

# Education, rates falling!

Impacts of the global economic crisis on education



Changing the world through Education

## **AIDE ET ACTION - APRIL 2010**

Created in 1981, Aide et Action - an international development organisation free from political or religious affiliation - acts in 22 countries in Africa, Asia, Latin America, the Caribbean and Europe. Through more than 100 programmes and with the help of its partners, Aide et Action improves access to quality education for more than five million children and adults. Aide et Action supports local communities to implement their projects on various development-related issues: health, environment, social cohesion, inclusion. 1 000 employees in the world work together to meet these objectives.

<http://www.aide-et-action.org/>

# EDUCATION, RATES FALLING!

## IMPACTS OF THE GLOCAL ECONOMIC CRISIS ON EDUCATION

Supervised by Claire Calosci  
General Managing Director,  
Aide et Action International Organisation



Changing the world through Education



## ACKNOWLEDGEMENTS

Our thanks to Audrey Martineq and Anaïs Ménard who have prepared this report,

Sylvaine Bernard-Srinivasan, who has been in charge of the editorial operations.

We would also like to thank all the Aide et Action International teams, without whom this report could not have been released:

**West Africa Regional team headed by Koffi Adjimon:**  
Alioune Badara Ndiaye, Abdoul Khadre Ndiaye, Berthe Téhou, Damase Zouré, Bruno Some, Abdoulaye Diepkilé, Ibrahima Maiga, Bayri Sidibé, Ali Amadou, Hamidou Soukouna, Ousmane Diallo, Désiré Tom-Iteng Arfa, Paka Koffi, Anatère Sama, Symphorien Gbonsou, Sandrine Tembely.

**Indian Ocean Regional team headed by Rado Raveloarijaona:**  
Evelyne Hantamalala, Tinhá Rabarison, Jocelyne Rakotondrazafy, Fenosoa Rakotobe, Andry Ralintalama Randrianasolo, Fidy Herman Andriamapilazaso, Anatole Mickaël Santa Acropolis, Georges Rakotonindrainy, Joseph Rolland Randrianarivony, Faniriako Mon Désir Andrianantenaina, Abdou Salama Rachidy, Christian Sokorokana, Charles Rakotonandrasana, Hery Rakotomanga, Rivo Pascal Randrianatoandro, Jimmy Rabenantenaina, Richard Daretry.

**South Asia Regional team headed by Ravi Pratap Singh:**  
Dr Sridevi Srinivasan, K. Subramanian, M. Gowrahari, K. Murali, Abel Baskar, Sandip Naik.

**South East Asia Regional team headed by Prasert Tepanart:** Xuemei Zhang, Yang Yang, Purisima Gonzales, Thomas Yang, Bunphoeun Un.

**Latin America and Caribbean Regional team headed by Nesmy Manigat:** Jacques Abraham.

We would also like to thank a few persons who guided us in preparing the report and carefully read our work: Nancy Barrett, Hélène Nieul, Hélène Rama Niang, Lucette Willerval and Jean-Christophe Nougaret.

**Graphic design and page layout:** Nicolas Pruvost.

**Graphic design (cover):** Audrey Dauxais.

**Translation:** Kamala Govindarajan.

# FOREWORD

**SINCE THE BEGINNING OF THE ECONOMIC CRISIS** in the last quarter of 2008, newspapers, radio stations, TV screens have been saturated with information on the rescue operations targeted at the banking system, national recovery plans, G20 and G8 meetings. But very little information has reached us on how this crisis has been spreading in the developing countries and the impact it had, notably on the social sectors of these countries.

At first glance, it may seem difficult to understand how macroeconomic imbalances and a financial crisis can impact the education and health of children who are thousands of kilometers apart, especially in a world that mistakenly seems very little integrated into the world economy.

Nothing could be farther from truth. This report published by Aide et Action shows to what extent situations of developing countries and lives of millions of vulnerable people are irreversibly linked to our ups and downs today. The financial crisis had immediate impacts on the real economy. Developing countries, including the poorest of them, were definitely not spared and have had to face the brunt of the economic crisis.

Even today, it is difficult to fully grasp the entirety of the impacts of the economic crisis, especially on education. However, the present report aims to address this gap and make a contribution by highlighting the hard facts that emerge from the field information, collected from a cross section of most vulnerable sections of the populations, who are paying a very heavy price for the crisis.

Without exception, everywhere education has been put under severe pressure. Declining budgets, defaulting donors, difficulties faced by families to continue education-related expenses have resulted in unprecedented drop outs that were not witnessed since the 1990<sup>s</sup>. The consequences of the current economic crisis show us once again that the right to education is never fully acquired and that vigilance is needed each and every day.

Just a few months before the New York Summit, it is indeed a sad anniversary we will be celebrating, since more than ever, the Millennium Development Goals seem an unattainable dream. Worse: all the progress accomplished over the past ten years is likely to be negated if nothing is done, quickly. Yet political will is capable of moving mountains: the rescue of the banking sector has proved it to us. However till date, no action of the international community has seen the day to counter the social effects of the crisis in developing countries.

Today it is the education and survival of millions of children, men and women that is at stake. Time is running out. Our own sense of responsibility compels and justifies a large scale mobilisation ... so that the future of generations to come can be preserved.

Claire Calosci, International Managing Director  
Aide et Action International Organisation

# SUMMARY

The *subprime* crisis that broke out in summer 2007 spread across the entire banking and financial system, revealing major macroeconomic imbalances. A year later, this financial crisis hit the real economy, resulting in what has been termed as the worst crisis the world has known since 1929. Developed countries have been able to respond more or less quickly by initiating various measures: stabilisation of the financial systems, restoration of global liquidity and opening up of credit. However, they have been less effective in countering the social impacts of the crisis, notwithstanding all the official promises, governments have hardly been concerned about how the crisis affects their populations, especially the most vulnerable.

Today, most experts and commentators are unanimous in announcing an economic recovery, and contrary to the dire predictions of end 2008, the world seems to be returning to *business as usual*.

However, a return to normalcy is definitely not on the agenda for populations of developing countries. The first chapter of this report shows that these countries have witnessed a sudden and brutal decline of their growth rates. Sub-Saharan Africa and Southeast Asia lost six points in their growth. Central America and the Caribbean showed a negative growth of -0.7% and -0.5% respectively. The countries of East and Central Asia were among the worst affected with a negative growth of -6%. Though the overall growth is expected to improve in 2010, their levels will remain well below the rates prevailing two years ago.

Global financial flows have also decreased by almost 25%, affected by the decline in exports (according to the World Bank, global trade decreased by 9 to 10% in the year 2009 alone), reduction of remittances from migrants (US\$21 billion), drop in foreign

direct investment (-30%), and sharp cuts in development aids (with a deficit in financing of US\$ 30 billion per year).

In countries with less diversified economies, a decrease in global demand, prices of raw materials and natural resources has had a severe impact in terms of unemployment and purchasing power. According to the estimates put forth by the International Labour Office, more than 30 million people lost their jobs in 2009 mainly in export sectors that are affected by the crisis. Rising food prices have also significantly affected low-income countries. Maize prices recorded an increase of 67% in the Beninese markets of Cotonou, Porto-Novo, and Parakou, rice recorded a price hike of 33% and the price of a liter of palm oil increased by 80%. As a result, over 44 million additional people were living in a situation of malnutrition in 2009.

So what could the impacts of the global economic crisis on the education of millions of children be? This publication looks into the answers by examining the capacity of developing countries to fund education and the capacity of families to send their children to school.

Of course, the situation varies according to each country and their specific context. The consequences of the global economic crisis are not the same in India (emerging countries), Burkina Faso (which figures in the list of least developed countries) and in Madagascar (facing an internal political crisis since several months). But across the spectrum of these developing countries, the effects of the economic crisis have combined with the food and fuel crisis to amplify their difficulties.

The second chapter looks back on the experiences of past crises. These prove that it is possible to

implement effective counter-cyclic measures, even in the poorest countries. At the national level, conditional cash transfer programmes have demonstrated their effectiveness in terms of protection of social sectors, especially education. At the international level, an unconditional commitment from donors is essential to support the most vulnerable countries in the implementation of these programmes; an increase in the volume and quality of development assistance is also imperative. At the local level, even though the country wise response varies, many initiatives are emerging to protect children's health and education: support for women's entrepreneurship (women are particularly affected by the crisis, with effects spilling over their children), setting up of school canteens (to ensure at least one full meal per day for children), financing of community health centres, prevention of domestic violence, etc.

The data collected in the course of this study also show a decrease in budgets allocated for education in the current scenario, a redirection of funds towards higher education and a desire to cut costs by reducing the overall spending on teachers. In countries practicing decentralised education management, grants allocated to schools have further decreased and sometimes even done away with; this has severely impacted teachers' incomes, availability of educational supplies and maintenance of school canteens. In several countries, major reforms regarding both access and quality of education have been postponed due to gaps in funding.

