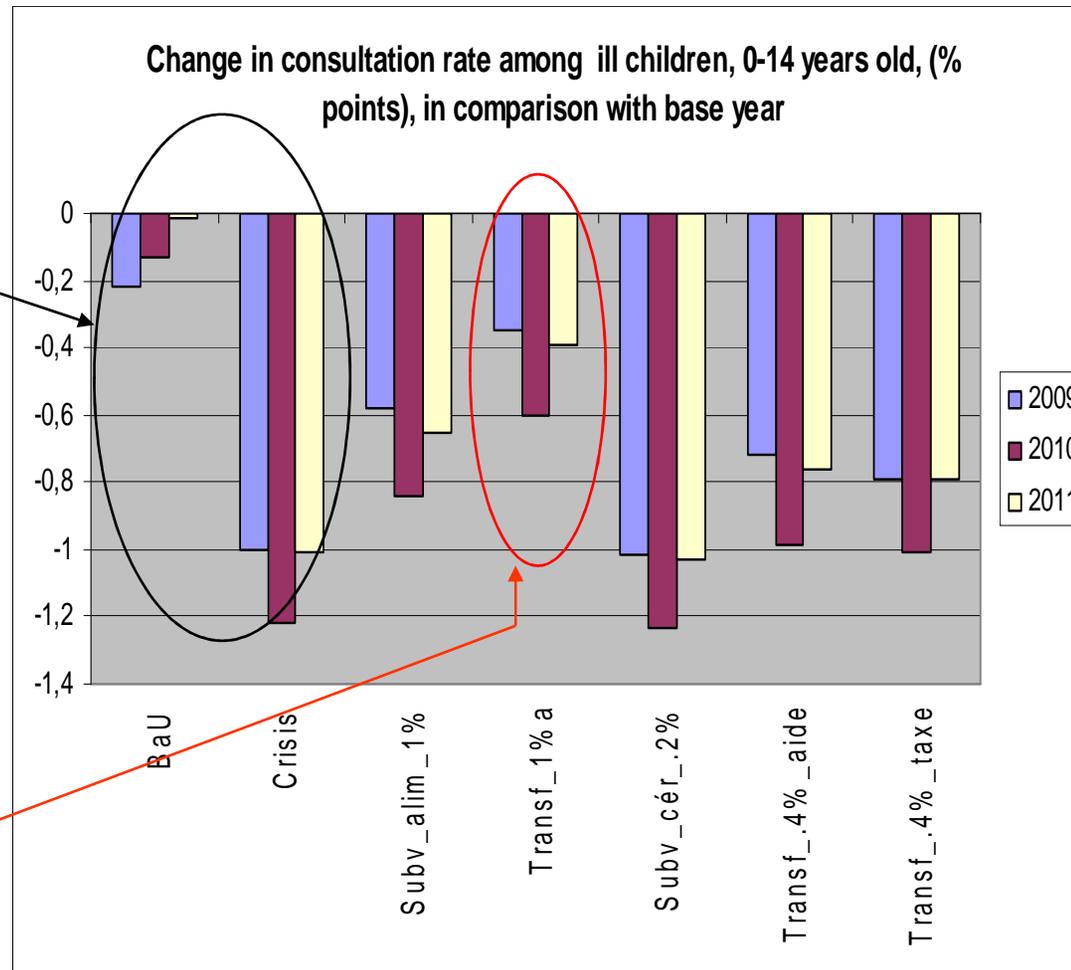


Main results of the study (7)

