



# GLOBAL STUDY ON CHILD POVERTY AND DISPARITIES

and

# A RECOVERY FOR ALL

**Isabel Ortiz**

**Associate Director, UNICEF**

**Manchester, 9 September 2010**

***Chronic Poverty Conference: Ten Years of War against Poverty***

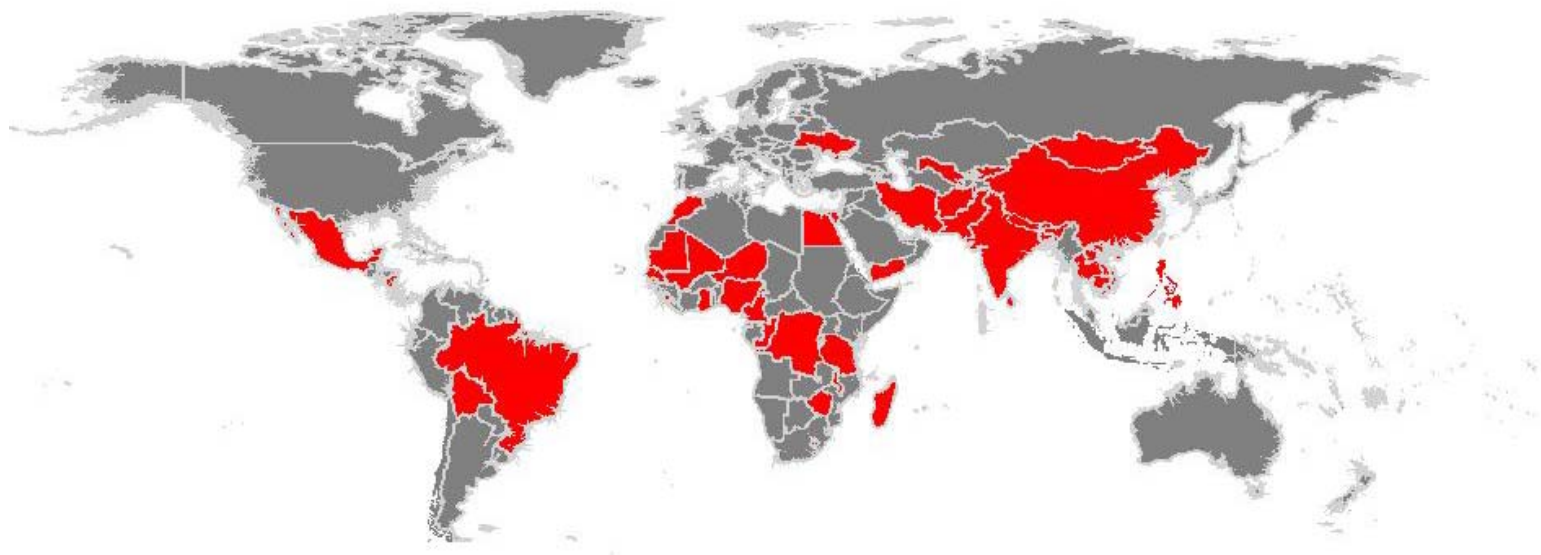
## The Scope of the Global Study

- Initiated in September 2007
- Participation has grown: currently 50 countries are participating
- 16 country reports are completed
- 25 country analyses in advanced stages
- Nationally owned process; emphasis on South-South exchanges
- Linking Partners: Ministries of Finance and Planning, National Statistical Offices, Academia; for example

### *Tanzania team:*

- Head of Demography, University of Dar Es Salaam
  - Manager, Social Statistics, National Bureau of Statistics
  - Director of Studies, Research on Poverty Alleviation
  - Representative and Social Policy Specialist, UNICEF Tanzania
- International partners (e.g. Bristol University, University of Southampton, Institute of Development Studies, University of Maastricht ,New School)

## Participating Countries



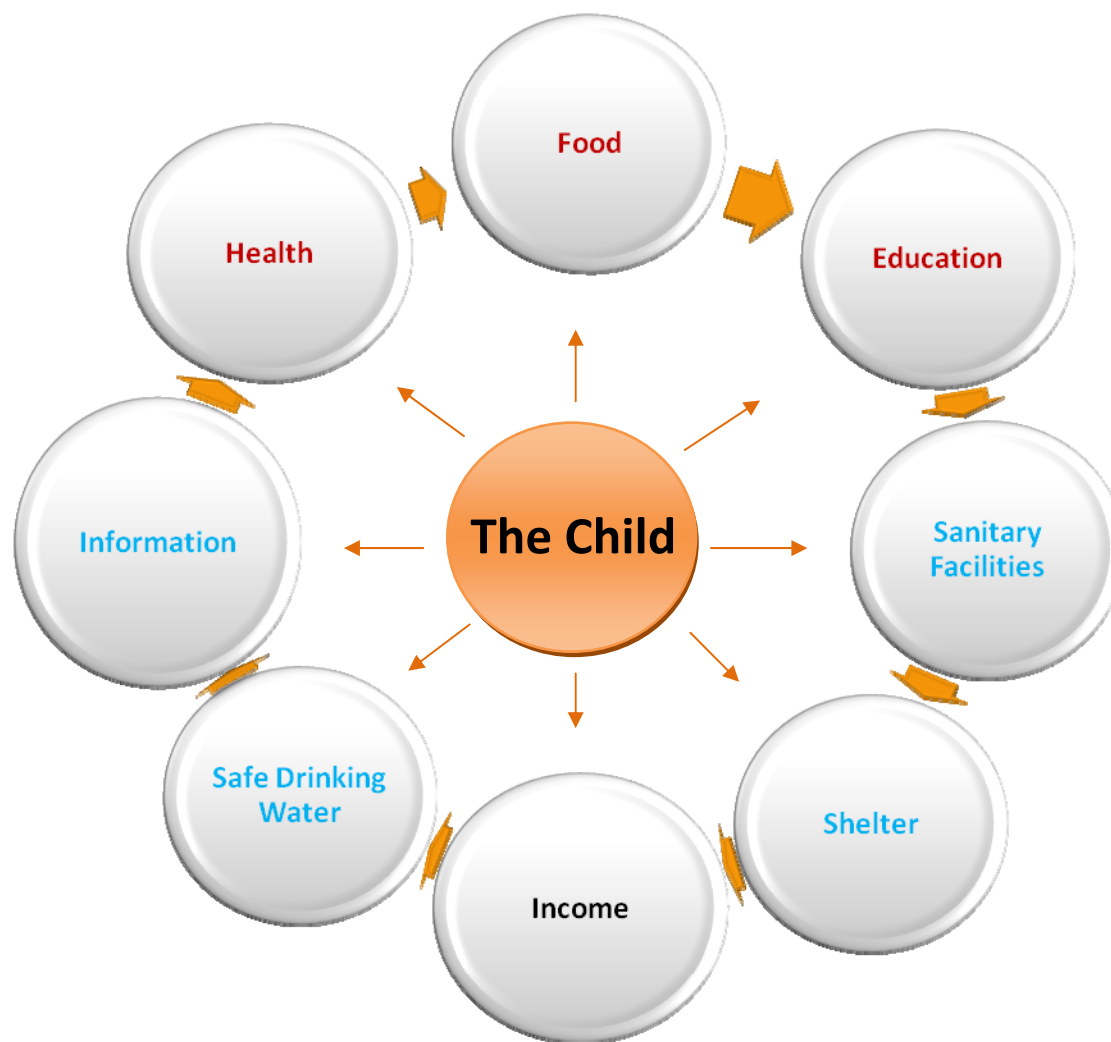
<b><i>Americas and the Caribbean:</i></b>	Bolivia, Brazil, Jamaica, Mexico, Nicaragua
<b><i>CEE/CIS:</i></b>	Kyrgyzstan, Kosovo, Ukraine, Uzbekistan
<b><i>East Asia and Pacific:</i></b>	Cambodia, China, Indonesia, Lao PDR, Mongolia, Philippines, Thailand, Viet Nam, Solomon Islands
<b><i>Eastern and Southern Africa:</i></b>	Burundi, Madagascar, Mauritius, Seychelles, La Reunion, Malawi, Tanzania, Lesotho, Uganda, Zimbabwe,
<b><i>Middle East and North Africa:</i></b>	Djibouti, Egypt, Iran, Morocco, Occupied Palestinian Territory, Yemen
<b><i>South Asia:</i></b>	Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka
<b><i>West and Central Africa:</i></b>	Cameroon, Congo DR, Congo–Brazzaville, Ghana, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo

## UNICEF Multidimensional Concept of Poverty

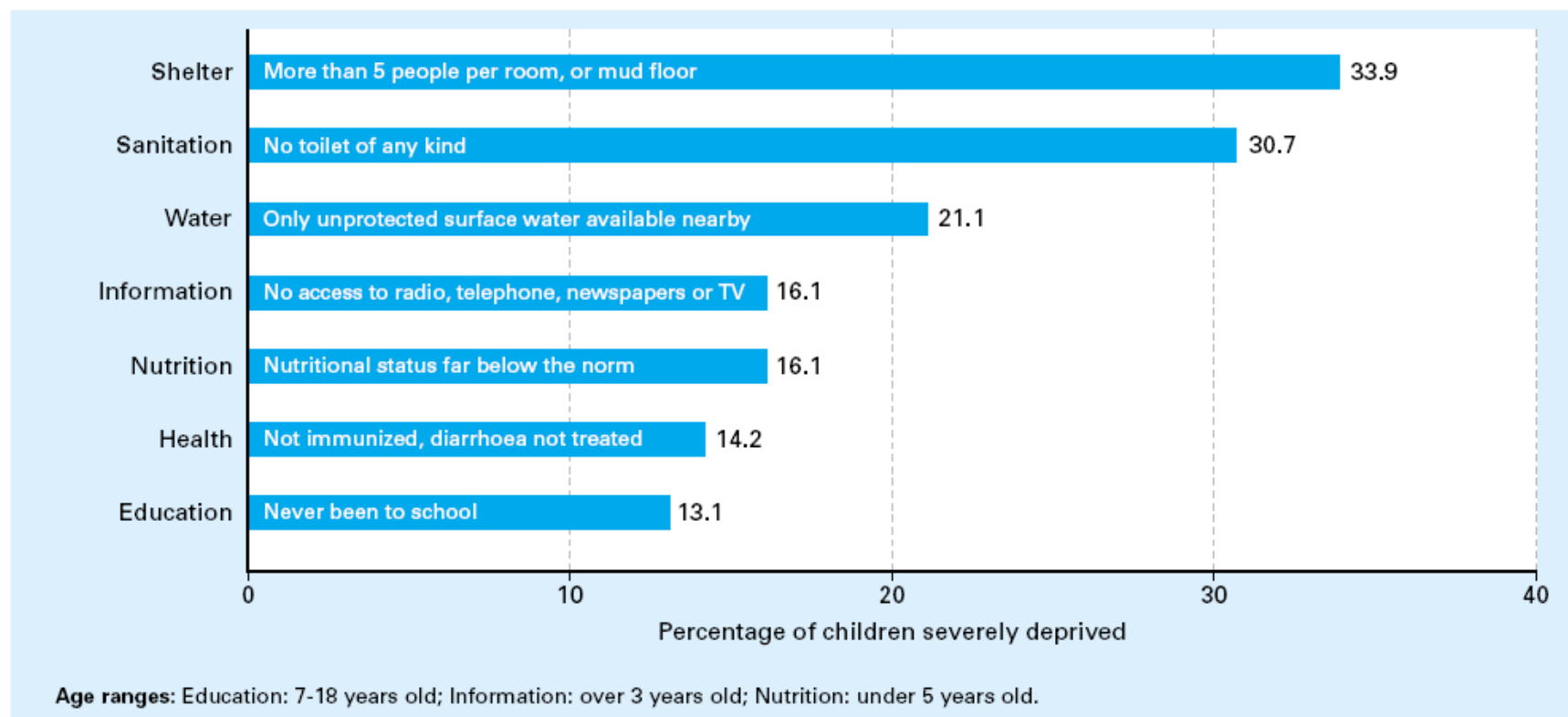
- *Based on the Convention on the Rights of the Child (2005)*
- *Based on UN General Assembly definition of Child Poverty (2007)*

*“Children living in poverty are deprived of nutrition, water and sanitation facilities, access to basic health-care services, shelter, education, participation and protection, and that while a severe lack of goods and services hurts every human being, it is most threatening and harmful to children, leaving them unable to enjoy their rights, to reach their full potential and to participate as full members of the society”*

## Dimensions of Child Poverty

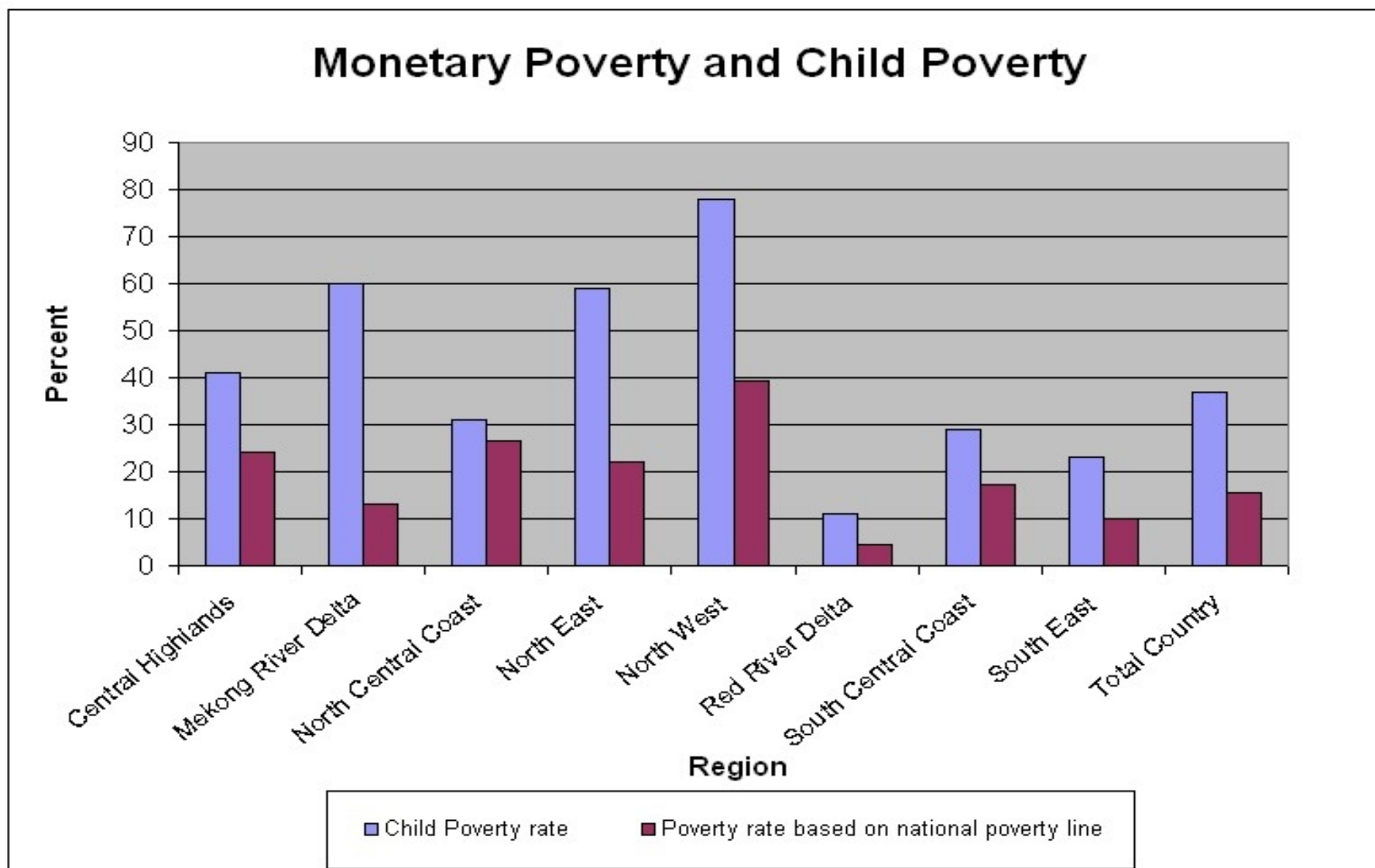


## Operational definition: Thresholds



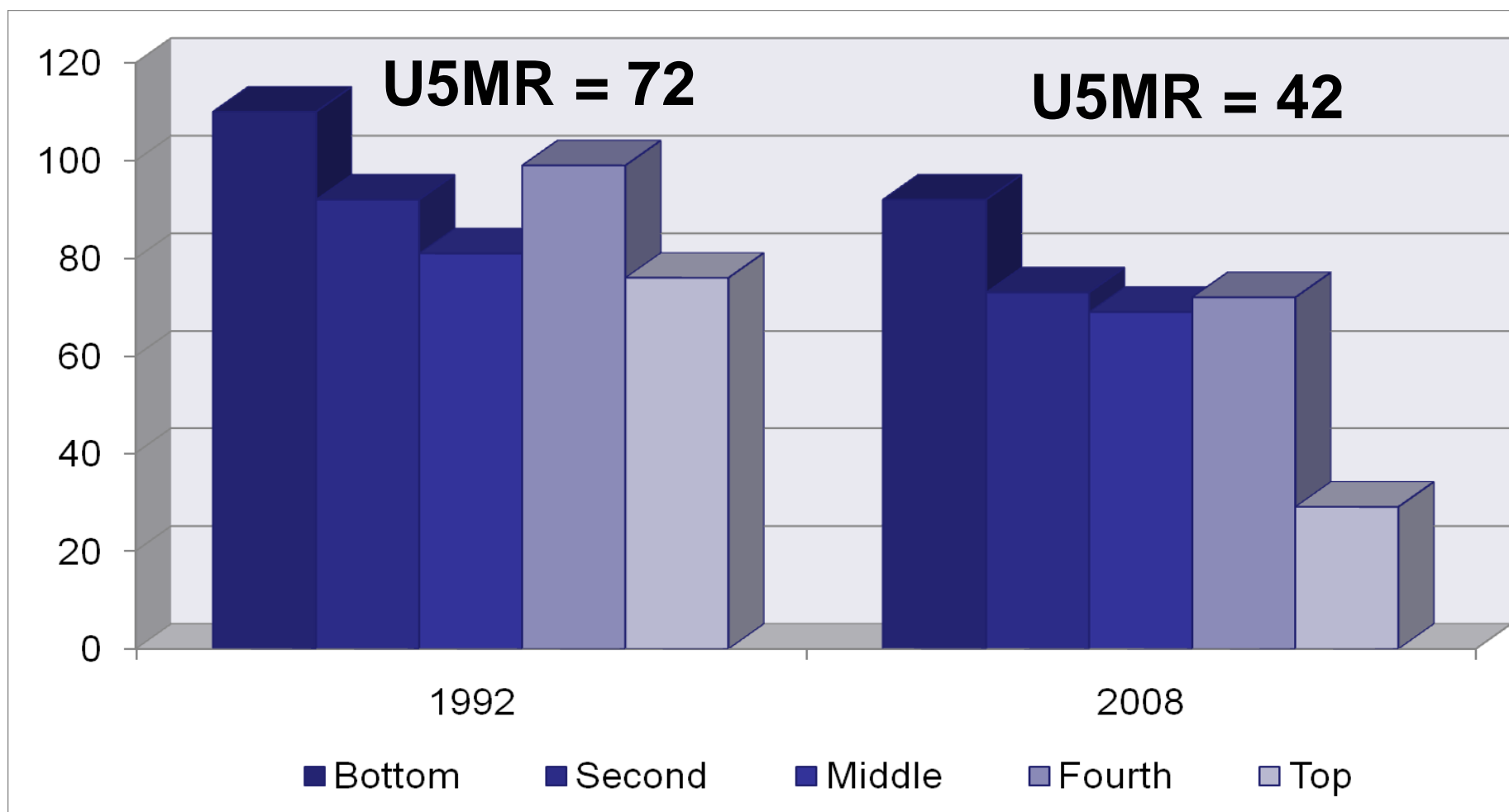
Source: UNICEF, State of the World's Children 2005