Today the populations of developing countries are paying a very heavy price for the crisis. Aide et Action's investigations carried out in eight countries among families, teachers, elected officials and children also reveal the precariousness of lives in these contexts. Already weakened by the consequences of food and fuel crisis, households, especially the most vulnerable ones, are forced to ensure their basic survival and this priority takes precedence over the rest.

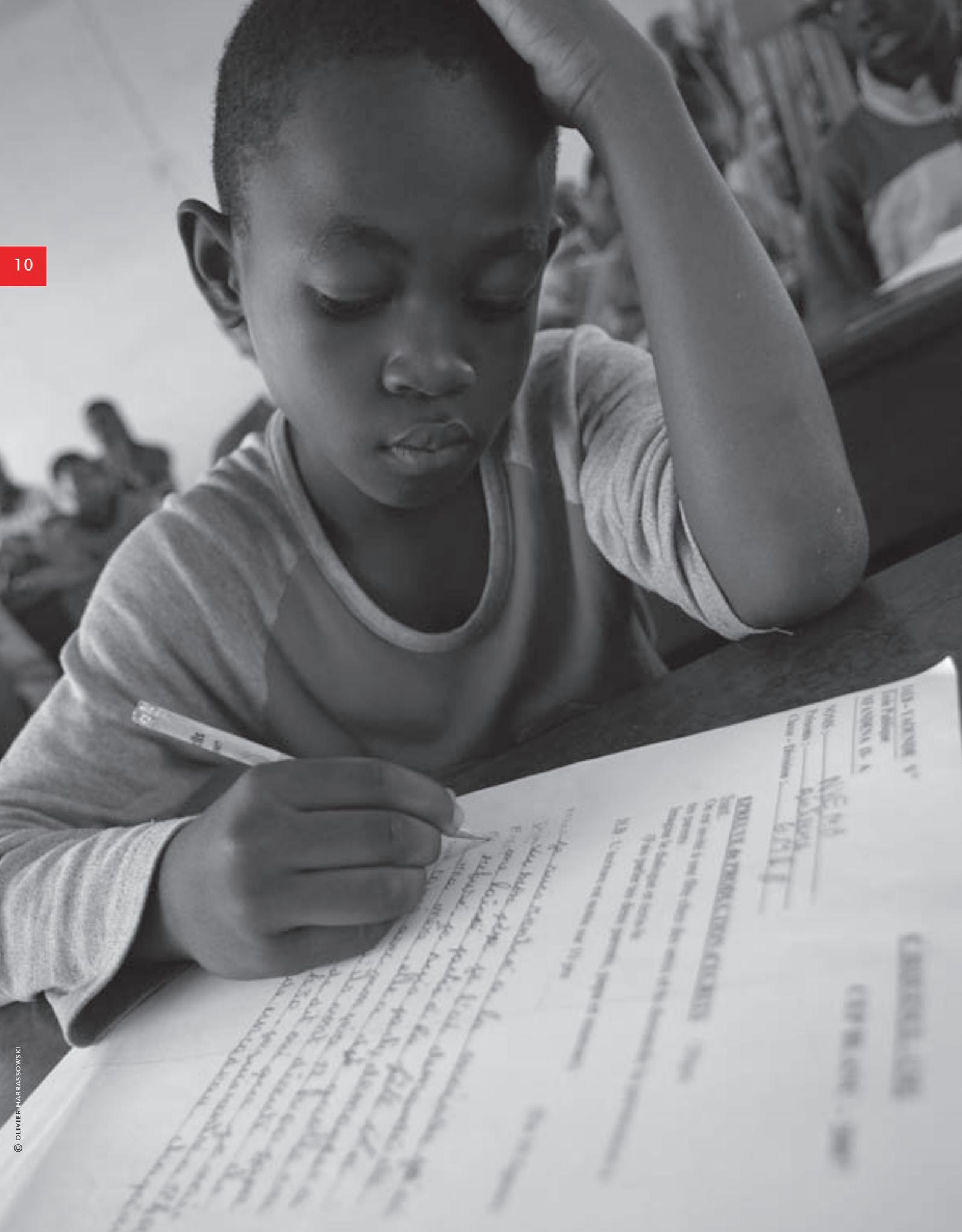
The results of present study detailed in the third chapter confirm the tendency among children of these families to drop out of schools; this trend is mostly prevalent among older children in the family due to their involvement in poorly paid activities. They also reveal the impacts of the economic crisis on the health of children, especially the youngest ones. Over 200 000 to 400 000 additional deaths could occur every year among children below one year till 2015. Children's physical and psychological well-being is at stake: our studies show that they are also affected by the climate of stress and uncertainty being faced by their parents due to the rise in unemployment and the loss of purchasing power. Our interviews also reveal the impact of the economic crisis on families' perception of school: schools are losing their attractiveness with employment opportunities being low and the opportunity costs of educations increasing in a context where purchasing power has been dwindling.

These recent data are particularly worrisome for the future since experience shows that human development tends to deteriorate faster during slowdown phases than their improvements recorded during phases of acceleration. Furthermore some impacts have irreversible effects in terms of human development, particularly with regard to young children.

After analyzing the macroeconomic impacts of the crisis in developing countries, its effects on the State's funding capacity and the consequences on families, this study attempts to give a comprehensive view of the profound and complex implications of the economic crisis on the developing countries and also puts forth a few structural changes that could be implemented. Even though the crisis puts a check on many progresses, both in terms of Education For All goals and the Millennium Development Goals, it also offers a unique opportunity to invest in social sectors on a priority basis provided we are ready to rethink the world in which we live.

# CONTENTS

FOREWORD .....	6	<b>Crisis and States: threat or opportunity?</b> .....	42
SUMMARY .....	7	Crises as precursors of change .....	43
<b>I. CRISIS FROM THE NORTH, CRISES IN THE SOUTH</b> .....	<b>11</b>	The 2009 crisis: towards structural changes .....	46
<b>ECONOMIC CONSEQUENCES OF CRISIS TRANSMISSION</b> .....	<b>12</b>	Difficulties in maintaining educational services: examples of Guinea and Madagascar .....	48
<b>How has the crisis spread?</b> .....	<b>12</b>	Conclusion .....	52
A steep fall in growth rates .....	12	<b>III. FAMILIES REELING UNDER THE CRISIS</b> .....	<b>55</b>
Decreased financial flows towards developing countries .....	13	<b>CHILDREN'S FUTURE HYPOTHECATED</b> .....	<b>56</b>
Crisis transmission mechanisms .....	15	<b>Should children be sent to school?</b> .....	<b>57</b>
<b>Should we assist Official development assistance?</b> .....	<b>17</b>	Families' expenses directed to survival .....	57
A crucial assistance for developing countries .....	17	Women as first victims .....	59
Cuts to developmental assistance .....	18	Migrants: accompanying returns to cities and villages .....	62
<b>Can migratory revenues continue to support families?</b> .....	<b>20</b>	Dropouts and child labour .....	62
To be a migrant in a developed country .....	20	<b>Are children still able to learn at school?</b> .....	<b>67</b>
Declining family incomes .....	22	Food: decreased quantity and quality .....	68
<b>Crisis transmission across sectors</b> .....	<b>24</b>	Protecting child health in time of crisis? .....	71
Massive increase in unemployment rates .....	24	Physical and psychological well-being of children during time crisis .....	74
A rise in food prices .....	26	Conclusion .....	76
Conclusion .....	28	<b>PERSPECTIVES</b> .....	<b>80</b>
<b>II. EDUCATION ON BORROWED TIME</b> .....	<b>31</b>	<b>INFORMATIVE BIBLIOGRAPHY</b> .....	<b>84</b>
<b>THE GLOBAL CRISIS AND ITS IMPACTS ON PUBLIC EDUCATION POLICIES</b> .....	<b>32</b>		
<b>Education first?</b> .....	<b>32</b>		
Education: an unavoidable issue .....	32		
Analysis of education budgets in developing countries .....	35		
Precarisation of education .....	38		



# I. CRISIS FROM THE NORTH, CRISES IN THE SOUTH

« This crisis questions the considerable progress made these last ten years by many low-income countries that raised their economic growth, decreased poverty and reached a greater political stability. »

Dominique Strauss-Kahn, Managing Director, International Monetary Fund, March 2009.

## ECONOMIC CONSEQUENCES OF CRISIS TRANSMISSION

The economic upheavals faced by developed countries have had a direct effect on daily life in developing countries. To understand the nature and scope of the effects of the global economic crisis in the developing countries, we must analyze the mechanisms through which the crisis propagates, from the global to the local levels. How can a real estate crisis, which started in the USA, impact children's life expectancy in Zimbabwe? How can the fluctuations of some stockholdings have consequences on Indian families' ability to feed their children?

At the end of 2008, many experts claimed that this crisis would hardly have any impact on the developing countries, notably the least developed countries (LDCs). However, the commercial and financial exchanges between countries, whatever their wealth level, created a strong interdependency, leading to a propagation of the economic crisis that was quick, and often brutal in developing countries.

