

## Children in times of economic crisis: Past lessons, future policies

By Caroline Harper, Nicola Jones,  
Andy McKay, Jessica Espey

**H**ow do economic shocks, in particular the current economic downturn, affect the wellbeing of children? What can be done to mitigate harm? This paper explores these questions, presents a framework for analysing the impact of shocks on children in different contexts and suggests initial policy implications.

New estimates from the World Bank (World Bank, 2009) suggest that slower economic growth owing to the current economic crisis will trap 46 million more people than expected on less than US\$1.25 a day; an extra 53 million will be pushed into \$2-a-day poverty. This is over and above the 130-155 million people pushed into poverty in 2008 because of soaring food and fuel prices. The downturn is no longer limited to developed countries: economic forecasts for developing countries are rapidly being revised downwards.

Given experience from previous crises, all countries need to consider the impacts on children. Increases in child mortality and morbidity, child labour, child exploitation, violence against children and women and other forms of abuse, alongside declines in school attendance and the quality of education, nurture, care and emotional wellbeing, can all be traced to times of economic crisis. It is important to recognise the following:

- We know women, children and young people suffer disproportionately. Parents try to protect their children from the worst impacts of crisis, but there are often limits to how much they can do, especially the poorest.
- Vulnerabilities depend on both gender and age, and are multidimensional. Women are the first to lose jobs, having to work harder to seek additional income, spending less time on nurture and care. Youth recover from the impact of lost job opportunities slowly or not at all. Girls often experience higher levels of nutrition and educational deprivation than boys, with long term wellbeing implications for themselves and their own children. And many women, youth and children (to varying degrees) lack voice and power which, among other effects, contributes to abuse and exploitation.
- It is essential to focus on major irreversibilities: if children are severely malnourished, pulled out of school, subject to neglect or violence and/or pushed into work, they live with the consequences for their whole life, sometimes passing the consequences onto their own children (Harper, 2005). This implies much greater future poverty, probably higher inequality and lower prospects for economic growth.
- Policy should not underestimate the agency of households, including children, in responding to crisis. The challenge is to support constructive coping mechanisms and seek to discourage unconstructive ones.



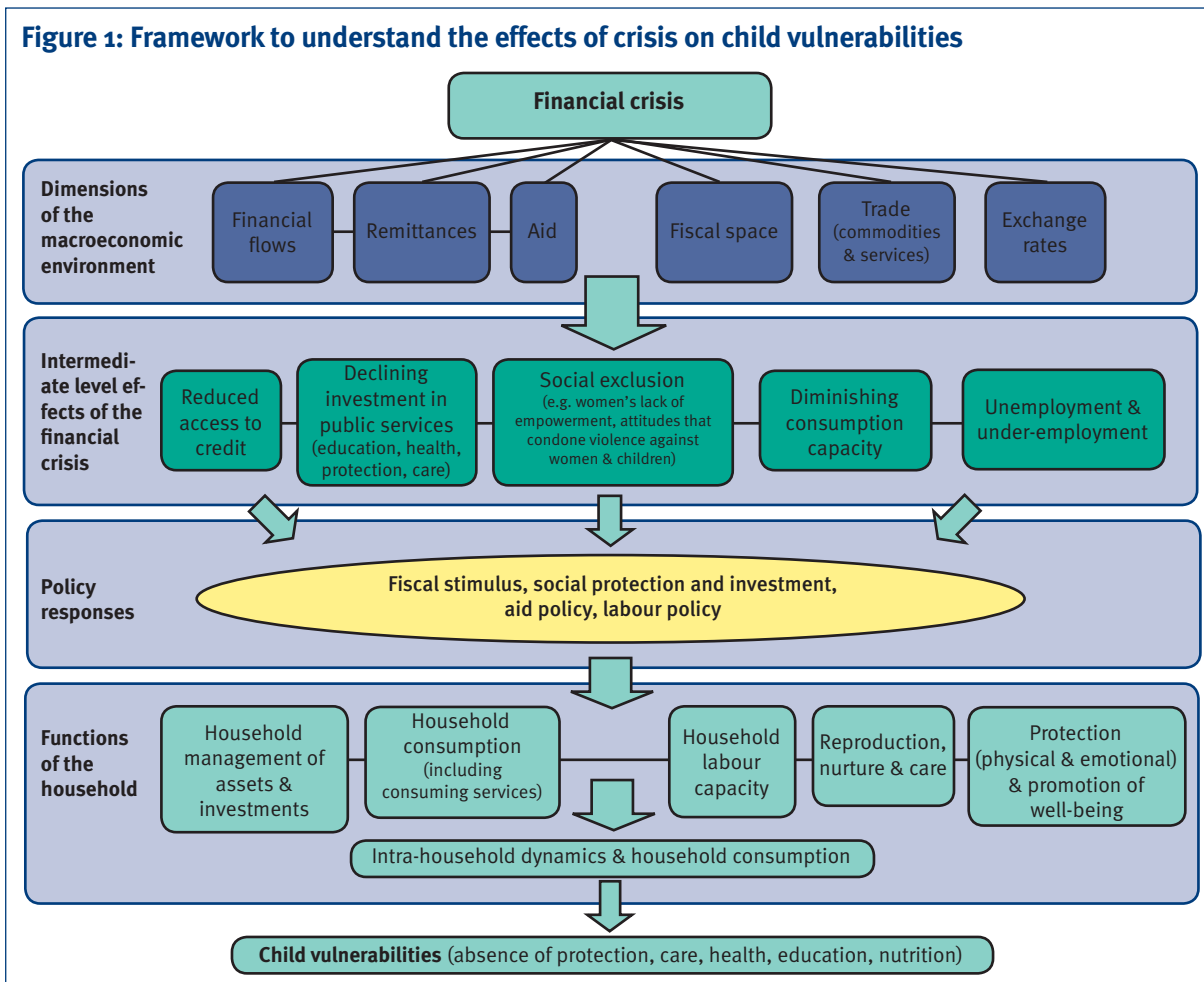
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This Background Note has been produced with the support of UNICEF UK ([www.unicef.org.uk](http://www.unicef.org.uk)) and the Chronic Poverty Research Centre (CPRC, [www.chronicpoverty.org](http://www.chronicpoverty.org)).