## Viet Nam: Linking Income and Deprivation Approach



Source: Draft Viet Nam Child Poverty and Disparities Report (MICS/HH Data 2006)

## MDGs and Inequality: Beware of National Averages Namibia – Reduction of Under-5 Child Mortality Rate





# Over 80 UNICEF offices engaged in Poverty Reduction/National Development Strategies

Table 1. Summary of UNICEF country engagements in PRSP/NDP/SWAp, 2007-08		Does the country have a comprehensive NDP/PRSP?		Is it an formal PRSP or kind of NDP?		Type of UNICEF participation in PRSP/NDP processes		Is UNICEF involved in SWAps?		How is UNICEF involved in SWAPs?	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>All Countries</b>											
N (no. of responses)		128	134	113	105	85	88				
<b>PRSP/NDP</b> Countries with some form of ongoing national poverty reduction		109	105								
Countries with plans under		4	2								
Countries with no plans		15	27								
Countries with formal PRS(P)s				54	58						
Countries with other national (non formal PRSP) plans				59	47						
<i>Type of PRSP participation:</i>											
comments on draft						65	73				
attending meetings						78	83				
advocacy for integration of child						78	79				
provision of data						68	69				
support gov't in drafting/reviewing						45	48				
other						11	10				
at least some involvement						85	88				
<b>SWAp</b> Countries where UNICEF is involved in SWAps								44	42		
- general (meetings, planning, advocacy, etc.)										41	42
- direct contribution to basket/pooled										13	8
- parallel funding										4	4
- chair/co-chair or other leadership										12	11
- technical support											

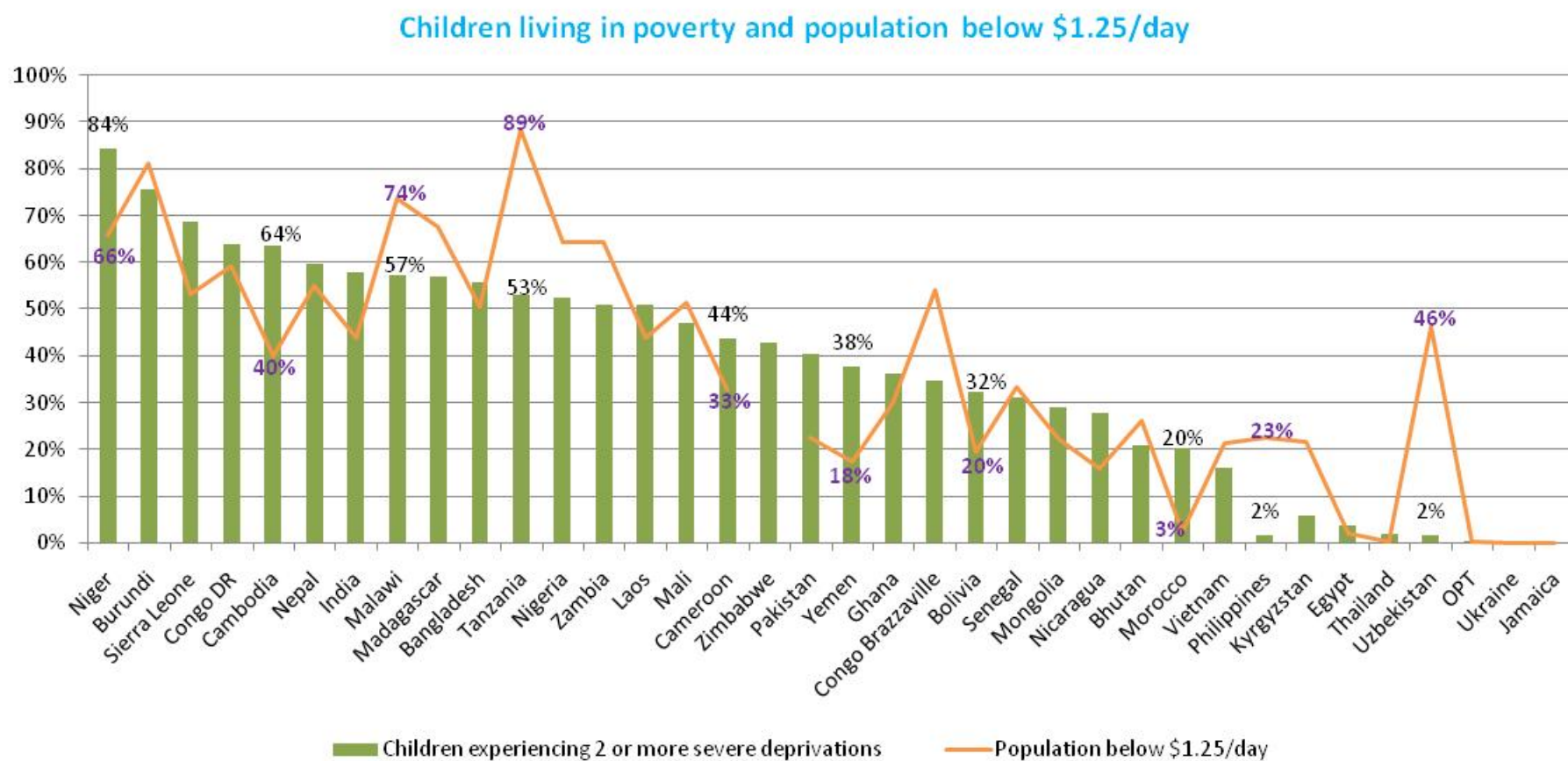
Source: various UNICEF country annual reports.

## Income poverty is inadequate to explain inequities: Yemen

	Income/consumption findings	Deprivations approach findings	Deprivations approach findings
	% Poor households with children	% with one deprivation	% with two deprivations
Amran governorate	47.5	52.5	15.7
Shabwah governorate	41.1	58.4	21.8
Rural total	35.1	76.5	41.3
Raimah governorate	29.3	93.2	58.5
Urban total	17.9	54.1	17.9
Sana'a municipal city	12.0	44.8	10.9
Al Maharah governorate	5.4	55.9	18.8

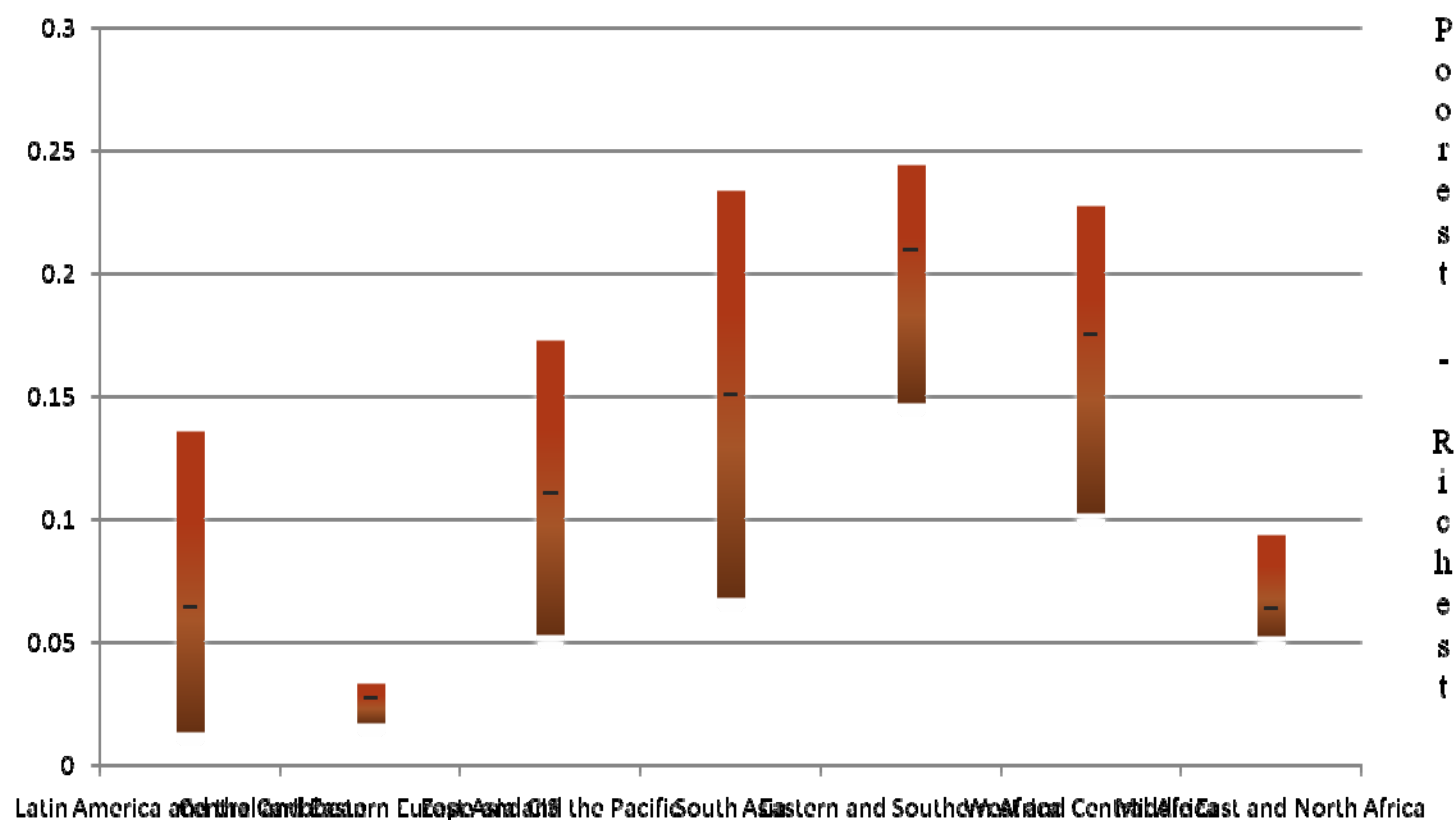
Source: Draft 2009 Yemen Child Poverty and Disparities Report (MICS/HH 2006)