---

### HOW HAS THE CRISIS SPREAD?

---

**THE GLOBAL ECONOMIC SLOWDOWN HAS BEEN FELT** at various levels by countries across the world. However, while global economies are expected to recover in 2010, the crisis will continue to have long term effects on the achievement of the Millennium

Development Goals (MDGs). Moreover, even though this recovery seems to be clearly occurring at the financial level, the effects of the crisis on real economy<sup>1</sup> will persist well beyond 2010.

In today's world order, national economies are dependent on global trade. Though developing countries are not a homogenous group (see box 1), we can see that most of them have fewer, or very few, financial reserves to be released in case of difficulties.

### A STEEP FALL IN GROWTH RATES

The growth rate is used to measure the progress of a country's wealth level on a given period. The decrease of growth rates gives a first overview of the effects of the global economic crisis in the developing countries.

In 2009, the developing countries' growth collapsed rapidly and brutally. Compared to the other countries, Indian and Chinese economies did better: between 2007 and 2009, India's growth fell from 9% to 6.1% while in China it decreased from 11% to 9% from 2007 to 2008<sup>2</sup>.

However, excluding China and India's GDP, developing economies witnessed a growth of -1.6% in 2009. Sub-Saharan Africa's growth rate decreased, from 7% in 2007 to a negative growth of -0.7% in 2009. After experiencing a 5.6 growth in

2007, the Caribbean region has a negative growth of -0.5% on an average, in 2009. In Eastern countries, as well as Central Asian countries (whose economies were the worst affected), the growth fell to -6%<sup>3</sup>, on an average. In South East Asia, the growth fell to -0.3% in 2009, while it was 6.3% in 2007.

While their average growth was 2% in 2009, developing countries' growths should return to 5% in 2010. The increase will be supported by China, India and other emerging countries with a stronger economy<sup>4</sup>. In all cases, growth forecasts for 2010, for most countries, remain below the 2007 levels (see table 1).

It is not the first time that developing countries are witnessing an accelerated meltdown of their economies. The 1997 Asian financial crisis for instance brought about a significant decrease in the GDPs of countries, thereby triggering high unemployment rates. Thailand and Indonesia were the worst affected by the crisis and took a long time to reverse its effects<sup>5</sup>. In Thailand GDP rates fell by 1.4% in 1997 and subsequently by 10.5% in 1998. In Indonesia the GDP fell by 13.1% in the same year.

#### **DECREASED FINANCIAL FLOWS TOWARDS DEVELOPING COUNTRIES**

Since 2008, it has also been observed that the capital inflows<sup>6</sup> towards developing countries have

<sup>1</sup> *Real economy: exchange of goods and services.*

<sup>2</sup> Harper, C., Jones, N. and McKay, A. 2009. *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future.* Paper presented at the ODI/UNICEF Conference, 9–10 November, London..

<sup>3</sup> *Ibid*, p. 1.

<sup>4</sup> IMF. 2009. *World Economic Outlook. October 2009. Sustaining the recovery.* Washington, DC, International Monetary Fund. [World Economic and Financial Surveys.]

<sup>5</sup> *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future*, *op. cit.*, p. 11.

<sup>6</sup> *Capital inflows, portfolio investments, credits to companies and banks, foreign direct investments*

#### **1 DEVELOPING COUNTRIES : A MULTIPLE CATEGORY**

The term “developed countries” or “Northern countries” refers to the geographic spread of countries that also have high incomes (USA, Europe, Australia, Japan and new industrialised nations: South Korea, Taiwan, Singapore, Hong Kong), in contrast to developing countries or “Southern countries”. Other parameters of classification include the Human Development Index (HDI) and the per capita income (GDP per capita). However the developing countries cover multiple realities. These include:

- emerging countries, which are witnessing rapid economic growth and where living conditions are changing at a rapid pace (Brazil, Mexico, India, China);
- oil exporting countries and countries in an intermediary situation (Middle East and Maghreb countries)
- and lastly least developed countries (LDCs) that have a per capita income of less than US\$900 per year. These include most of the Sub-Saharan African countries and a few countries in Asia and in the Pacific.

decreased. These could reduce by US\$300 billion, amounting to a net loss of 25% over the next two years.

The Foreign Direct Investments (FDIs) are a major part of these financial flows. They are a particularly important growth source and favour job creation in the receiving countries. Yet, these investments, after a continuous growth between 2003 and 2007, experienced a 14% decrease in 2008<sup>7</sup>. This decrease worsened in 2009 with an average fall of 30%.

Countries that have been the worst affected are new economic and financial powers. For example, India - which has been one of the leading beneficiaries of FDIs - saw a 40% fall in investments during the first six months of 2009. In Africa, FDIs should experience a US\$8 billion decrease, from 30 billion in 2008 to 22 billion in 2009<sup>8</sup>. Yet, the slowdown of regional economies has a direct impact on the trade with neighbouring countries. Most of the labour migrations for instance take place in the regional space and amongst neighbouring countries. The solid economies of South East Asia, such as Malaysia and Thailand, are choice lands of immigrations for populations from other countries of the region to find work. Malaysia has more than 2.1 million immigrant workers who mostly work in the industrial and services segments. Since both these sectors have been badly hit by the crisis, it is not surprising that Malaysia refused to renew visas for more than 55 000 workers from Bangladesh, who did not have such issues in 2007. Thailand is witnessing a similar situation. The 1.8 million immigrant workers mostly from Cambodia, Laos, and Myanmar are the first to face the effects of the crisis in the manufacturing, industrial and agricultural sector and are even forced to return migration<sup>9</sup>.

During the 1997 crisis, the economic difficulties faced by Thailand had multiple consequences on the small countries of the Eastern Asian region. In Laos, the total amount of Thailand's investments had decreased from US\$1.2 billion in 1995 to US\$150 million in 1997. Therefore, Laos had experienced a high inflation, making all imported goods unaffordable for the population. The health and education - related costs - i.e. school transportation and materials - had also become extremely high, notably for poor families from rural areas<sup>10</sup>.

The current crisis has similar consequences. When faced with the food crisis in 2008, and the financial crisis in 2009, the Indian government banned exports of non-Basmati rice primarily to regulate prices internally and ensure food self sufficiency. Yet, India is the 3<sup>rd</sup> largest rice exporter in the world and its decisions had an effect on rice prices in Bangladesh: they increased by 70% in 2007, and by 30% in 2008 and 2009. Moreover household spending on food increased from 57% in 2007 to 84% of income share in 2009. In a country where 40% of the population lives on below one dollar income per day, such a steep rise in prices put families' very survival in danger not to mention the threat to health and education of children.

While many experts forecast developing countries would be relatively spared, the economic crisis did have major impacts on growth and financial flows towards developing countries. This tensed macroeconomic situation had a domino effect; this was reinforced by the fact that the economic crisis effects added to those of the previous food and fuel crises. In order to better understand and measure this rapid and brutal contagion, one must identify the crisis transmission mechanisms such as development assistance, remittances of funds from migrants and trade.

**TABLE 1. GROWTH OF REGIONAL GDPs FROM 2007 TO 2010 (IN%)**

Regions/countries	GDP Growth (in%)			
	2007	2008	2009	2010
Developed countries	2,7	0,6	-3,4	1,3
USA	2,1	0,4	-2,7	1,5
EU	2,7	0,7	-4,2	0,3
Eastern European Countries	5,5	2,9	-5,2	1,8
Maghreb Countries	3,5	4,1	3,2	3,6
Sub-Saharan Africa	7,0	5,5	1,3	4,1
Middle East	6,2	5,4	2,0	4,2
South America and Mexico	5,7	4,2	-2,7	3,0
Central America	6,9	4,2	-0,7	1,8
Caribbean	5,6	3,0	-0,5	1,6
Newly Industrialised Asian Countries (Taiwan, South Korea, Singapore, Hong Kong)	5,7	1,5	-2,4	3,6
India and China	10,6	7,6	6,2	7,3
ASEAN-5 Community (Indonesia, Malaysia, Thailand, Philippines, Vietnam)	6,3	4,8	0,7	4,0

FIGURES DRAWN FROM THE IMF REPORT 'WORLD ECONOMIC OUTLOOK. SUSTAINING THE RECOVERY', OCTOBER 2009

### CRISIS TRANSMISSION MECHANISMS

Developing countries depend essentially on external financial inflows from the following sources to boost their economic growth<sup>11</sup>:

- *Official development assistance (ODA)* given by the developed countries to developing countries to support their sustainable development. These funds supplement States' budgets in many crucial sectors.
- *Remittances sent by migrants to their families.* This additional income gained in a foreign country and sent to the country of origin, essentially supplements families' incomes. According to the report published by the International Fund for Agricultural Development in October 2009, African immigrants send more than US\$40 billion to their families each year.
- *Exports targeted at developed countries.* Exports from developing countries cover a gamut of products and services: for poorest countries, it could mean

<sup>7</sup> UNCTAD. 2009. *World Investment Report*. Geneva, UNCTAD.