Figure 1: Framework to understand the effects of crisis on child vulnerabilities



- Food, health and education are very important in a focus on child poverty, but other issues require urgent attention, such as drinking water and protection of children against violence and neglect.
- Broadly (and not exclusively), four main policy areas can have a positive impact on these vulnerabilities: fiscal stimulus, social protection and investment, labour and aid.

To develop effective and context-appropriate policy responses, we need to better understand the diverse transmission channels through which the shifting macroeconomic environment brings about micro-level impacts on child wellbeing and the way in which this feeds back into the economy and society as a whole. Figure 1 shows the macroeconomic environment dimensions pertinent to the current financial crisis, and the intermediate effects of these. Governmental policy responses shape the way in which these then affect household functioning, which translates into children’s experiences of poverty through intra-household dynamics and household composition factors. Identifying the scale and duration of these potential effects at each level is clearly important.

### What we know about impacts of economic shocks on children

Despite steady reductions, 9.7 million children still die before their fifth birthday every year, most of them from preventable disease and undernutrition (UNICEF, 2007a). A 1% decrease in per capita gross domestic product (GDP) has been linked to an increase in infant mortality of between 17 and 44 per thousand children born (Baird et al., 2007). World Bank estimates suggest an increase of between 200,000 and 400,000 deaths annually, driven by increasing malnutrition, if the crisis continues unaddressed (and thus up to 2.8 million additional deaths by 2015) (IMF, 2009a). Illustrative of this point, in Peru deaths of children increased by about 17,000 as a result of the economic crisis of the late 1980s (Paxson and Schady, 2005).

Compounding some of the increases in child mortality and morbidity are public service cuts. During the East Asian crisis, in Thailand the 1998 public health and education budgets declined by 9% and 6% compared with the previous year (Knowles et al., 1999); and infant mortality increased in Indonesia (Paxson and Schady, 2005). Evidence from Central and Eastern Europe and the Commonwealth of Independent States (CEE/

CIS) shows economic transition led to reductions in education enrolment and increases in child abandonment (ibid). Educational attendance during times of crisis typically declines and some children may never return to school. In Indonesia, in 1998 alone, drop-outs of boys increased by 5.7% and the proportion of 7-12 year olds not enrolled in schools doubled from 6-12% (Frankenburg et al., 1999).

Children and young people leaving education will frequently enter employment. Evidence from Brazil (Duryea et al., 2007) found increases of as much as 50% in the probability of entering employment for 16-year-old girls after the main household income earner became unemployed.

Some progress has been made in recent years in tackling child work (see Fyfe, 2007). However, economic shocks often propel children from school into the labour force (especially boys) or to shoulder more household tasks (especially girls) (e.g. Woldehanna et al., 2008a). Children in the lower income quintiles are subject to the added risk of being trafficked or compelled to engage in hazardous forms of work (e.g. Umana, 2003). Moreover, there is evidence from the Asian crisis of increases of 10-15% in numbers of street children in Thailand, and far greater in Jakarta (Knowles et al., 1999). Particularly abusive forms of work are notably hard to document, but in Laos, reports indicated increasing numbers of women and girls in commercial sex work to assist their parents and pay for their siblings' education after the Asian economic crisis (Knowles et al., 1999).

Violence against women and children, while difficult to measure, rises under conditions of economic stress. Underlying levels of implicitly sanctioned violence, such as physical punishment for children and wide-scale wife beating,<sup>1</sup> enable increases and even worse forms to go unrecognised. Children's emotional wellbeing and related long-term development are naturally affected by household depression and violence. Indeed, one of the prime deprivations identified by children in the global 2006 UN Study on Violence was the absence of protection from violence. An increasingly fraught social situation, high levels of crime, violence and protest society wide, and high and increasing incidence of pessimism among respondents, were identified during the Argentine crisis of 2000 (Fiszbein et al., 2003). In the same vein, according to Benson and Fox (2004), women whose male partners experienced two or more periods of unemployment over the five-year course of their study were three times more likely to be abused (Weinstein, 2008). Also related to family stress is the increase in child and teenage suicides in Central Asia following the collapse of the Soviet Union (Bauer et al., 1998; Falkingham, 2000) and the spate of suicides in South

Korea in the immediate wake of the 1997 crisis – an increase of 68% for males, and 34% for females (Khang and Lynch, 2005).