## Global Analysis: Comparison of deprivations and income poverty



Source: 2010 UNICEF Global Study Child Poverty Database

## Global Analysis: Prevalence of Stunting by Regions and Wealth



Source: 2010 UNICEF Global Study Child Poverty Database

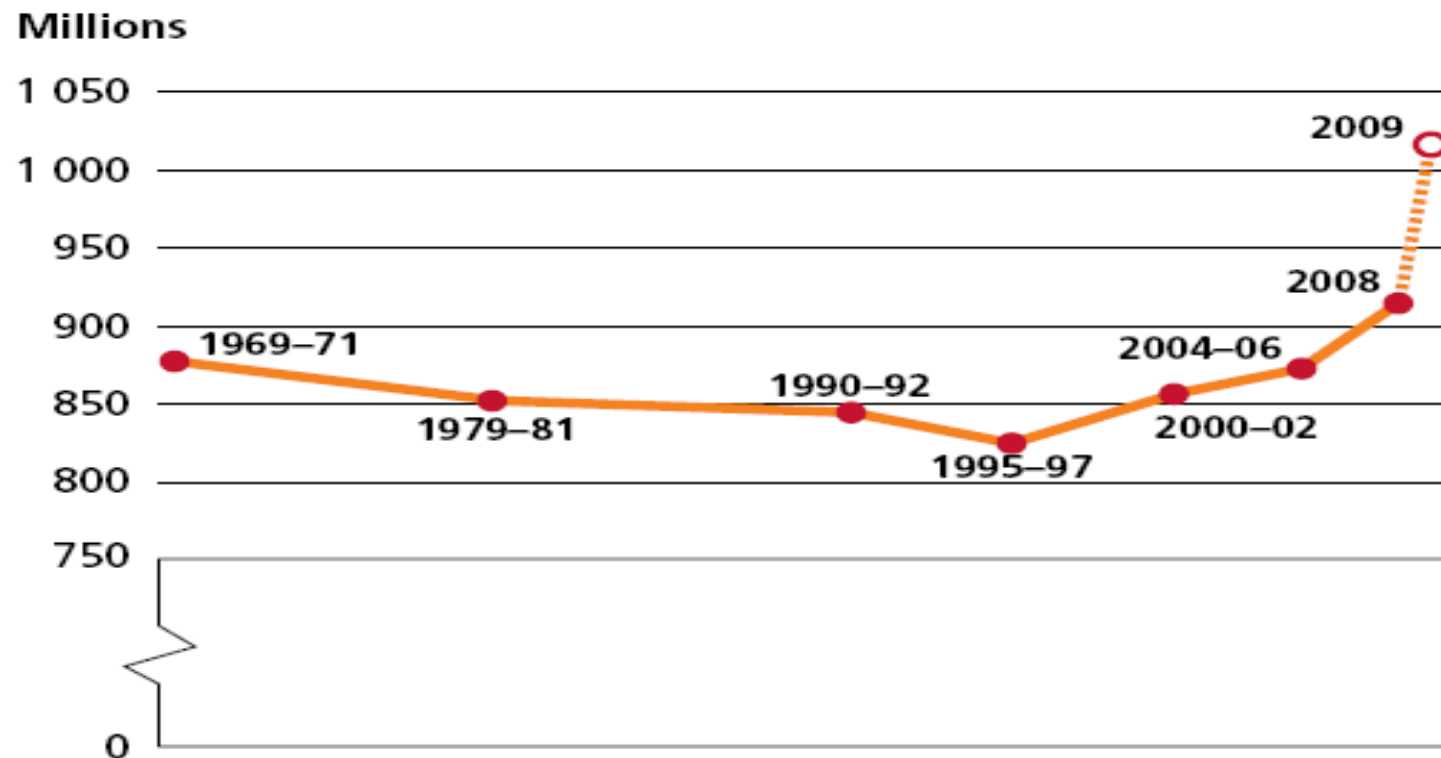


# The Financial and Economic Crisis:

## A Recovery for All

# The 21<sup>st</sup> Century Starts with High Human Cost of a Financial and Economic Crisis

- As many as 90 million people pushed into poverty in 2009 due to lingering effects of the crisis, over 64 million more in 2010 (World Bank, 2010)
- The Right to Food: Number of Undernourished in the World, 1969 to 2009



# Transmission Channels

## Employment and Income

- Wage cuts, reduction in benefits
- Decreased demand for migrant workers
- Lower Remittances
- Returns from pension funds

## Prices

- Basic food
- Agricultural inputs
- Essential drugs
- Fuel

## Assets and Credit

- Loss of savings due to bank failures
- Loss of savings as a coping mechanism
- Home foreclosures
- Lack of access to credit

## Government Spending and Utilization of Social Services

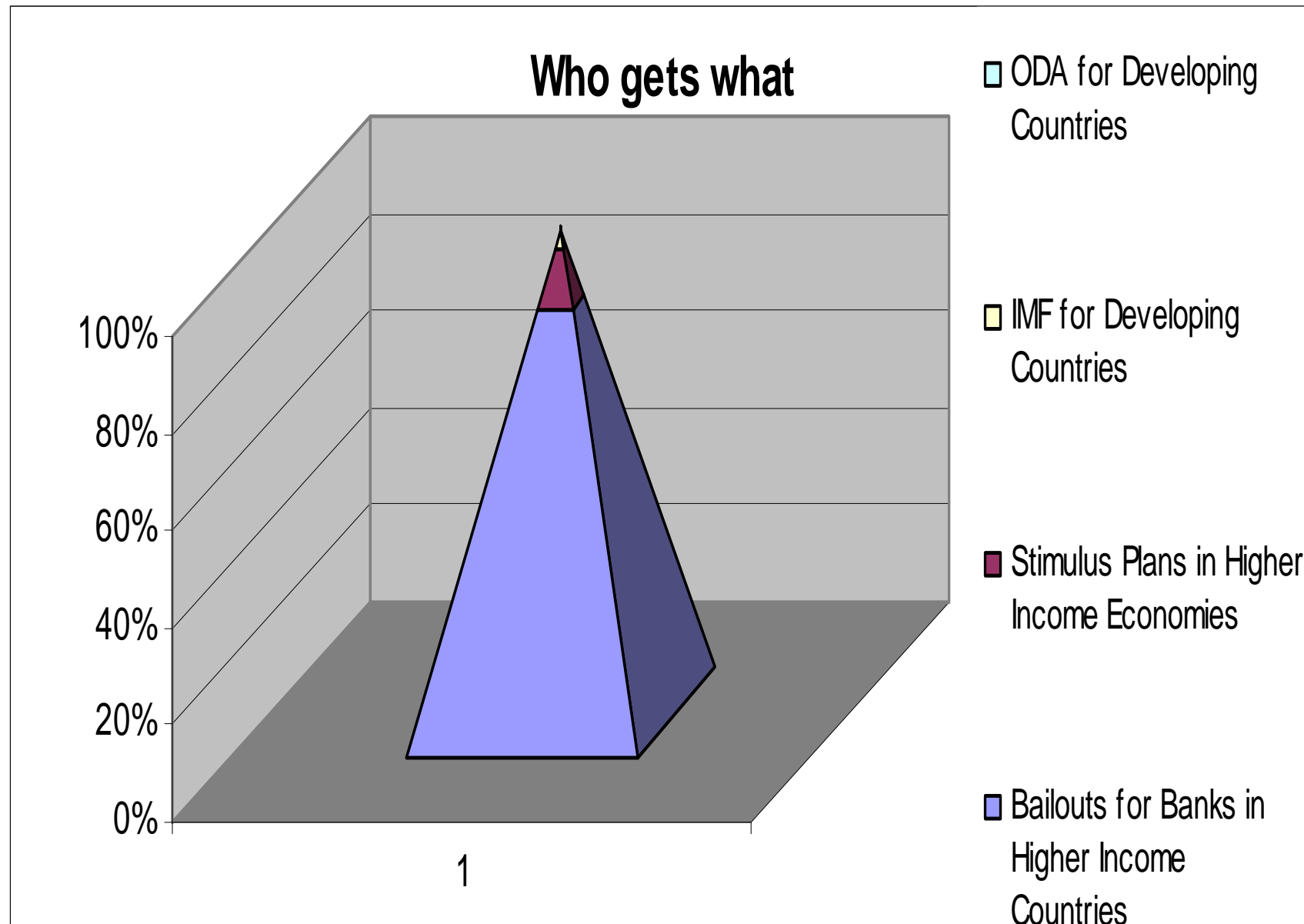
- Education
- Health
- Social protection
- Employment programmes

Aid Levels - ODA decreasing

2010-11:

MDGs at Risk

# Recovery for All?





## 2009: G-20, UN

### G-20 London Meeting – April 2009

- \$1.1 trillion, mostly to IMF (\$750 billion)
- Multilateral Development Banks - \$100 billion
- UN no funds, but to work on monitoring (Global Impact and Vulnerability Alert System, GIVAS, under SG Office)