<sup>8</sup> IMF. 2009. *Regional Economic Outlook*. April 2009. *Sub-Saharan Africa*. Washington, DC, International Monetary Fund. [World Economic and Financial Surveys.]

<sup>9</sup> Awad, I. 2009. *The global economic crisis and migrant workers: Impact and response*. Geneva, International Labour Organization, p. 21-26.

<sup>10</sup> Okonjo-Iweala O., Kwakwa V., Beckwith A. and Ahmed Z. 1999. *Impact of Asia's Financial Crisis*. *Finances and Development*, n°48, September 1999, p.48-51.

<sup>11</sup> IIEP. 2009. *Education and the economic crisis*. Newsletter, vol. XXVII, N°2, May-August 2009

« While many experts forecast developing countries would be relatively spared, the economic crisis did have major impacts on growth and financial flows towards developing countries. »

agricultural raw materials (like cotton from West Africa), petrol (e.g. for OPEC countries<sup>12</sup>) or export manufactured goods (many emerging countries in Asia and Latin America focus on this kind of products).

As their economies are fragile and are very vulnerable to the external shocks, least developed countries (see box 1) are specifically affected by the crisis. Having undergone the consequences of the recent fuel and food crisis, they are now paying a very high price in terms of loss of production, employment, standard of living and human development.

Indeed, though it may seem surprising, the poorest countries are often the most integrated with the global economies. This can be observed for a fact by examining the openness of a country's economy<sup>13</sup> which is reflected in the degree of trade that the country has with the rest of the world. Guinea's openness rate is at 30%. Moroccan economy's openness rate is 62%. Comparatively, France and the USA are at 20% and 10% respectively. Therefore, we can see that these countries, which export and import a lot, are more susceptible to the fluctuations in global demand and world prices.

Trade balances and current account deficits also rose in 2009 due to a slowdown in trade, decrease in exports and rise in raw material prices<sup>14</sup>. Additionally, in many African countries, more than 50% of the banking system belongs to foreign banks: 80% in Uganda, 77% in Zambia, 66% in Tanzania<sup>15</sup>. With monetary flows between banks falling sharply and credits restricted, these countries were the first to be affected by the financial crisis.

To face such times of global economic crisis, developed countries' governments launched recovery plans by drawing upon its own resources. The OECD countries were able to draw on such additional

fiscal resources; they initiated recovery plans in 2009 that have boosted their GDP on an average by six points<sup>16</sup>.

However, in countries with low incomes, options are restricted. In 2009 the debts of least developed countries rose to 42% of their Gross National Income as against 26% for other developing countries<sup>17</sup>. However, public debt is tolerable if it does not cross 15%: heavily indebted countries have, therefore, very little resources to bail themselves out of the situation to draw a credible recovery plan.

Increasing domestic revenues through taxes is hardly possible for the LDCs: either the required fiscal mechanisms do not exist since economies are largely informal<sup>18</sup> or they are in no position to further tax the weak economies and populations who are already in a poverty situation especially during times of crisis.

This leaves us with official development assistance for which there are very few clear estimations of what could be a tolerable level of external debt. However, beyond 25% of the GDP, the dependency levels are too high to increase this category of resources. But amongst the 37 LDCs of Sub-Saharan Africa, 25 can still increase the share of ODA in their budgets while 11 countries do not have any other domestic alternative<sup>19</sup>.

It is therefore difficult for the LDCs to find the fiscal niches that are required to protect their populations, and ODA seems to be one of the remedies for a crisis. Unfortunately, the future of this resource seems heavily compromised and incurring, or not, further debt is a current dilemma for LDCs. Statistics speak for themselves: between 1992 and 1997, Cameroon spent 4% of its GDP on expenses related to basic services of the country, while 36% of its GDP went towards debt servicing. The ratio is at

20.4% and 33% for Niger while for the Ivory Coast<sup>20</sup> it is 11.4% and 35%. Is it possible to finance basic services appropriately under such circumstances? And how long can such a vicious cycle last?

---

### SHOULD WE ASSIST OFFICIAL DEVELOPMENT ASSISTANCE?

---

**DEVELOPMENT ASSISTANCE** aims at ensuring sustainable economic and human development in countries that face multiple challenges. Hence, this assistance should be reserved for long term investment policies, essentially in infrastructure and service-related projects that will reduce poverty, improve health, education, and food security. In 2000, the UN affirmed this objective by formulating eight goals to be achieved by 2015 (see box 2).

### A CRUCIAL ASSISTANCE FOR DEVELOPING COUNTRIES

Many developing countries, and amongst them LDCs, depend on development assistance for financing the growth of their crucial sectors.

Aid represents, on an average, 9.6% of the LDCs' GDP. Africa is the most dependent on aid and, in 2 out of 5 countries, it dedicates over 10% of its national income to aid<sup>21</sup>. Around 4 to 10% of the ODA is allocated to education. In Burkina Faso, aids finances up to 80% of public investments. As Guinea's budget is financed to the tune of 60% by external support, aid often gets transformed into financial dependence for crucial sectors in terms of populations' well-being.

In comparison, Asian countries are less dependent on external aid, which represent less than 1% of the GDP of many countries. However, aid reaches these countries in other forms. More than 60% of the total ODA, for countries on the Development Assistance

<sup>12</sup> *Organization of the Petroleum Exporting Countries, founded in 1960.*

<sup>13</sup> *Openness rate or coefficient: formula enabling to quantify the number of exchanges of a currency with other countries, in comparison with the GDP. The higher the exchanges (imports and exports) compared with the total wealth, the higher the openness rate.*

<sup>14</sup> *UNCTAD. 2008. Report on Least Developed Countries, 2008. Geneva, UNCTAD, p. 2.*

<sup>15</sup> *Sumner, A. 2009. The Global Economic Crisis, public budget and child-sensitive protection in Sub-Saharan Africa. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.*

<sup>16</sup> *UNESCO. 2010. EFA Global Monitoring Report. Reaching the marginalized. Paris, UNESCO/Oxford University Press, Chapter 1, p. 28.*

<sup>17</sup> *UNCTAD, op. cit., p. 2.*

<sup>18</sup> *In a predominantly informal economy, companies are not declared at the State level.*

<sup>19</sup> *UNESCO, op. cit., p. 29.*

<sup>20</sup> *CADTM. 2009. The Debt in Figures.*

<sup>21</sup> *Alternatives internationales. 2009. L'Etat de la mondialisation 2010. Alternatives économiques, Hors-série n°7 Alternatives Economiques, December 2009, p. 86. These countries are: Burkina Faso, Burundi, Cape Verde, Central, DRC, Djibouti, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, STP, Tanzania and Zambia.*

## 2 MILLENNIUM DEVELOPMENT GOALS (MDGs)

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

«In many developing countries,  
the educational sector is mostly funded by external aid.»

Committee (DAC)<sup>22</sup>, is allocated for technical cooperation, support to NGOs, humanitarian and food assistance in addition to support for programmes and projects that take place under the aegis of bilateral cooperation. In other words, budgetary support is not the major mechanism of ODA in these countries.

In many developing countries, the educational sector is mostly funded by external aid. However, in the current context, one may fear that a decrease in ODA will have serious implications on education funding in these countries. After allocating a US\$ 4.3 billion worth bilateral aid to education in 2007, the World Bank forecasts, for 2010, US\$ 2.5 billion-worth funds. This shortfall will especially affect countries that are most dependent on such aids, like African and South Asian countries which witnessed remarkable progress over the last few years.

In fact, many successes in schooling can be attributed to development assistance. Countries like Cambodia, Ghana, Kenya, and Tanzania have been able to do away with school tuition fees thanks to development assistance. From 2000 to 2009, the number of out of school children in Tanzania was brought down from 3 million to 150 000<sup>23</sup>. Kenyan government's policy to offer free school education for all in 2003 succeeded in attracting 1.3 million additional children into the classrooms. External aids<sup>24</sup> have not only boosted enrolment, they have also helped improve infrastructures, by ensuring the funds required to purchase basic supplies and materials required for the new entrants. In Cambodia, educational support programmes financed by donor countries ensured scholarships to children from poor families and facilitated the transition from primary to secondary cycle. Schools that took part in the programme have a schooling rate that is 21% higher than others. In Mali, a similar programme was implemented (75% was funded by

donor countries); the schooling rate increased, as well as the number of books per pupil in the first class of the primary cycle<sup>25</sup>.

Some of the successes have been attained under the Fast Track Initiative (FTI) that ensures speedy implementation of the EFA goals. This initiative centralizes educational projects of donor countries and beneficiaries. Projects are implemented in over 35 countries across the globe; two thirds of these are related to the African continent. The FTI has helped improve education coverage: from 2000 to 2006, more than 52% additional children in LDCs could be covered as compared to 23% in countries that do not benefit from this initiative.