Emotional, physical and developmental wellbeing is highly dependent on parental nurture and care. Research from around the globe suggests that already existing pressures on the time and care of parents are likely to be exacerbated in times of crisis. In Botswana, Mexico and Vietnam, parental unavailability and poor working conditions, limited support networks and inability to afford childcare result in staggering numbers of young children left alone for long hours. In a representative sample of working families, half of families in Botswana, over one-third in Mexico and one-fifth in Vietnam left children at home alone regularly or occasionally. Moreover, 52% of families leaving children home alone relied on other children to help with childcare (Ruiz Casares and Heymann, 2009). In times of crisis, parental time may become scarcer, as parents work longer hours in lower paid work. This is not a simple story of parental neglect but reflects a broader societal failure to respond to changing labour and family support patterns.

There is a significant danger that hidden impacts – hazardous work, increases in violence and decreases in nurture, care and emotional wellbeing – may not be addressed, owing to their invisibility, a failure to plan for the social impacts of economic shocks and varying attitudes to and acceptance of violent behaviour.

### Are the impacts lasting and do people recover?

All the above not only affects the individual and household, but also feeds back into the economy and society as a whole, especially when individuals cannot recover – and there is evidence that frequently they cannot (Harper et al., 2003). The benefits of higher levels of education on labour market outcomes, fertility, participation in society and women's empowerment, among others, are proven. For children whose education is cut short, these benefits in adult life are likely to be diminished. Child stunting owing to malnutrition is often irreversible, and there is well-established evidence that workers of shorter stature in adulthood get less access to better jobs and are paid less (Grantham-McGregor et al., 2007). Protecting children and young people from the adverse impacts of crisis addresses child suffering, but also benefits future economic growth in multiple ways.

Even if some countries did recover economic growth a few years after structural adjustment, there is still evidence that even these countries incurred significant costs in this period (reduced nutrition, withdrawal from school, etc.) (Cornia et al., 1987).

These are likely to have had irreversible and costly effects for some populations, especially children, with potentially long term consequences. Policy is critical to recovery: in part because of the policy choices adopted, South Korea and Indonesia (Frankenburg et al.,1999) both recovered quickly from the Asian crisis. Substantial national social protection systems were put in place to cushion populations from future economic shocks. These responses, plus a range of economic and social policy interventions (even if not that well targeted), helped protect many households from the worst impacts of the crisis, although coping was often hardest for poorer groups.

### Priorities North and South

Child vulnerabilities will vary according to national contexts. Tackling malnutrition, for instance, is likely to be a pressing priority in low-income countries; risks to emotional wellbeing may be of greater concern in high-income countries (without denying the relevance of both issues in all countries). Many countries have policies and mechanisms that attempt to cope with the underlying causes of diverse child vulnerabilities. In such cases, the question is whether interventions can be boosted and reinforced to cope with the effects of recession. In many low-income countries, including those with significant governance deficits, the ability to address child vulnerability is low. The question here is not only how to introduce and strengthen systems, but also how best to do so in varying contexts and with scarce resources.

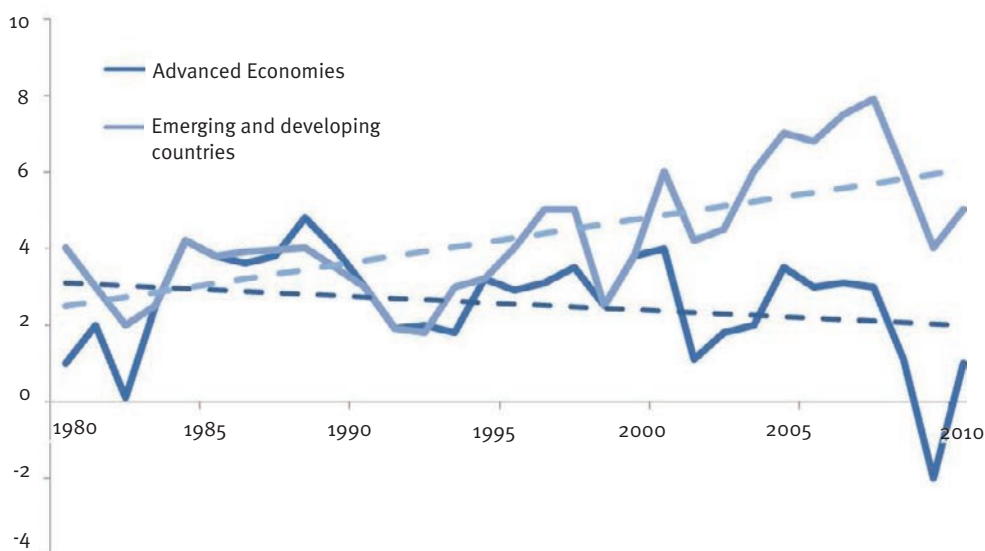
In all contexts, a broader challenge lies in ensuring that children’s vulnerabilities are visible on policy agendas. Although the Millennium Development Goals (MDGs) already identify these as among the most pressing priorities, and there is almost universal buy-in to the UN Convention on the Rights of the Child (UNCRC), progress on tackling child suffering was slow even before the crisis, with most developing countries falling short on most child-related MDGs (World Bank, 2008a), and particularly on MDG5 – halving the maternal mortality rate – which has a direct and powerful impact on children. With potentially less tax revenue and aid, progress towards the fulfilment of children’s rights to survival, development, protection and participation may stall, and hard-won gains may be reversed.