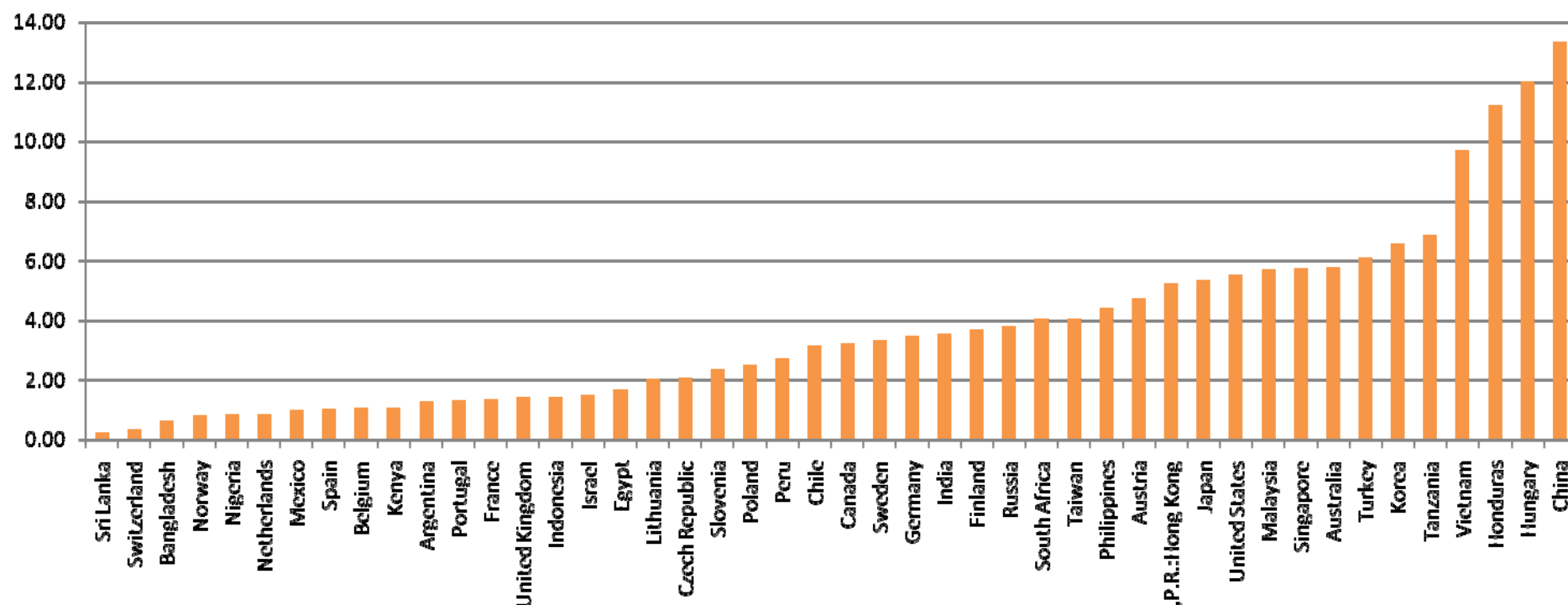
### G192 – the UN Summit on the Financial Crisis – June 2009

- G192 concerns - G20 not legitimate neither democratic
- IMF unreformed; limited funds for development (banks, UN)
- Need for an internationally coordinated response

### UN Chief Executives Board (CEB) – 9 Joint Crisis Initiatives

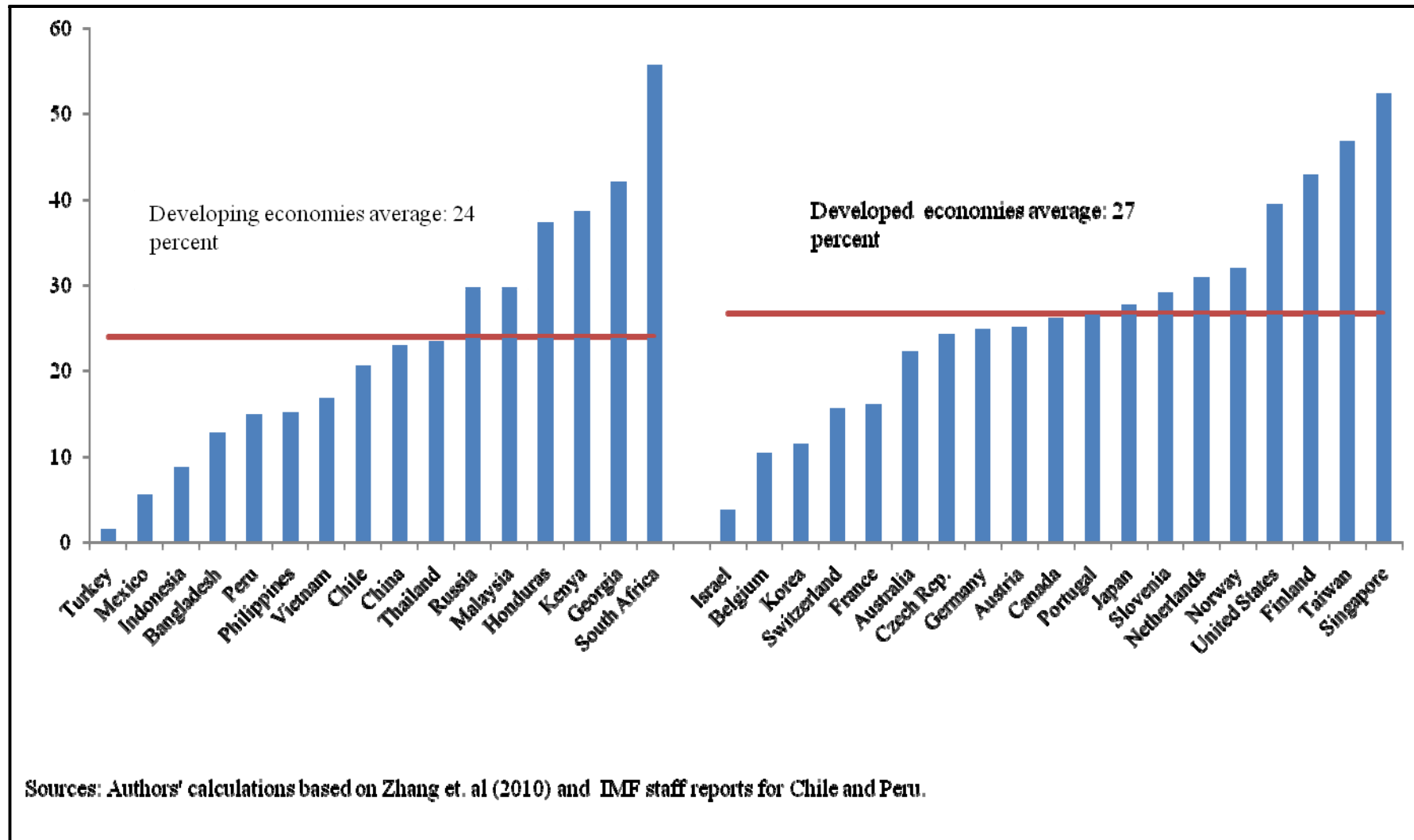
- Additional financing for the most vulnerable
- Food Security
- Trade
- A Green Economy Initiative
- A Global Jobs Pact
- A Social Protection Floor
- Humanitarian, Security and Social Stability
- Technology and Innovation
- Monitoring and Analysis

# Fiscal Stimulus Plans Q4 2008-Q3 2009, %GDP



- Governments embark on fiscal stimulus plans from 2008 onwards
- As an average, 25% of stimulus plans spent on protection (UNDP, 2009)
- Mostly in high and middle income economies – but slow progress in LICs
- Positive development, social protection expanded during crisis

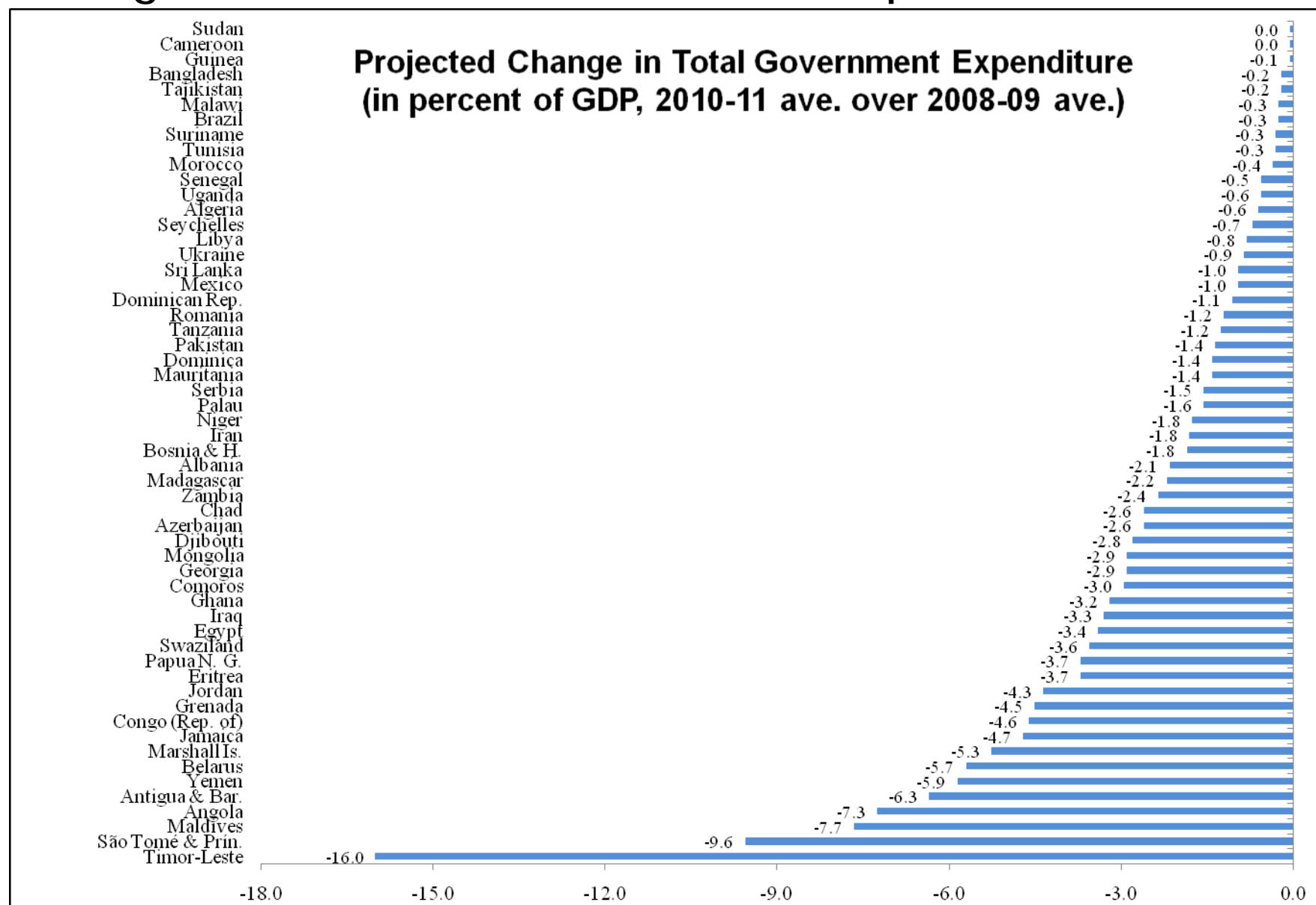
# Social Protection in Fiscal Stimulus Plans