Following the conference of donor countries in 2005, the Paris Declaration on aid efficiency brought the focus on aid predictability: to enhance national budgetary management, countries need to know in advance and with certainty the amount that will be granted to them. However, donor countries have not found it easy to keep up this commitment. The ODA levels remain volatile, and the financial crisis tends to worsen the situation.

#### **CUTS TO DEVELOPMENTAL ASSISTANCE**

From 2008 to early 2009 donor countries witnessed a decrease in growth and an increase in their unemployment rates. Emergency measures to revive national economies were put in place, and additional resources that were mobilised were used for domestic economic interventions. With severe budgetary restrictions, donor countries decreased their development assistance in priority. On an average, it has been observed that a reduction of 1% in the GDP results in a 1% reduction of the country's external aid<sup>26</sup>.

As far as the ongoing crisis is concerned, in 2009, the G8 reaffirmed its commitment to the targets of

development aid decided in 2005 during the G8 summit, i.e. a contribution of US\$130 billion in 2010. This constitutes an increase of US\$50 billion with respect to the 2004 aid amount. Half of this amount will be dedicated to the development of the African continent. In 2010, it is expected that the aid amount will reach only US\$110 billion, which will be US\$20 billion less than the initially planned amount. Africa will be the first to lose from this measure: the continent will face a shortage of US\$18 billion promised by donor countries, which is needed to achieve the MDGs<sup>27</sup>.

According to the figures brought out by the CONCORD report published in May 2009, the European NGO Confederation for Relief and Development, the poor performances of European countries are alarming<sup>28</sup>. With respect to ODA, European countries have two objectives, that development assistance should represent 0.56% of their Gross National Income (GNI) in 2012 and 0.7% in 2015. These commitments have not been respected so far. In 2008, Europe granted 0.40% of its GNI for supporting development. This figure was inflated by lower expenses that States are nevertheless including in the totality of their assistance: debt cancellation for low income countries (which does not enable the countries to develop new resources for development), cost of foreign students and cost of refugees. Once these inflated figures have been removed, the real aid from European countries stands at 0.34%, which is a far cry from the commitments made for 2012...

Even if the European countries choose to achieve the goals that they have set for themselves for 2012 and 2015, the European ODA will decrease by €12 billion between 2008 and 2010. In fact since ODA is expressed in terms of percentage of GNI, when national incomes fall, the volume of aid reduces

<sup>22</sup> *The Development Assistance Committee (DAC [www.oecd.org/dac](http://www.oecd.org/dac)) is the main body, within OECD, in charge of questions related to cooperation with developing countries.*

<sup>23</sup> *UNESCO, op. cit., Chapter 3, p. 219.*

<sup>24</sup> *External aid provided by the OPEC countries, Sweden, UNICEF, the World Food Programme, the UK and the World Bank.*

<sup>25</sup> *UNESCO, op. cit.*

<sup>26</sup> *For instance, the 1991 bank crisis in Northern, countries caused decreases of external aid budgets of 10% in Norway, 17% in Sweden and up to 62% in Finland.*

<sup>27</sup> *UNESCO, op. cit., Chapter 2, p. 120-121.*

<sup>28</sup> *CONCORD. 2009. Lighten the Load. In a time of crisis, European aid has never been more important. Brussels, Belgium, CONCORD.*



## « For the aid amount to get back to the pre-crisis level, time is needed. »

consequently. For the aid amount to get back to the pre-crisis level, time is needed.

But due to the financial crisis, European countries will be forced to reduce their efforts in 2009 and 2010. Only 10 countries out of 25 will be able to reach the objectives fixed for 2010: those that allocate already more than 0.7% of their GNI for development (Luxembourg, Sweden, Denmark, the Netherlands) and those that increase their assistance regularly (Spain, UK, Finland, Lithuania, Cyprus).

The situation is very different for the other European countries. Between 2007 and 2008, for instance, Austria reduced its ODA levels from 0.50 to 0.42% of its GDP. Italy and Ireland also announced a reduction of their assistance towards the end of 2008 for the year to come. France's upcoming 2010 financial bill has already indicated a diminution of the aid and a decrease in grants as loans. The amount of aid would thus decrease from €322 million in 2006 to €175 million in 2010. Aid is also changing its nature to the detriment of direct aids. Countries like Greece, Belgium, Portugal or Germany are also not keen to increase their spending on aids. The twelve countries<sup>29</sup> to enter the European Union are facing a severe crunch themselves, and have therefore reduced their assistance levels. Some like Latvia have even stopped it completely.

According to CONCORD, European assistance to developing countries will increase, but at a slower pace. CONCORD forecasts a deficit in assistance of €39 billion between 2008 and 2010. These figures are all the more alarming given that the share of assistance in education has not increased on the whole: this was at 12% during 2006 – 2007, which is identical to the 1999-2000 level. Though education benefits from a higher aid, this is not due to a redistribution of aid for the edu-

cation sector<sup>30</sup>. Moreover, there has been a constant decrease of the donor countries' specific commitments to education, in the FTI framework. The bilateral commitments, which amounted to US\$375.1 million in 2008, were US\$217.9 million in 2009 and should amount to US\$139.4 million in 2010<sup>31</sup>.

---

### CAN MIGRATORY REVENUES CONTINUE TO SUPPORT FAMILIES?

---

**DEVELOPING COUNTRIES** receive remittances sent by migrants from host countries like Europe, the USA, Japan and Australia where many families send one or several members to work to supplement their incomes. But even in the richest economies, migrants are often the least protected; they work in less qualified jobs and often do not have any contracts.

### TO BE A MIGRANT IN A DEVELOPED COUNTRY

With unemployment rampant in developed countries, migrants are often the first to lose their jobs, and suffer from salary cuts. For instance, many Mexicans in the USA working as labourers in construction or manufacturing sectors, lost their jobs in 2009 since these sectors were amongst the worst hit by the economic crisis. Generally speaking, in countries with a much more liberal employment market (such as the USA or the UK), migrants suffer more from salary adjustments and cuts. As a direct consequence, transfers of funds to Mexico fell by 13.4% during the first two quarters of 2009 due to the crisis in the American construction sector<sup>32</sup>.

In France, according to INSEE<sup>33</sup>'s statistics for 2007, most of the immigrants coming from outside the European zone worked as labourers or workers and most often they held non-qualified jobs. 39% of the migrants from Sub-Saharan Africa were employed as 'workers', out of which two thirds were non-qualified

(see table 2). More than 20% of the unqualified labour comprised of immigrants in certain service sectors: these include people doing cleaning jobs, domestic help, and security jobs. In the building and construction sector, this figure touched 16%. Yet, these sectors suffered the most from decreased activity and unemployment.

The crisis has effects on the amounts of financial flows returning to countries of origin as well as the frequency of such remittances. At the global level, these financial inflows amounted to US\$251 billion<sup>34</sup> in 2007. This represents twice the total of official development aid and almost four times more than the transfers recorded by informal channels. These scales of magnitude are useful to represent the importance of financial flows, even if it is not possible to calculate them accurately. According to the World Bank, after years of continuous growth, for the first time since the end of the Second World War, remittances were declining between 2008 and 2009 from US\$338 billion to US\$317 billion<sup>35</sup>.

Continents that are most affected by shrinking remittances are Latin America and Africa. In the case of Morocco, most of the immigrants work in France: 43% of them are labourers and 26% of them are workers, a majority of them are working in non-qualified jobs. Many of them were affected by unemployment and have not been able to send to their families the same amount of money or with the same regularity during early 2009. During the first nine months of 2009, the remittances of Moroccan funds fell by 20%. Families that were dependent on these resources for supplementing their incomes saw their situation deteriorate and this is a significant proportion of the population as migrant income represents a fifth of the Moroccan GDP.

<sup>29</sup> *Entering countries are: Poland, Latvia, Lithuania, Estonia, Hungary, Malta, Slovakia, Slovenia, Czech Republic, Cyprus, Romania and Bulgaria.*

<sup>30</sup> *UNESCO, op. cit., Chapter 3, p. 226.*

<sup>31</sup> *Fast Track Initiative Catalytic Fund. 2009. Annual Status Report 2009. Washington, DC, Fast Track Initiative Secretariat, p. 8.*

<sup>32</sup> *World Bank. 2009. Migration and Remittance Trends 2009. Migration and Development Brief 11. <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MigrationAndDevelopmentBrief11.pdf> [Accessed 16 November 2009.]*

<sup>33</sup> *National Institute of Statistics and Economic Studies, France.*

<sup>34</sup> *Cali, M., Massa, I. and teVelde, D.W. 2008. The Global Financial Crisis: financial flows to developing countries set to fall by one quarter. London, Overseas Development Institute.*

<sup>35</sup> *Migration and Remittance Trends 2009, op. cit.*

«At the global level, these financial inflows amounted to US\$251 billion in 2007. This represents twice the total of official development aid.»