### Macro–micro linkages in the current financial crisis

The current financial crisis, which began in richer countries, has had a major adverse impact on economic performance in Europe and North America in particular, causing many countries to enter into recession. The downturn is likely to deepen and to last some time. Besides substantially falling asset prices, there have been substantial increases in unemployment, and significant reductions in tax revenues and volumes of trade (IMF, 2009b).

Some developed countries have responded with expansionary fiscal and monetary policy, with the US and UK in particular implementing major initiatives

Figure 2: Real GDP growth and trend (percentage change)



Source: IMF (2009c).

financed by borrowing and some monetary expansion. The crisis has generated increased pressure for protectionist policies in most rich countries, although this pressure has not yet translated into action.

The financial crisis follows on the back of a period of large increases in food and fuel prices (Mitchell, 2008), which have since abated, although domestic prices have often not fallen in line, such that consumers or producers still face higher prices. The temporary price increase was beneficial for net exporters of food or fuel, such as Brazil and Russia. Countries that saved these windfall gains are better placed to respond to the financial crisis, although these are relatively few. Net importers of both food and fuel – including several of the poorest countries in the world – saw their foreign currency reserves depleted, and are now being hit again by the financial crisis.

**Impact of the crisis on overall economies**

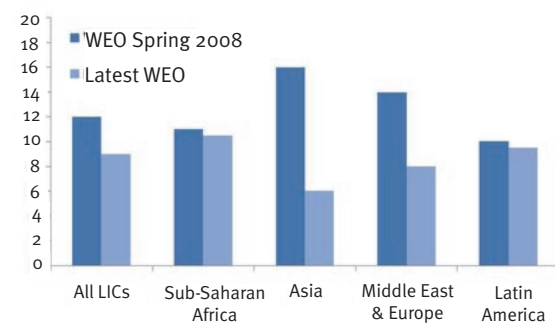
The financial crisis has had a substantial impact on financial flows within and between countries. Net financial flows to developing countries may fall by as much as \$300 billion in two years, equivalent to a 25% drop (te Velde, 2008a). Although not yet entering into recession, many emerging and developing economies’ growth rates have fallen substantially, and it is suggested the 390 million poorest Africans will see their income drop by around 20% – far more than in the developed world (Watkins and Montjourides, 2009).

The recession in the North has had a major adverse impact on world production levels, and in particular on trade volumes, with world exports falling precipitously this year. Export growth rates in the developing world, especially Asia, have fallen substantially. The worst-affected sectors are often the more dynamic ones, with better-paying jobs. Imports of computers and computing equipment, for example, are declining in all major industrialised country markets, and clothing and footwear import growth is contracting sharply (IMF, 2009c/ADB 2008).

Reduced employment opportunities in Europe and North America have in turn reduced the work opportunities available to migrants. Existing evidence suggests that remittances sent by migrants are continuing to grow, but the very rapid rate of increase in recent years has declined, with the most recent forecasts predicting that they will contract over the course of 2009 (World Bank, 2008b).

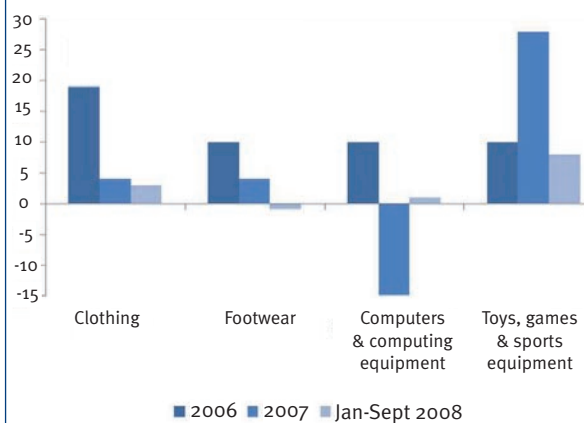
The outlook for aid volumes received by low-income countries is also bleak. This is largely the result of recent currency devaluations, which may affect the value of aid, with the potential for substantial declines in the value of commitments. The value of European Union (EU) aid in particular is likely to be affected by the devaluation of the pound and the Euro against the dollar.

**Figure 3: Export volumes (percent change)**

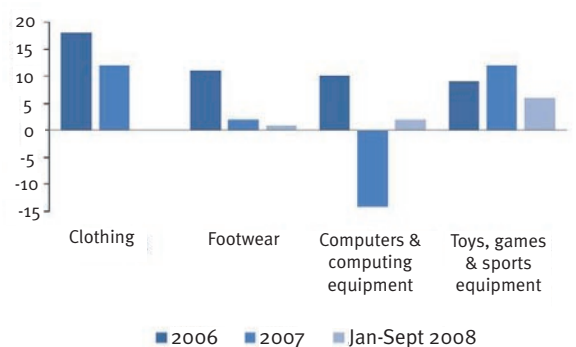


Source: IMF (2009c).