Source: UNICEF, based on Zhang, Thelen & Rao, UNDP 2010

## BUT 2010-11: Governments Contracting Public Expenditures

- G-20: Call for fiscal consolidation and adjustment
- Higher Income Economies first – but also planned in MICs/LICs



# Adjustment Measures and their Potential Risk to the Poor

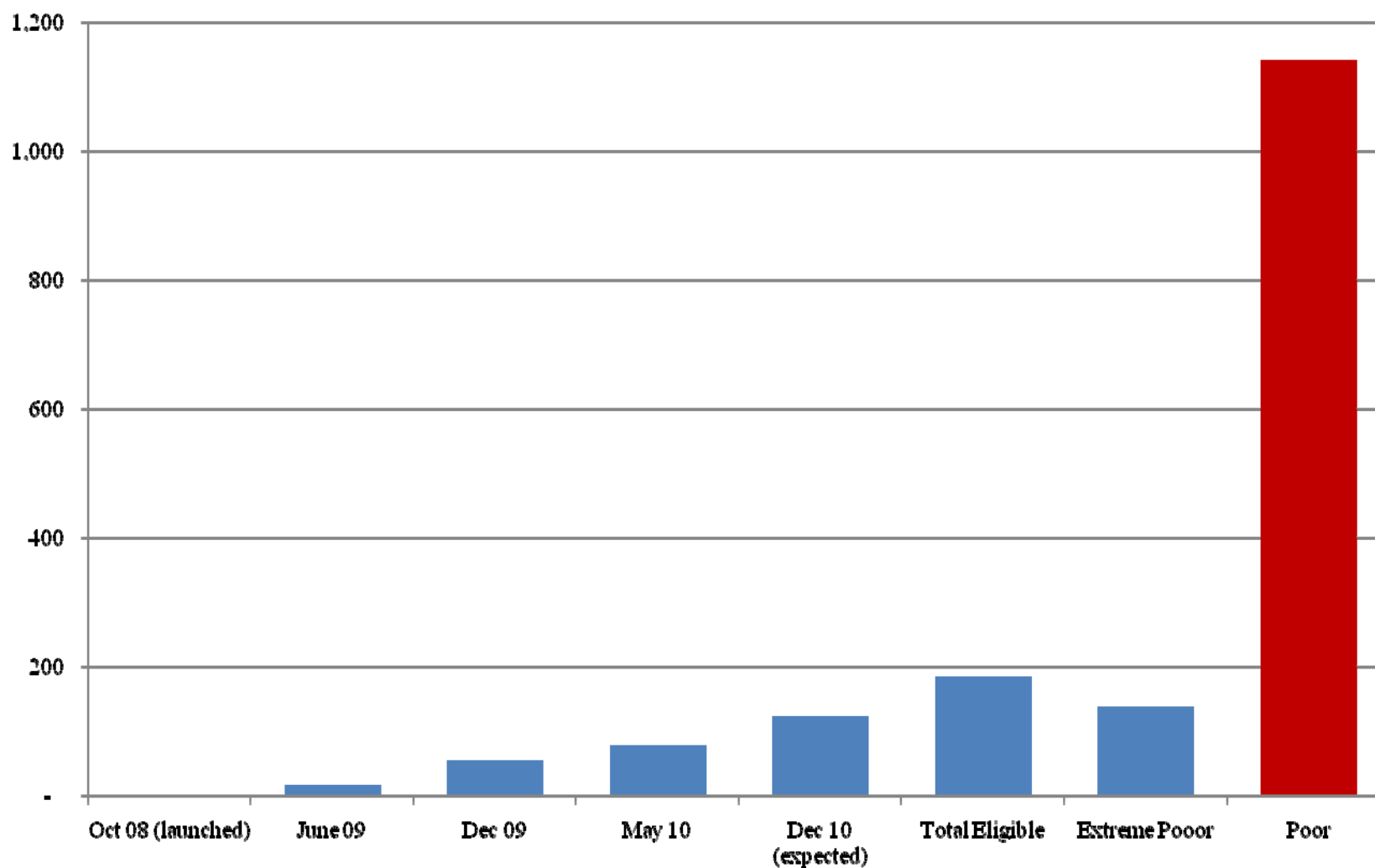
- Contraction of social expenditures
- Social protection:
  - Targeting (reducing coverage)
  - Rationalizing/reducing benefits
- Eliminating subsidies (eg food)
- Wage bill – Salaries of teachers, health and social workers
- While social protection expanded during the crisis - now contraction as a result of post crisis fiscal consolidation/adjustment?



## Selected Issues in MICs and LICs (2009- 2010)

Limit subsidies	Wage bill caps/cuts	Wage bill caps/cuts (II)	Rationalize /further target social protection
Belarus	Algeria	Mauritius	Armenia
Bolivia	Belarus	Montenegro	Azerbaijan
Burkina Faso	Belize	Palau	Bosnia and Herzegovina
Cambodia	Benin	Philippines	Cambodia
Cote d'Ivoire	Bhutan	Romania	Fiji
Egypt	Bosnia and Herzegovina	Serbia	Georgia
El Salvador	Botswana	Solomon Islands	Grenada
Ghana	Burundi	South Africa	Iraq
India	Cambodia	Sri Lanka	India
Iran	Comoros	St. Lucia	Libya
Libya	Cote d'Ivoire	Syria	Lithuania
Lithuania	Democratic Republic of	Togo	Maldives
Malaysia	Congo	Tonga	Mauritania
Maldives	Egypt	Zambia	Mauritius
Mexico	Fiji	Zimbabwe	Moldova
Mongolia	Georgia		Mongolia
Morocco	Grenada		Romania
Nigeria	Guinea-Bissau		Syria
Republic of Congo	Iraq		Timor-Leste
Romania	Lesotho		Togo
São Tomé and Príncipe	Libya		Ukraine
Sri Lanka	Lithuania		
Syria	Maldives		
Timor-Leste	Mali		
Togo	Marshall Islands		
Tunisia	Mauritania		

## Beneficiaries under the New Social Assistance System in Moldova (in thousands of persons)



# A Recovery for All

## Five Actions at Country Level (I):

1. Present evidence of human deprivations, lack of progress on MDGs and Human Rights
2. Analyze budgets for social and economic recovery, to provide immediate support to children and households:
  - a. Scaling up social protection
  - b. Increasing social expenditures such as on education, health services, water... *(eg UNESCO: More teachers needed for MDG2)*
  - c. Protecting pro-poor expenditures aimed at economic recovery and at raising household living standards, such as increased investments in agriculture/food security and employment-generating activities

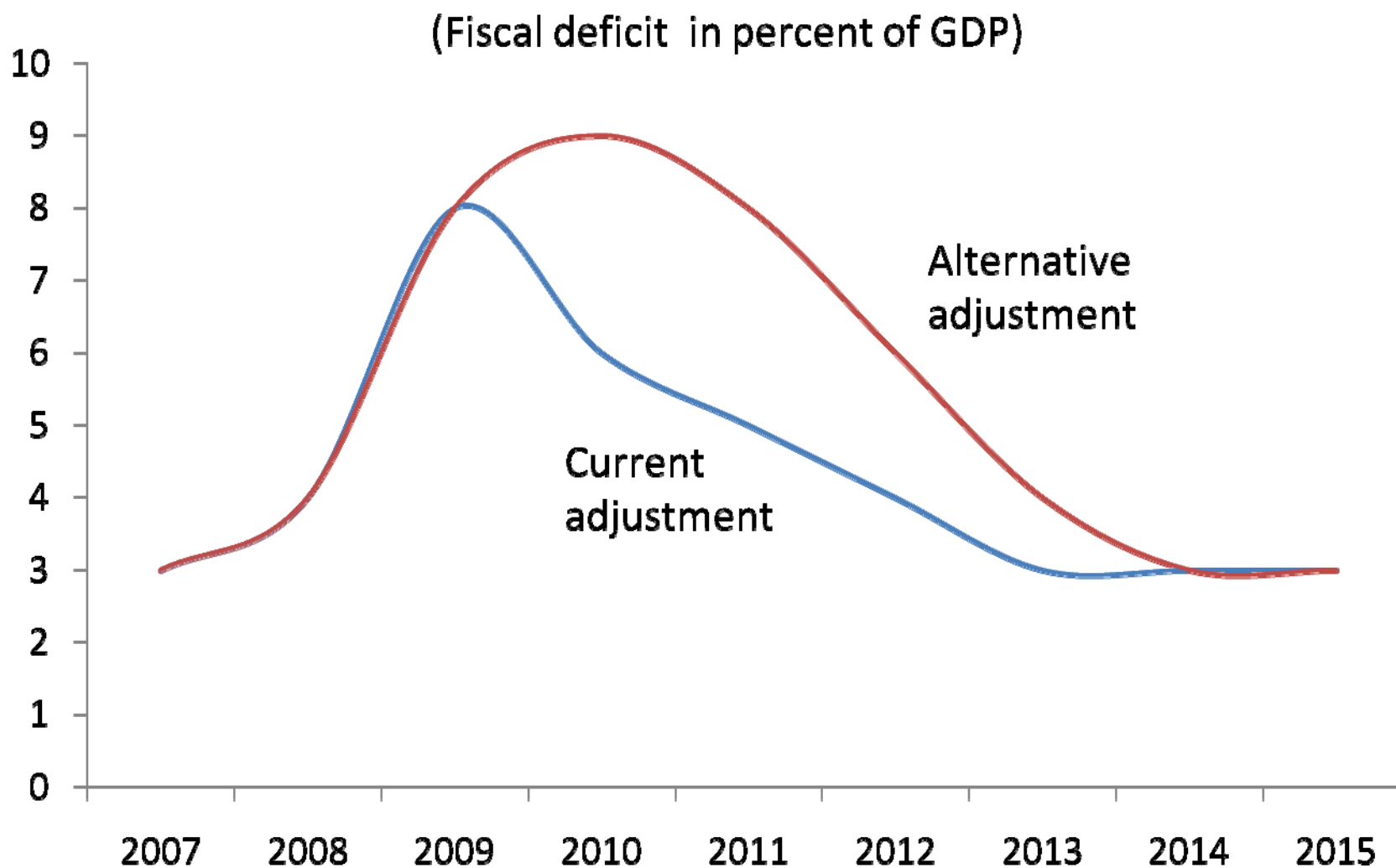


## A Recovery for All

### Five Actions at Country Level (II):

- 3. Identify options for fiscal space**
- 4. Conduct a rapid assessment of the social impacts of different options; show how the post-crisis adjustment may be disrupting progress towards children rights**
- 5. Present a set of alternative policy options for social and economic recovery that can be used in a national dialogue on post-crisis responses.**