Child access to health care

-Negative trend in consultation and great worsening of the trend with the crisis

- Relative efficiency of Cash transfers response to reduce the crisis impact

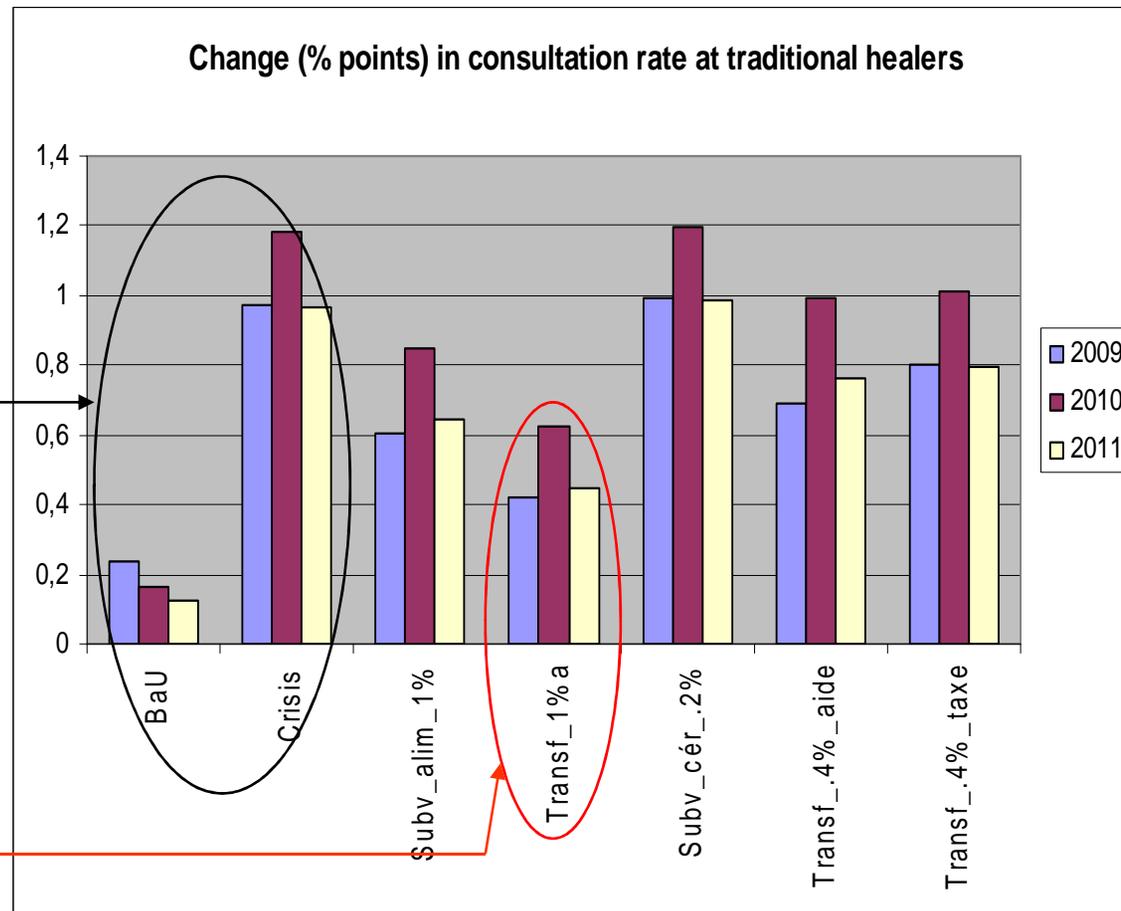


Main results of the study (8)

Child consultation at traditional healers

- Negative trend in consultation and great worsening of the trend with the crisis

- Relative efficiency of Cash transfers response to reduce the crisis impact



Targetting (proxy means)

Cash transfers target **predicted** poor children = f(demographics, housing conditions, durable goods, region): easily observable and non-manipulable characteristics

Exclusion errors	Actual status	Predicted status					
		national		urban		rural	
Inclusion errors		non-poor	poor	non-poor	poor	non-poor	poor
<u>Cash transfer amount</u>	Burkina						
Burkina Faso 12340 CFA francs per child	non-poor	63.1	36.9	74.7	25.3	59.4	40.6
	poor	23.4	76.6	9.6	90.4	24.4	75.6
	Cameroon						
Cameroon: 21065 CFA francs per child	non-poor	70.0	30.0	93.3	6.7	41.7	58.3
	poor	9.9	90.1	58.1	41.9	5.1	94.9
	Ghana						
Ghana: 23.10 cedis per child	non-poor	60.8	39.2	67.9	32.1	55.0	45.0
	poor	19.2	80.8	23.9	76.1	17.9	82.1