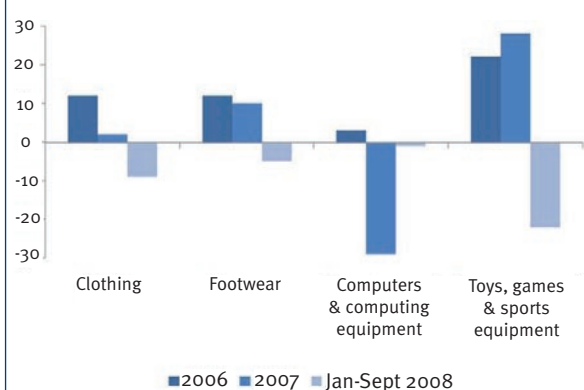
**European Union**



**United States**

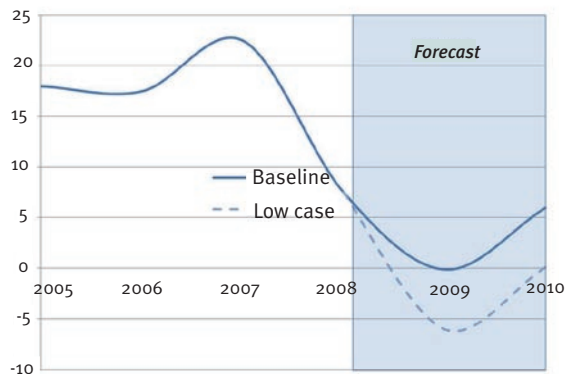


**Japan**



Source: ADB (2008) for EU, US and Japan.

**Figure 4: Remittance flows to developing countries (% change on year earlier)**



Source: World Bank (2008), [http://www.economist.com/world/international/displaystory.cfm?story\\_id=13278585](http://www.economist.com/world/international/displaystory.cfm?story_id=13278585).

### Effects within economies

The economy-wide effects lead to subsequent impacts, from declining investment in public services to diminishing access to credit, and from growing unemployment and diminished consumption capacities to potentially heightened social exclusion (Figure 1).

More specifically, reduction in the fiscal resources available to governments often affects service delivery, not just in education, health, sanitation and water, but also in areas such as child protection, childcare and social protection. This is likely to be compounded by an expected reduction in aid receipts, often a critical source for social policy expenditures. Employment is falling and expected to fall further; the expansion in access to credit is already slowing, which may erode the already limited opportunities that women in particular face in accessing microfinance. Combined, this may result in a retreat into more subsistence modes of production, with negative implications for growth and probably levels of inequality. All of these intermediate-level effects are likely to be exacerbated for socially excluded groups, especially women, children, youth and minorities. Of course, effects are distributed unevenly across an economy, so some of the poor may be buffered from events in distant economies, whereas others will feel the full effects, such as job losses affecting poor people in Dhaka textile mills.

### Effects on household functions

These effects have an important impact on household functions. Reducing consumption – quantity and quality of food, expenditure on healthcare, investment in children’s education, etc. – and/or drawing on household savings and selling assets, such as livestock, are common responses to economic shocks (Skoufias, 2003).

In terms of household labour supply, past crises have often had a disproportionately negative effect on women’s employment, frequently leading to greater working hours and a move into riskier and lower status forms of employment, including commercial sex work. There is ample evidence of this from the crises in Thailand and South Korea in the late 1990s (Shin, 1999, quoted in Kim and Voos, 2007; United Nations 2003). Declining household employment options also frequently result in increased child labour, either waged (especially boys) or unpaid domestic work (especially girls) (Woldehanna et al., 2008b).

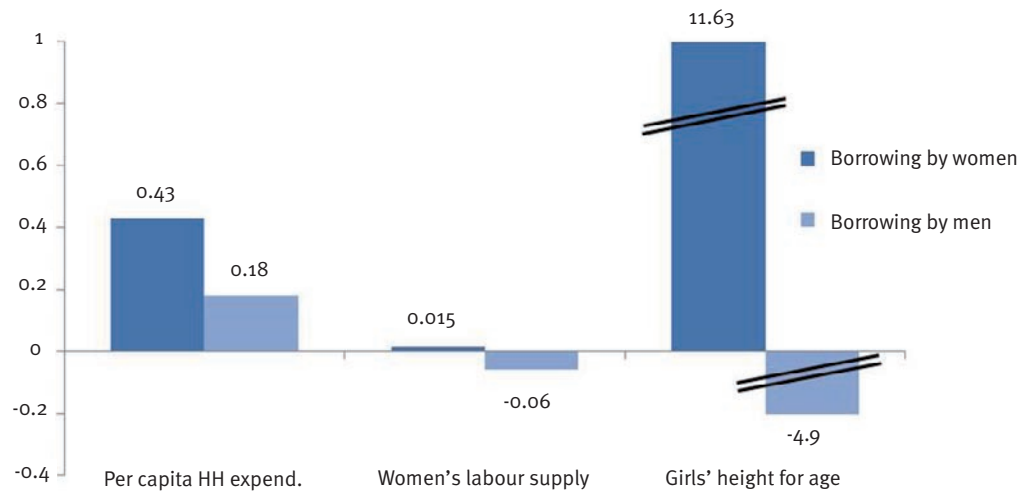
Increased pressures on parents’ working time reduce the time available for nurture and care of children, and can be expected to reduce the level and/or quality of education participation. In more severe cases, emotional wellbeing can be seriously undermined. Household economic shocks escalate domestic violence (Hutson, 2003), cutting across social classes. South African research found significant association between economic shocks and risky behaviours (such as risky sex and substance abuse) (Lee-Rife, 2007).