In the Philippines, funds transferred by migrants decreased by 8% in 2009, while these represented 10% of the GDP. In Latin America and the Caribbean this decrease was estimated at 6.9% and in Africa at 8.3%. This reduction of funds had an impact on the well-being of the concerned families. The outcome will be even more significant in regions witnessing large emigrations or countries depending on remittances from migrants to finance budgetary deficits for funding public services which is the case for Honduras, Haiti, and Lesotho where migrant funds represent 25%, 21.5% and 24% of the GDP.

#### DECLINING FAMILY INCOMES

Given the global financial crisis, many immigrants are thus likely to return their country of origin. With sectors like construction and manufacturing being severely hit by the crisis, host countries like Malaysia, Taiwan, or the Gulf countries are expelling immigrants from India, Pakistan or South East Asia. If the economic situation does not improve in 2010, many Latin American immigrants working in the United States will be forced to return, which means that over 3.4 million persons could return to countries suffering from chronic poverty like Honduras and Guatemala<sup>36</sup>. The poorest countries of the world will face a lot of difficulty in absorbing such a population inflow. For countries like Bangladesh and the Philippines that support their economies through international migrations, problems of unemployment and decreasing incomes will be a harsher reality. However, it seems that some countries are better prepared to face such situations than others. Mexico, in spite of its strong expatriate population, is better prepared to face a return of population thanks to a well developed social security system. For instance, a decline in the foreign remittances for a family is correlated with a stronger possibility of getting social assistance. Since the onset of the crisis, it has been

noted that the number of requests for such assistances from the Mexican government has increased, which has forced the State to find more fiscal niches<sup>37</sup> to be able to support people.

This decrease in foreign remittances is, however, a real concern. Indeed, since these funds are important to maintain families' income levels, a decrease of the same gets translated as difficulty in maintaining a sufficient level of food, health or expenses related to education. In Lesotho, Kenya or Philippines remittances from migrants are crucial for ensuring that families continue to maintain their education-related expenses. In the Philippines, for example, 95% of the families use foreign remittances on food, education related expenditure comes second after food and stands at 70%<sup>38</sup>. In Sri Lanka children from families that benefit from expatriate remittances show a higher schooling rate than the average; families are also able to spend more on schooling fees. This shows that foreign remittances are an intrinsic factor for educating children<sup>39</sup>.

In Guatemala, more than a million and a half families benefit from expatriate remittances estimated on a monthly basis at US\$272<sup>40</sup>. *The Survey on Remittances 2009*<sup>41</sup> confirms the impacts of the slowdown of money transfers on children's lives in the country. On the 3 000 households that were interviewed, 8.7% of the children between 7 to 17 years may no longer be enrolled and over 7.4% of them were forced to drop out to find jobs to supplement their family's incomes. In the Dominican Republic, remittances represent 10% of the GDP. It is estimated that the decrease in funds will affect over 73 500 households, especially those headed by single women. Elida Jimenez, 55 years, interviewed by IPS News Agency mentioned in May 2009: "Each month, my daughter sends me 150 dollars. I use the money to pay the school fees for my other four children, buy food and get household repair works done."<sup>42</sup>

**TABLE 2. DISTRIBUTION OF ACTIVE IMMIGRANTS IN FRANCE (IN%) HAVING A JOB ACCORDING TO SOCIOECONOMIC CATEGORY AND COUNTRY OF ORIGIN<sup>43</sup>**

Socioeconomic category	Algérie	Morocco	Tunisia	Other African countries	Cambodia, Laos, Vietnam
Artisans, businessmen, traders	7	6	11	4	10
Lower and Mid-Management	9	10	12	10	14
Intermediary activities	15	15	14	16	18
Employees	32	26	24	39	26
Incl. qualified	10	8	7	13	11
Incl. non-qualified	22	18	17	26	15
Workers	37	43	39	31	32
Incl. qualified	19	19	21	14	17
Incl. non-qualified	18	24	18	17	15

SOURCE : INSEE, ANNUAL SURVEY OF POPULATION 2004 TO 2007. [HTTP://WWW.INSEE.FR/FR/THEMES/DOCUMENT.ASP?REF\\_ID=IP1212](http://www.insee.fr/fr/themes/document.asp?ref_id=ip1212)

In Niger, where Aide et Action conducted many surveys on the consequences of the economic crisis, Malam Arzika, in Zinder, has a son who lost his job in the USA after the building trade crisis. In January 2010, he said: “My child has not been sending me any money for the last ten months. But he asked me to sell two of the houses he built here to send him money as he doesn’t work anymore.” Before, his son used to send him an average of CFA Francs 200 000 each month (about 300 Euros) to meet the family’s basic needs, such as food, children’s education, health care, etc. Since his son lost his job, Malam Arzika finds it difficult to meet his family’s needs.

In households where migrants’ remittances were mainly used to fund basic services (education and health) and food, one may fear a rapid deterioration in living conditions. Moreover, while these remittances traditionally help prevent internal economic crises and adjust the revenue level, in the event of a sudden price rise, we notice that - the crisis affec-

<sup>36</sup> *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future*, *op. cit.*, p. 45.

<sup>37</sup> Cortina, J. 2009. *Survival in Mexico: Remittances and Social Assistance among Children and Women Left-behind*. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.

<sup>38</sup> Songco, M.R. 2009. *International Labour Migrations and Remittances in the Philippines*. Paper presented at the conference on *The Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific*, 28-30 September, Hanoi, Vietnam, p. 8.

<sup>39</sup> Sharma, K. 2009. *The Impact of Remittances on Economic Insecurity*. New York, United Nations. [Department of Economics and Social Affairs.] [Working Paper n°78.], p. 10.

<sup>40</sup> 97% of the Mexican migrants are in the USA.

<sup>41</sup> IOM-Guatemala in collaboration with UNICEF. 2009. *Survey on Remittances 2009. Childhood and Adolescence. Guatemala*, IOM. [N°8 Series.]

<sup>42</sup> <http://ipsnews.net/news.asp?idnews=47032> [Accessed 7 September 2009.]

<sup>43</sup> Full table: [http://www.insee.fr/fr/themes/document.asp?ref\\_id=ip1212](http://www.insee.fr/fr/themes/document.asp?ref_id=ip1212) [Accessed 28 December 2009.]

ting both sides of the global economy - migrants' remittances can no longer play the role of economic adjustment for families. These difficulties are even aggravated by the fact that many migrants have had to return to their country: not only do households experience a decrease in income, but they must also support an inflow of additional individuals, in a context of rising unemployment and food prices.

---

#### CRISIS TRANSMISSION ACROSS SECTORS

---

**ANOTHER WIDELY OBSERVED CAUSE OF DECLINING PUBLIC REVENUE**, in addition to the above-mentioned decrease of funds in the form of aids and transfer of funds, is due to the sharp drop in volumes of international trade and commodity prices. The developed countries produce and exchange less; developing countries have also been impacted (their growth decreased in 2009, and their unemployment rates increased). The crisis transmitted by multiple channels has affected all production sectors: industry, agriculture, banking and financial sector, foreign investment etc. This transmission has had two major impacts on populations: rising unemployment rates and food prices.

#### MASSIVE INCREASE IN UNEMPLOYMENT RATES

According to World Bank estimates, global trade, namely the wealth produced by trade in the world fell from 9 to 10% in 2009. In developed countries, imports of goods are on the decline with consumption turning towards domestic products. When there is a fall in global trade, export-dependent countries face difficulties in finding a market for their goods. They struggle to stay in the market and protect their industries. Large export powers, such as Brazil, China and India, suffered in 2009 because of a decrease in their exports. These declines have resulted in many job losses. The

International Labour Office indicates that more than 30 million people might have lost their jobs in 2009 as a result of the crisis. This figure covers different realities. Countries exporting high-technology products, for instance, have suffered a lot due to decrease in demand. In Asia, export sectors face a massive slowdown in their activity. In Pakistan, the textile industry, which accounts for 50% of the country's export income, has suffered greatly in 2009: 400 companies have closed down and around 200 000 people have lost their jobs. In Cambodia, where this industry is particularly dependent on the US market, 17% of the workforce in this sector has lost their jobs.

This adjustment on employment is not new. In Indonesia after the financial crisis, unemployment increased by 1.5% in 1996 and 5.6% in 1998. After the 2000 crisis in Argentina, unemployment rates touched 12.5%<sup>44</sup>. These spikes in unemployment rates particularly affect women who occupy less skilled and more precarious jobs. Furthermore these job losses result in swelling the informal sector, which penalizes workers by offering them low paid and insecure jobs devoid of social protection. This rise in unemployment is also due to employees who are laid-off from the formal sector and move into the informal sector, and due to the increasing needs of households to find additional income to support themselves, either by having several jobs, or getting one or several children of the family to work.