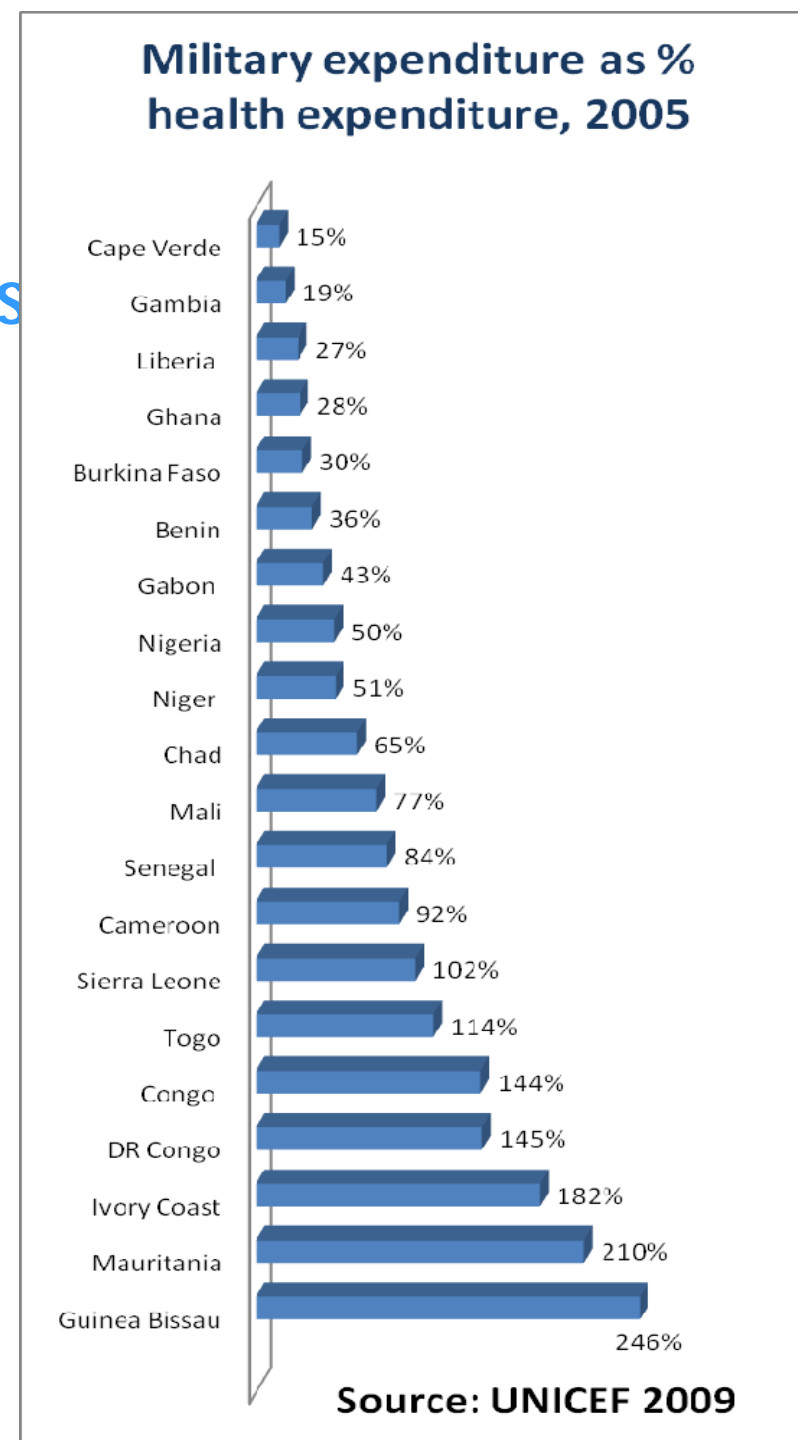
# Fiscal Space: Illustrated Adjustment Paths



# Options for Fiscal Space to Finance Social Development and the MDGs

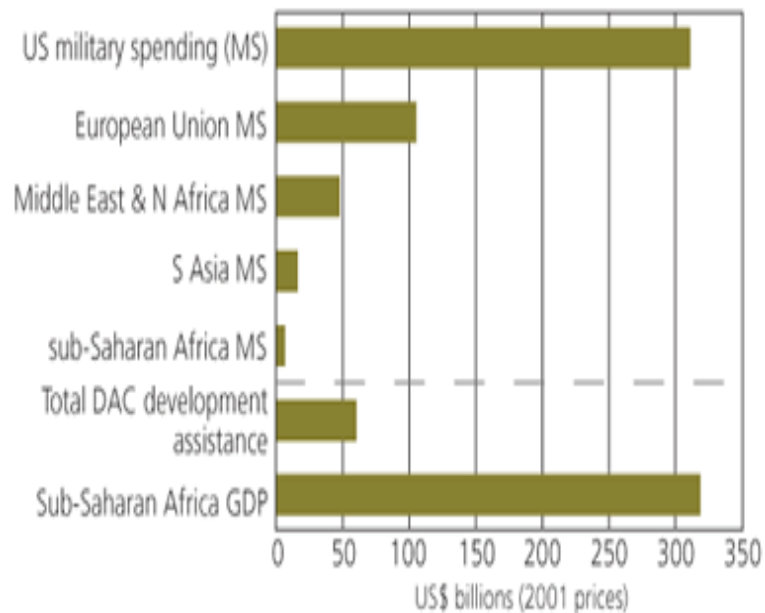
There are multiple options:

- **Re-prioritization of public sector spending:**  
For example, prioritizing social sectors over military spending, as shown by UNICEF in African countries.
- **External financing** without jeopardizing macroeconomic stability, such as through grants, concessional borrowing, or debt relief
- **Domestic borrowing and resource mobilization**



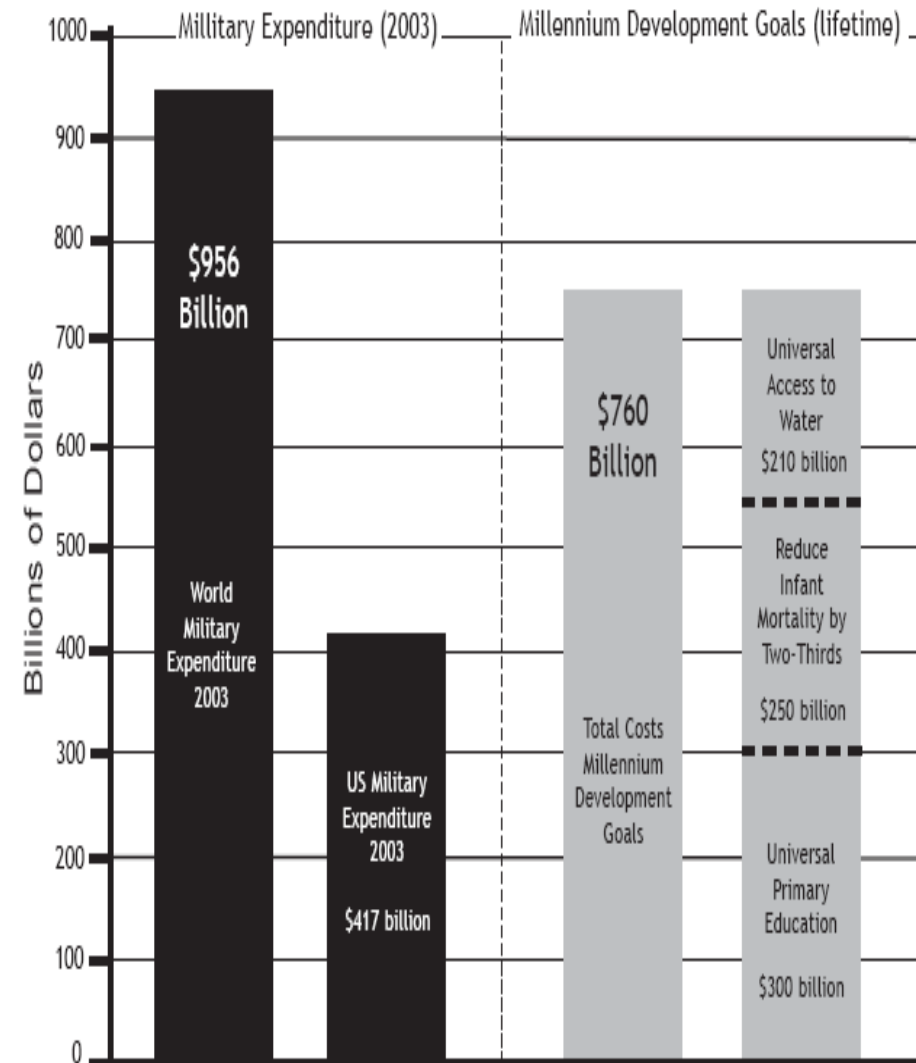
# Warfare vs. Human Welfare

Military spending in perspective: comparative estimates for 2001



The US administration has requested US\$423 billion for the military in 2005. This amount however does not include the costs of on-going operations in Iraq and Afghanistan