### Intra-household dynamics

Household functions and their effects on child vulnerability are profoundly influenced by intra-household dynamics, in particular the balance of power between men and women, young and old, in relation to decision making, control over resources and time use. Changes in income and household consumption are likely to affect the quantity and quality of children’s food and their access to medicine, health and education. These and other basic needs may be affected in the long term, even if parents, especially mothers, seek to minimise the impacts of shocks by taking on additional income-generating activities and altering their own food consumption. Choices about how or whether allocations of household resources to child wellbeing – in particular, specific resources to girls or boys, to older or younger siblings – are changed or reduced will depend on a number of factors: level of education of family decision makers and locus of power (of women in particular, with child wellbeing correlated with women’s bargaining power); household wealth and asset base; household composition; and family eligibility for governmental or non-governmental social protection (Pereznieto and Jones, 2005). In some societies, resources to girls may be the first to be taken away. For instance, unemployment and poverty in the East Asian crisis led to rising nutritional and educational deprivations, especially among girls, and deteriorating physical security and exploitation of children in Indonesia and Thailand (Waddington, 2005).

**Figure 5: Women's participation in micro-credit programmes benefits households**

In rural Bangladesh, the effect of a 10% increase in female borrowing on household welfare is larger than the effect of male borrowing



Source: World Bank (2009).

In sum, the potential extent of child vulnerabilities in a crisis context are mediated by the interaction between macroeconomic environment changes, their intermediate and household-level effects and pre-existing intra-household dynamics. Choice of policy responses can play a major role in mitigating the most negative impacts on children and protecting their key social and economic rights.

## Policy responses

The changing macroeconomic environment affects the scope and scale of the policy response that governments can put in place. Coping strategies are also shaped by a country's history of economic and social policy choices.

National governments broadly speaking have four clusters of policy choices available to them through which to tackle rising levels of poverty and vulnerability: fiscal stimulus, social protection and investment, labour and aid policies. In order to address the specific nature of child vulnerabilities, it is critical that the various policy instruments that governments and donors select from among these broad categories are approached through a gender- and child-sensitive lens.

### Fiscal stimulus packages

A more expansionary fiscal policy, which typically includes investment in employment generation, basic services and incentives to increase consumption (whether in housing or in goods and services), has

important beneficial impacts for growth. A number of the countries hit most strongly by the current crisis have responded with both fiscal and monetary policy stimuli aimed at protecting employment and economic activity. These packages have been substantially financed by borrowing, with some money creation.

Although the crisis has affected most low- and middle-income countries more slowly, growth rates have already fallen and impacts are likely to be much greater in future years. Moreover, recent forecasts have been repeatedly revised downwards, as highlighted by recent International Monetary Fund (IMF) forecasts for sub-Saharan Africa, which have been downgraded from 6.7% to 3.3% (IMF, 2009c). With declining commodity prices eroding healthy surpluses from 2007, many developing countries, especially low-income countries, are severely constrained in terms of available fiscal space. The painful experience of structural adjustment and the IMF-supported policy responses to the Asian crisis highlight the importance of fiscal stimulus to the extent possible, but the scope to learn from and act on these historical lessons is now looking increasingly narrow. According to a recent UNESCO (2009) report, an estimated 43 of 48 low-income countries are incapable of providing a pro-poor government stimulus. Nevertheless, in South Asia, a number of countries have recently implemented a fiscal stimulus policy, as evidenced by those recently implemented by India (\$4 billion) and Sri Lanka (\$141 million) (Kohler, 2009). In addition, to help increase fiscal space, there is scope for new forms of revenue

raising, such as innovative taxes, including cell phone taxes and ‘sin’ taxes, and the effective use of tax credit systems.

The following , beyond the essential maintenance of health and education budgets, are vital areas for public spending, in particular social expenditures, even more so in a constrained fiscal environment.

### Social protection and investment

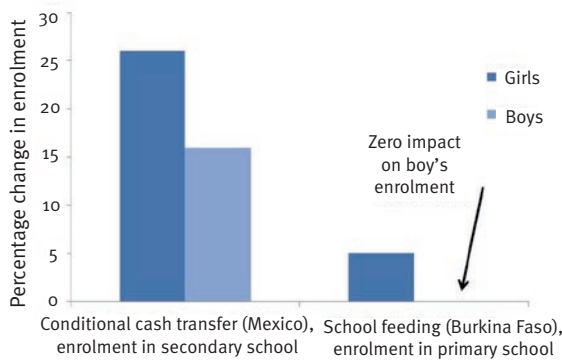
Social protection is a policy response aimed at tackling vulnerability, but the rationale according to which particular societies endorse packages of support for specific vulnerabilities – including those experienced during childhood – differs markedly. In some societies, social protection is seen as an entitlement based on citizenship rights; in others, it is a response to the needs of the ‘deserving’ poor. Accordingly, different mechanisms tend to attract different levels of buy-in in different contexts. Debates continue on the extent to which social protection measures can themselves stimulate growth by injecting resources, and therefore purchasing and production power, into the hands of the poor, also reducing their insecurity.

Owing in part to robust impact evaluation evidence on Mexico’s conditional cash transfer programme, social transfers are now widely accepted as an effective measure for addressing household poverty and vulnerability. They can empower families to make choices to improve their livelihoods, including investing in the human capital development of their offspring, and help families weather crises such as trade shocks. This is especially the case when transfers are paid to women, who have been shown to invest a disproportionate percentage of increased income in children when compared with men (Kabeer, 2003). Examples of cash transfers implemented to cushion the effects of crises include the introduction of Mexico’s Progresa to protect the poorest and most vulnerable in the wake of economic adjustments in the mid-1990s, and the scaling-up of Peru’s Juntos programme to areas most likely to be losers in the context of the signing of the Peru-US Free Trade Agreement in 2007.