Furthermore, in developing countries, interdependencies between sectors are also very strong. As far as industrial production is concerned, the entire chain is affected. The decline of the manufacturing industry in some Asian countries leads to loss of employment in upstream sectors; this is the case for countries like Benin, where cotton is one of the main raw materials to be exported and a substantial

source of income for the country. In 2000, the share of cotton in Benin's exports income was 84%. Least developed countries will therefore be even more affected by the decline in trade, once exporting and middle income countries have suffered a first wave of slowdown.

For many countries in Sub-Saharan Africa, raw materials constitute more than 80% of their exports. Further, many countries depend on single commodity exports. In Guinea, the share of bauxite in the country's exports is 37%. In Niger, uranium exports accounted for 51%<sup>45</sup>. A high dependence on exports of natural resources such as oil, gas and minerals further compounds this situation. However the crisis saw the prices of natural resources collapse: the total GDP of oil-exporting countries shrunk from 5% in 2004 to 1.5% in 2009. In 2009, these countries have experienced a shortfall of US\$250 billion.<sup>46</sup>

In Southern Africa, the mining sector was severely affected. Zambia, for example, was hit by low copper prices in June 2009 which fell by 40%<sup>47</sup>. Many mining companies from the "Copperbelt" have seen their incomes fall and over 23 000 people have lost their jobs. Early 2009, Botswana's main diamond mining company announced the closure of two of its mines and the dismissal of almost 600 people, while this production represents 50% of the country's revenue and 30% of its GDP. It was during the same time, that a phosphate manufacturing company in Togo also dismissed 600 employees out of a total of 2 000 people, due to a steep fall in world phosphate prices.

Countries dependent on agriculture also faced major challenges. The financial crisis accelerated the effects of the food crisis, which specifically impacted small-scale farmers. Food prices have increased since 2008 due to increased food production

<sup>44</sup> *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future*, op. cit., p. 14.

<sup>45</sup> CADTM, op. cit., p.13.

<sup>46</sup> *Ibid*

<sup>47</sup> *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future*, op. cit., p. 44.

« The International Labour Office indicates that more than 30 million people might have lost their jobs in 2009. »

costs - namely land, labour, fertilizer, and transport - hit number of smallholders. Small producers, especially women, did not have access to credit or necessary inputs and could not afford to produce at a loss. Market grew narrow around a few producers and caused loss of income or employment for small producers.

### A RISE IN FOOD PRICES

The financial crisis also exacerbated the consequences of the food crisis on households, which already had a very devastating effect on some countries. According to Philippe Le Houérou, Vice-President, World Bank for Europe and Central Asia, *“What began as a financial crisis has today become a social and human crisis. The global crisis comes on the heels of fuel and food crises that had already weakened economies by reducing people’s purchasing power.”*<sup>48</sup>

Rising food prices in 2008 particularly affected low-income countries that include most African countries and some countries in Asia like Laos and Cambodia. Food price inflation touched a whopping 26% in Vietnam and 16% in Chile. Although food prices fell in 2009, they remained well above the 2007 level. In a report on the impact of fuel and food crises published in October 2008, the World Bank pointed out an increase in 44 million people suffering from malnutrition<sup>49</sup>.

Depending on the type of economy, countries are more or less affected by each of these crises. Developed countries and export-dependent countries, such as Pakistan and Thailand, were highly affected by the 2008 economic crisis and, therefore, unemployment rates were also high in these areas. However, countries with low incomes, as set out previously, have a population that is very vulnerable to rising food prices.

Food and fuel crises accelerated the impoverishment and vulnerability of families which decreased their expenditure in terms of quantity and quality of food, health care, and education<sup>50</sup>. The poorest families spent 60% to 70% of their income on food. In Indonesia after the 1997 crisis, the number of households spending more than 65% of their income on food doubled within two years, increasing from 18% to 39% in urban areas and 92% to 96% in rural areas. In Thailand, the poorest households have undergone a similar increase in their share of spending on food, which has increased up to 55.4%<sup>51</sup>.

Surveys conducted by Aide et Action in Benin show that poverty situations have been worsening since August 2009. After major rises in 2008, food prices have been increasing again since the beginning of 2010, be it on Cotonou’s market or other national market places in Porto-Novo, Ouidah, Glazoue and Parakou. Resources are no longer sufficient to meet the food consumption needs. In Cotonou, the price of 1kg of maize increased, from CFA Francs 150 to 250; 1 kg of rice increased from CFA Francs 300 to 400; one liter of palm oil, which used to cost Francs CFA 500 now costs CFA Francs 900. In hard times, inhabitants of the country usually buy maize, which remains the cheapest food item. However, since 2007, the price has become very high, hence the families’ difficulties: while the substantial meal is taken in the evening, breakfast is now a mere, sugarless mush. In Senegal, parents interviewed noticed that the cost of living has increased suddenly these last two years; many families have stopped having breakfast in order to decrease expenses. In Madagascar, all families interviewed also noticed such an increase; half consider it was more sudden this year, while 77% spend more than 50% of their income on food.

In a crisis situation, the poorest households suffer the most from an increase in food prices. Their purcha-

**TABLE 3. DECREASE IN PURCHASING POWER DUE TO A 10% INCREASE IN BASIC CEREAL PRICES (IN%) IN MALAWI AND BANGLADESH**

Countries		Classification of the population per quintiles <sup>54</sup> as per living condition (1 = poorest)					Total
		1	2	3	4	5	
Bangladesh	Rural Zone	-3,2	-2,6	-1,9	-1,6	-1,1	-1,8
	Urban Zone	-2,4	-1,9	-1,5	-1,1	-0,7	-1,3
	Total	-3,0	-2,3	-1,8	-1,4	-0,9	-1,6
Malawi	Rural Zone	-1,2	-0,6	-0,2	-0,0	0,5	-0,2
	Urban Zone	-2,6	-2,0	-1,4	-1,2	-0,2	-1,1
	Total	-1,3	-0,6	-0,4	-0,2	-0,1	-0,4

SOURCE : FAO, 2008 IN UNDERSTANDING THE IMPACT OF FOOD PRICES ON CHILDREN, OP. CIT.<sup>55</sup>

ing power decreases and family income is almost entirely devoted to survival. A study conducted by the World Food Programme (WFP) shows the impact of a 10% increase of the basic cereal on households in Malawi and Bangladesh (see table 3). In both countries, the fifth poorest population lost most of its purchasing power. However, rural households in Bangladesh are more exposed because income losses are large for small farmers and agricultural workers who most often buy their food. In Malawi, urban households are more vulnerable to rising prices since farmers still live from their production<sup>52</sup>.

As we can see, the economic crisis deteriorates even further the poorest families' purchasing power and worsens their living conditions. The years to come need to be monitored closely; food prices, especially for essential commodities like rice, wheat or corn remain more volatile than ever<sup>53</sup> and this could even lead to "hunger riots" similar to those of 2008.

<sup>48</sup> <http://web.worldbank.org/>, *Global crisis hits home in Emerging Europe and central Asia*. [Accessed 5 October 2009.]

<sup>49</sup> In 2008, the World Bank forecast that 967 millions individuals lived in a situation of malnutrition, i.e. one person out of 7.

<sup>50</sup> World Bank. 2008. *Rising Food and Fuel Crisis: Addressing the Risk to Future Generations*. Washington, DC, World Bank, Human Development Network & Poverty Reduction and Economic Management Network.

<sup>51</sup> *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future*, op. cit., p. 22.

<sup>52</sup> PLAN UK. 2008. *Understanding the impact of Food Prices on Children*. London, ODI/Plan UK, p. 8-9.

<sup>53</sup> *World Economic Outlook. October 2009. Sustaining the recovery*. Op. cit., p. 66: prices' volatility is 23% to 26% for soya, wheat and maize.

<sup>54</sup> *Quintile: portion of the population representing one fifth of the population. Here, quintiles' distribution is based on the revenue. 1 = the poorest fifth ; 5 = the richest fifth.*

<sup>55</sup> PLAN UK, op. cit., p. 9.