Sources: World Bank World Development Indicators 2001;  
OECD Development Assistance Committee;  
Development Co-operation Report 2003



Source: Richard Jolly, 2004: Military spending and development, Sussex, IDS

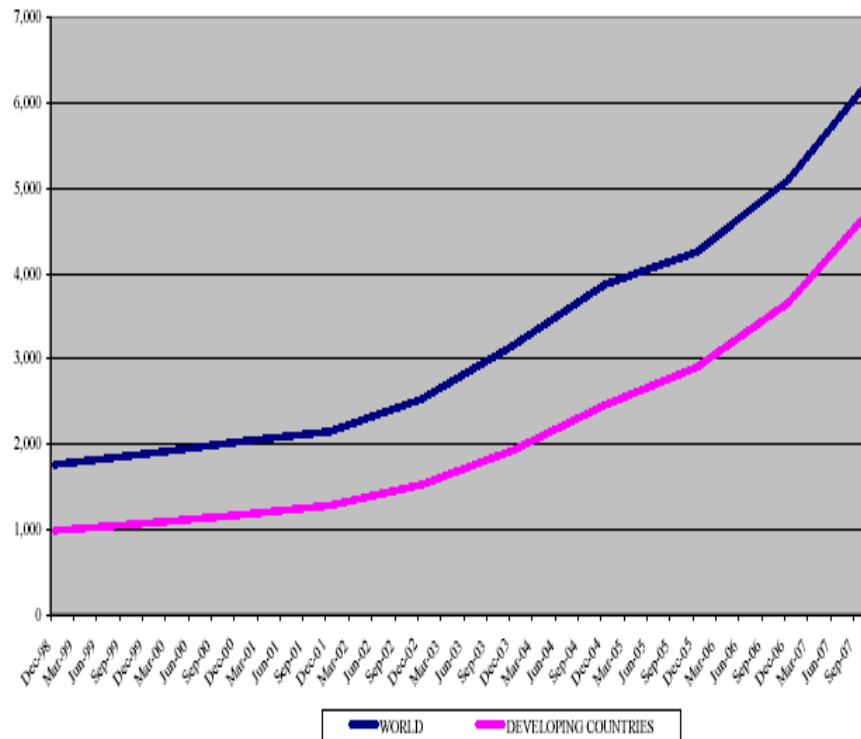
# Options for Fiscal Space to Finance Social Development and the MDGs (II): More accommodating macroeconomic framework

macroeconomic stability					grey area													macroeconomic instability						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
inflation rate																								

Country	Fiscal Deficit Targets over 3-year IMF Program	Reduction % GDP	What this could buy for one year
Cameroon	-0.7 to 0.7	-1.4	Could have doubled health expenditure
Ghana	-9.7 to -5.7	-4.0	Could have doubled primary healthcare expenditure each year of the 3-year program
Rwanda	-9.9 to -8.0	-1.9	Could double the health and education budget in each of three program years

Source: Oxfam International and Action Aid 2007

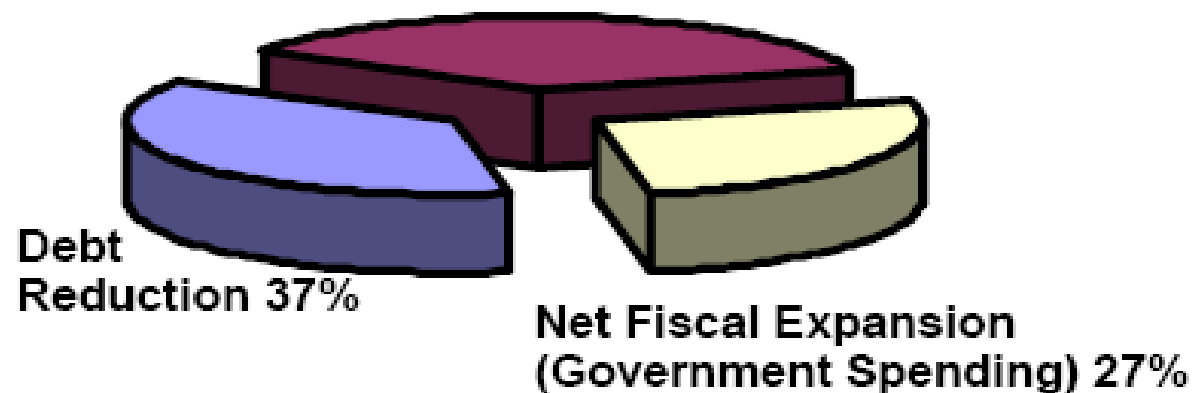
Global Reserve Accumulation, US\$ billion (1998-2007)  
Source: IMF International Financial Statistics



Increasing Global Reserve Accumulation, 1998-2008  
Little left to governments to spend on social and economic development

## How Official Development Aid is Used in Sub-Saharan Africa

Reserve Accumulation 36%



Increased Reserve Accumulation in the South =  
**Importance of South-South Cooperation**

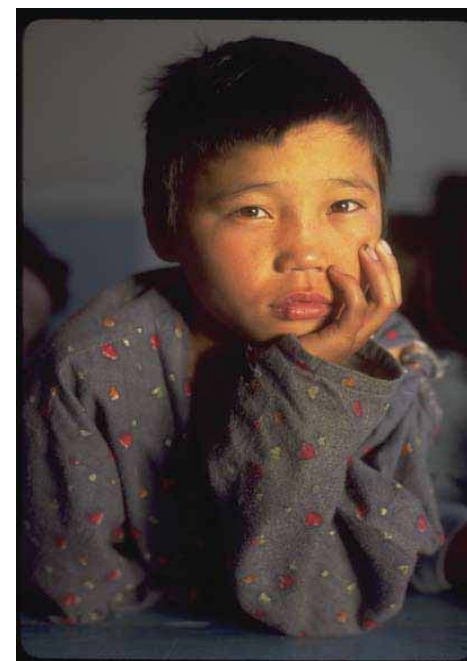
Source: IMF (2007) *The IMF and Aid to Sub-Saharan Africa*, Washington DC. p. <https://www.imf.org/external/np/ieo/2007/ssa/eng/pdf/report.pdf>

# Options for Fiscal Space to Finance Social Development and the MDGs (III)

- **Increasing domestic revenues/taxes:**

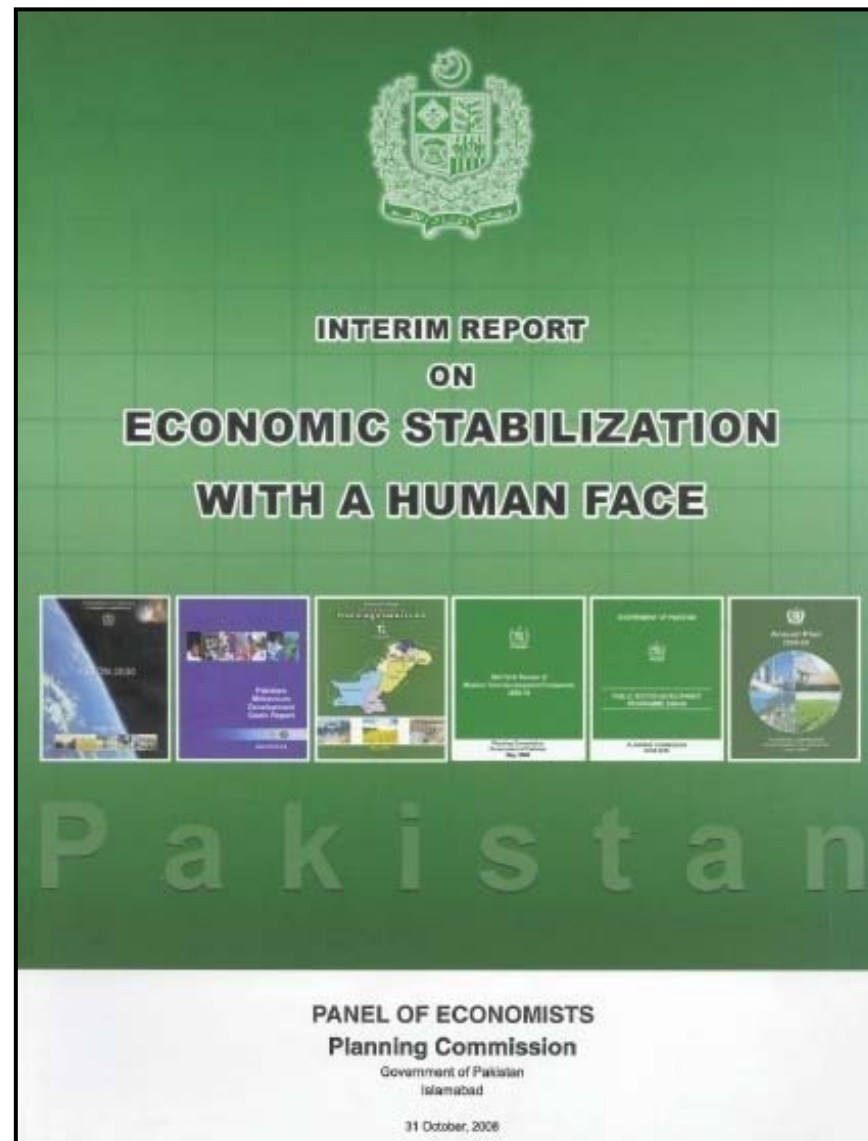
Examples

- Bolivia: royalties on hydrocarbons fund development plan
  - Mongolia Development Fund from copper exports financing universal child benefit
  - Income tax; consideration of Bank tax
- 
- **Eliminating, where immediately possible, inefficiencies** that could lead to cost-savings in public programs; however, care should be taken as sector reforms are feasible in the medium term, and will not generate sufficient fiscal space in the short term.



*Tax Justice Network estimates that capital flight is \$11 trillion, if taxed would significantly increase fiscal space for economic and social recovery*

# Providing Options to Assist Governments in a Country Dialogue on Social and Economic Recovery





# Thank you

[iortiz@unicef.org](mailto:iortiz@unicef.org)