Although cash transfers have been shown to have an important effect on children’s access to nutrition, health and education services, especially girls (Grooten, 2006), for many low-income countries, scaling up such programmes to reach substantial swathes of the poor is very challenging. Low-income countries are not only constrained in terms of fiscal space and high poverty rates, but also typically characterised by government deficits, which impede effective targeting and implementation of such programmes.

Cash transfers can assist poor households in overcoming the direct and indirect costs of basic social serv-

**Figure 6: Cash and in-kind transfers can have larger impact on girls than boys**



Source: World Bank (2009).

ices, such as transport, school materials and uniforms, medicines and treatment, as well as opportunity costs (labour time foregone by attending school or going to health facilities) (Holmes and Barrientos, 2009). However, if transfers are to effectively increase the use of services, there must be an adequate supply of quality services. In many low-income countries, this access is highly inadequate. Greater than usual fiscal constraints in the context of the crisis will make substantial investment in the social sector even more challenging.

A less discussed but potentially important social protection instrument is social health insurance for children who face significant health and nutrition vulnerabilities. Scaling up social health insurance in a relatively short timeframe to cover very substantial population cohorts is relatively less costly and administratively challenging than cash transfer schemes, as the example of Ghana shows (Walsh, 2009). Given that cost barriers have been identified as the single greatest challenge to healthcare access, alternative health financing mechanisms, such as social health insurance, from regressive user fee systems, is of critical importance.

As we have seen, children emphasise violence and neglect as among their greatest concerns (UN, 2006). Accordingly, integrating child protection mechanisms into social protection packages may be a key child-sensitive social protection instrument. Possible synergies include: i) integrating child protection issues (e.g. no tolerance of child labour) into cash transfer conditionalities; ii) using interactions with programme beneficiaries to raise awareness about child protection vulnerabilities; iii) supporting the development of a single registry system so that the wellbeing outcomes of children receiving transfers can be better monitored and supported by cross-agency services; and iv) linking child abuse referral systems to the implementing



office of cash transfers or social health insurance programmes, etc. Although the idea of integrating social protection and child protection systems is still very new, there are already some examples of good practice, such as Ghana's Livelihood Empowerment Against Poverty (LEAP) programme, which makes programme participation conditional on families' refraining from using child labour or engaging in trafficking (Jones et al., 2009). The single registry system to promote interagency coordination for children has also been piloted in several countries in Latin America, although impact evaluations of its efficacy in tackling children's protection-related vulnerabilities remain scarce.

Promoting food security is another critical element of social protection and investment. It involves two main concerns: assuring adequate nutrition, especially of infants and young mothers; and making sure that (staple) food is available at an affordable price. Food production and trade can usually make food available at modest prices, but as the recent spike in food prices on world markets showed, this cannot be taken for granted. Ensuring that people have jobs and incomes, if they can work, or some transfer if they cannot, is central. When transfers are justified, cash is preferred to food: it allows people to make their own choices and is often easier and less costly to distribute. But when markets fail to prevent food prices rising, transfers in kind – food aid or food for work – may be necessary. Moreover, during economic crises, it is especially important to monitor the nutrition of vulnerable infants and mothers, and provide supplementary feeding for those at risk. Investing in agricultural research for increased production and managing food stocks more effectively are important measures to prevent such spikes occurring.

### Labour policies

A dominant effect of the current economic crisis, already felt in rich as well as poorer countries, is a sharp rise in unemployment and underemployment. In India, in the last quarter of 2008, 500,000 export jobs alone were lost (The Economist, 2009). There are increased pressures on profits and incentives to lay off workers, with implications for not only household income but also quantity and quality of childcare. Labour policies are critical to support those without work in the short term. Policy instruments might include unemployment insurance; retraining programmes to enable workers to readjust to the new labour market and preserve the skills of workers; reducing working hours in response to falling profits; and make-work schemes. In Indonesia, a diverse set of work creation programmes under various government departments was established during the 1998 crisis, the unifying feature of which was that they were paid in wages and were self-targeting (Knowles et al., 1999).

Another key area is supporting migrants, given the significance of remittance flows. As migrant-receiving countries face the downturn, opportunities for migrants are contracting. It is anticipated that increasing numbers of migrant workers will be forced to return home owing to lack of employment, with major adverse impacts on remittance flows (IOM, 2009). This is already happening in South Asia, with construction workers returning from the Gulf States. This will affect families dependent on remittances, exacerbate employment scarcity and drive down wages as a result of increased labour availability in the country of origin. Moreover, when one parent returns, family and gender roles need to readjust; evidence suggests that this may be more stressful for households than is understood, resulting in household conflicts and potentially family violence (Knowles et al., 1999).

Even for migrants who do not return, it is likely that conditions of employment will be negatively affected. In some cases, as with Central American migrants in the US, migrants are not returning home but instead moving into inherently riskier underground labour markets (IOM, 2009).

Important policy initiatives in relation to migration and remittances include providing support to returning migrants through, for example, public work schemes and seeking to promote financial literacy and savings for effective management of remittances to prevent indebtedness.

### Aid

Increased budget pressures in richer countries create the risk that aid budgets will be cut.<sup>2</sup> And there is a risk that the value of commitments in dollar terms will decline substantially in 2009. The UK has committed to maintaining aid volumes, but other countries (for example Ireland) have already reduced their commitments (The Economist, 2009). This is obviously extremely worrying for highly aid-dependent low-income countries, which may depend on aid flows for as much as 20% of their annual GDP (Maxwell, 2006), and clearly will have greater rather than less need for aid in a crisis situation. This is not least of all as aid flows are important for maintaining public expenditure in the social sector.

In the current context, there is certainly an opportunity to focus on more effective delivery of aid, and to take seriously Paris principles in relation to aid harmonisation. However, as Harper et al. (forthcoming) argue, in the new aid environment of multi-donor budget support, there is a serious danger that children's rights to survival, development and protection will become less visible. Given the cross-sectoral nature of children's multidimensional vulnerabilities,

they risk the same fate of ‘policy evaporation’ that plagues ‘crosscutting’ issues such as gender mainstreaming in the absence of strong political commitment. As national agencies mandated to deal with children’s issues are often weak, and lacking in resources and capacities, the otherwise laudable move to promote national ownership of policy agendas may not be realistic in the short to medium term in tackling childhood poverty and vulnerability. Here, the example of the EU’s linking of human rights, including child rights, protection to preferential trade status agreements with select developing countries is a possible model of good practice to ensure that children’s rights are sufficiently prioritised in discussions among development partners.

## Conclusions and policy implications

This initial investigation suggests governments can do much to protect children from the impacts of economic crisis, but only if they recognise the problem and plan accordingly. While time is short, the nature of the current recession indicates some window of opportunity to assess potential implications and put measures in place. However, it is clearly important to identify in more detail than attempted here the different potential policies for different contexts. This should also be based on a country-specific assessment of the potential impacts of crisis, existing policies and institutional structures, and the specifics of gender and child vulnerabilities. An assessment based on the above can enable this, but more nuanced information is required of different types of economic shocks and historical experiences with regional variations. This importantly reflects very specific and differing institutional and cultural norms for dealing with poverty and vulnerability and differing appreciations of childhood. Additionally, the effect of crisis on child wellbeing needs more nuanced illumination of hidden dangers and potential policy responses, particularly in the areas of care, nurture and protection from abuse and violence.

Appropriate measures to put in place include the following:

- Fiscal stimulus packages need to include not only investment in education, health, nutrition, water and sanitation, but also programmes to support parents and communities to care for and protect children from violence and neglect.
- Social protection measures are vital to address vulnerability and inequality. In this regard, cash transfers, although still very small scale and not always well targeted in low-income countries, remain a vital measure.
- It is also important to focus on social health

insurance, given the severity of children’s vulnerability to infant mortality and morbidity in these contexts.

- Child protection measures can be effectively integrated into existing social protection frameworks and programmes, and should be seen as a priority, going well beyond orphans and vulnerable children to include all children living in impoverished and vulnerable households.
- Other critical and relatively low-cost protection measures include the establishment and adequate resourcing of offices at municipal level where children and concerned adults can denounce child protection abuses, such as in Peru; budget monitoring to assess the level of resources devoted to implementing legislation against child violence, abuse and neglect; and capacity strengthening and awareness raising for officials to promote joined-up working across government agencies dealing with children.
- Food-related measures depend on availability and visibility of food, making monitoring essential, with specific targeting of those most at risk, including pregnant women and nursing mothers. But nutrition is much more than an issue of food security – health, sanitation and water services are also critical, given that respiratory and diarrhoeal diseases are leading causes of child mortality. Education for women and gender empowerment, to enable women greater say over the use of scarce household resources, are also essential.
- Labour market policies must align with social policies to tackle shifts in parental working patterns in the wake of the crisis. This includes coping with returning migrants, but also addressing the much-neglected problems of parental time for care and nurture and institutional support. Quality subsidised crèches, after-school care and flexible working are all possible responses.
- Aid flows must be maintained and a focus on social expenditures prioritised. Managing this in the context of multi-donor budget support needs urgent consideration and more consistent monitoring and knowledge management.

Last, but not least, it is important to recognise the moral imperative to act. 2009 marks the 20th anniversary of the UNCRC. A major share of the cost of the financial and economic crisis will be borne by hundreds of millions of people who have not shared in the benefits of recent growth. Resource allocation is a difficult and politically complex question, but human rights, poverty and environmental protection are intertwined. The environmental crisis we face requires us to reassess what constitutes quality of life. The survival, protection and development of

all children and their potential to lead quality lives ultimately depend on us prioritising their needs and ensuring that the environment can sustain their basic human rights as they grow to adulthood. Without tackling poverty and the environment con-

currently, the future of all of today's children hangs in the balance.

For further information contact Caroline Harper, ODI Research Fellow ([c.harper@odi.org.uk](mailto:c.harper@odi.org.uk)).

## Endnotes and references

### Endnotes

1. 86% of children in a 29-country survey had experienced violent methods of 'discipline', and 'wife beating' as punishment is widely condoned by women themselves, peaking at 89% in Mali (UNICEF, 2007b).
2. 'Despite pressures on all government budgets during crises, the relationship between aid and GDP is not simple. Aid spending fell by 40% in Finland and Japan during a period of crisis, but global aid did not fall during the downturn shortly after 2000' (te Velde, 2008b).

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