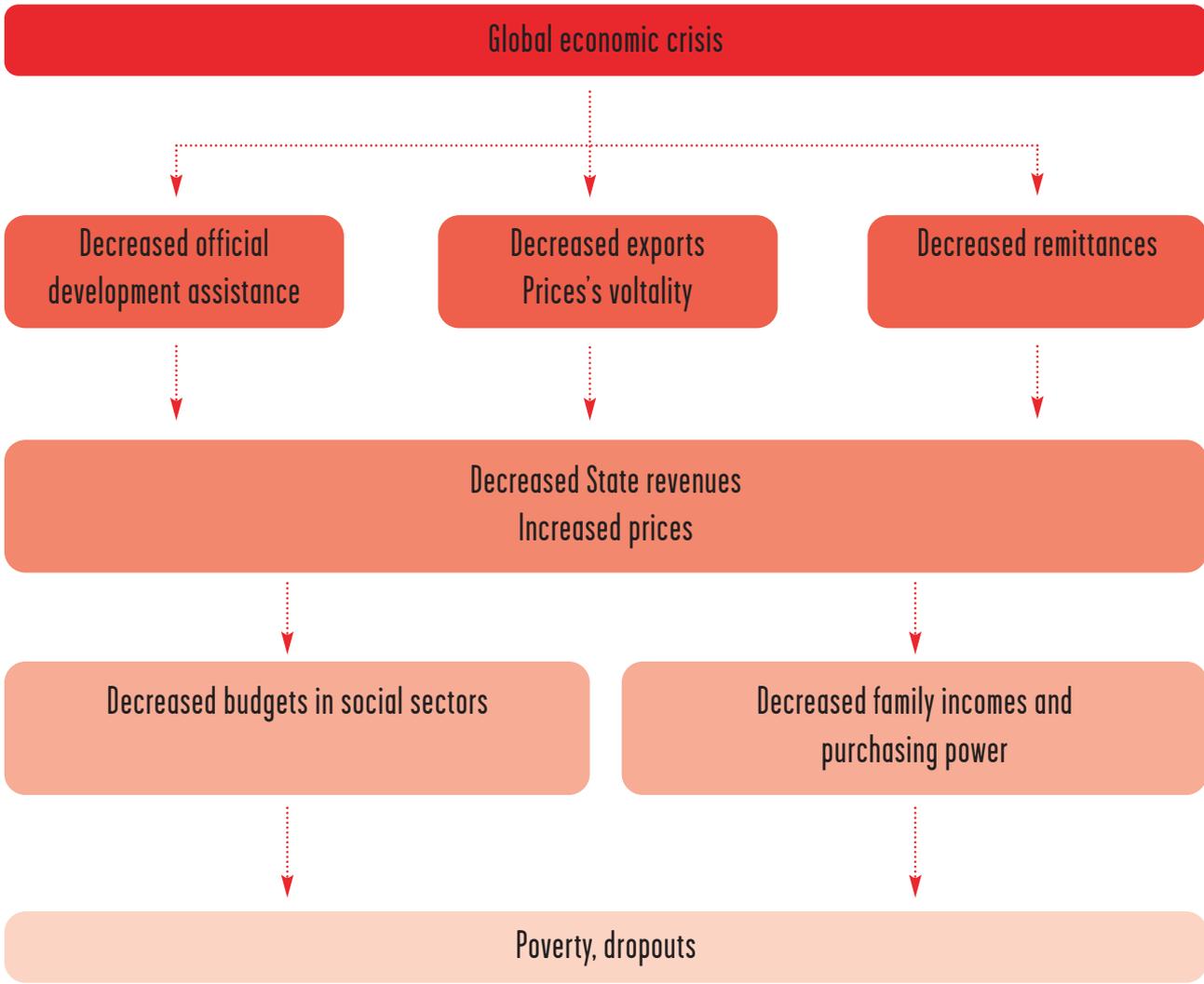
## CONCLUSION

The stock market crash has not only led to a recession in the so-called developed countries. This crisis, resulting from financial dysfunctions, has had a crippling impact on real economies on a global scale: it led to a slowdown in global trade and financial flows between countries. Yet, economies of low-income countries depend mostly on external funds coming from trade, remittances or aid received from official developed countries.

These three main sources of capital inflows have dried up and caused acute reductions in national income. Poorest countries, whose economies are fragile, are more vulnerable to economic shocks and are therefore worst affected by the crisis; their populations particularly suffer unemployment and their purchasing power is also reduced. This situation is further worsened by the consequences of the food and oil crisis that occurred just a year earlier. In this context, funding basic services becomes problematic for many countries as more and more families struggle to cover education-related costs. ■



© JULIE PUDLOWSKI | WWW.JULIEPUDLOWSKI.COM





## II. Education on borrowed time ...

«Education should never be an accident of circumstance.»

Ban Ki-moon, United Nations Secretary-General, January 2010.

## THE GLOBAL CRISIS AND ITS IMPACTS ON PUBLIC EDUCATION POLICIES

Successive to the food and fuel crises, the global economic crisis has weakened the capacity of developing countries to ensure adequate government revenues to fund social sectors, especially education. States have fewer means to guarantee the access and quality of education. Households on their behalf are facing severe economic difficulties that have reduced the overall demand in terms of education.

---

### EDUCATION FIRST?

---

**THE CRISIS HAS ALREADY IMPACTED** and will continue to impact the Education For All (EFA) goals to be achieved by 2015 (see box 3). The developing countries must face a new situation; they are forced to stabilize their financial situation and bring their inflation under control. This results in an immediate reduction in public spending followed by sharp cuts in basic services. Educational budgets therefore tend to shrink rapidly during such times; consequently educational services are also impacted.

### EDUCATION: AN UNAVOIDABLE ISSUE

Is the education sector a priority during times of crisis? If we examine the economic recovery programmes of European countries, one may very well

think not. Indeed, few have included education in their economic recovery plans. France and Germany for instance have focused on supporting investment and production to fight unemployment; the share of educational expenditure in their budget is widely insufficient: France has focused primarily on research while Germany, according to the German Teachers Union (GEW)<sup>56</sup>, focused on tax reduction, and on budgetary cuts that will certainly affect the salary levels of teachers and will accelerate the privatisation of the education system<sup>57</sup>.

In Italy, Ireland, or in Spain, educational expenditure in 2009 fell steeply for all (primary, secondary, higher) levels. Under the pretext of an educational reform, Italy made provisions for reducing the educational budget by €8 billion cutting over 100 000 jobs in this sector<sup>58</sup>. In Hungary, the government reduced its education budget by 15% in 2009 and has planned a further reduction of 20% in 2010. Teachers' salaries declined consequently. In Norway and Finland, budgetary cuts have been announced in municipalities and schools due to the decrease in fiscal revenues<sup>59</sup>. Some Finnish local authorities have even decided on the temporary termination of 6 000 teachers<sup>60</sup>.

Such adverse consequences will be higher for the developing countries. One third of the population of these countries is less than 15 years old. In 2050, nine in ten youth will be living in developing countries<sup>61</sup>. A growing number of young people within the 15 to 24 year old category will therefore enter the labour market in the next few years, often despite a low job creation rate. In order to experience a successful entry and contribute to their countries' development, these youth must access from now a quality education and vocational training that will help them earn an income and meet their basic needs.

Today youth make up a quarter of the workforce, but account for half of the unemployed population. The pressure on employment is therefore high, and in many fragile countries, it is a significant factor of political destabilisation. In Sierra Leone, for instance, youth inactivity in rural areas and their inability to find work, purchase land or get a local political representation offered a fertile ground for rebel recruitment in the early 1990s<sup>62</sup>. Currently, 60 % of the country's youth are unemployed; this rate is certainly alarming if we recollect this country's past. Published in December 2008, the World Bank report entitled *Youth and Unemployment in Africa: The*

<sup>56</sup> Gewerkschaft Erziehung und Wissenschaft : German Teachers & Education Union

<sup>57</sup> Education International [http://www.ei-ie.org/handsup/fr/map\\_europe.php](http://www.ei-ie.org/handsup/fr/map_europe.php) [Accessed 26 August 2009.]

<sup>58</sup> [http://etuce.homestead.com/CSEE\\_fr.html](http://etuce.homestead.com/CSEE_fr.html) [Accessed 26 August 2009.]

<sup>59</sup> Education International [http://www.ei-ie.org/handsup/fr/map\\_europe.php](http://www.ei-ie.org/handsup/fr/map_europe.php) [Accessed 26 August 2009.]

<sup>60</sup> [http://etuce.homestead.com/CSEE\\_fr.html](http://etuce.homestead.com/CSEE_fr.html) [Accessed 26 August 2009.]

<sup>61</sup> Geographical distribution of the population aged 15 to 24 years in 2050 (1.2 billion): 134 million in industrialized countries (11%) 348 million in Africa (29%); 87 million in Latin America /Caribbean (7%); 639 million in Asia/Pacific (53%). Data: Population Reference Bureau, 2009, data on world population [www.prb.org](http://www.prb.org)

<sup>62</sup> Richards, P. 1996. *Fighting for the Rain Forest. War, Youth and Resources in Sierra Leone*. Oxford, UK.

### 3 THE EDUCATION FOR ALL GOALS

Goal 1: Expanding early childhood care and education

Goal 2: Provide free and compulsory primary education for all

Goal 3: Promote learning, skills for young people and adults

Goal 4: Increase adult literacy by 50 per cent

Goal 5: Achieve gender parity by 2005, gender equality by 2015

Goal 6: Improve the quality of education

SOURCE: [WWW.UNESCO.ORG](http://WWW.UNESCO.ORG)

## « The wealth of developing countries is based on their human capital. »

*Potential, The Problem, The Promise* recommends setting up public policies that act as enablers for the youth in Africa to access stable employment, which is a prerequisite for peace and poverty eradication. For countries emerging from conflict-prone contexts, access to employment among youth is a *sine qua non* for ensuring the effectiveness of peace-building processes. The report includes recommendations for expanding education and employment alternatives in these areas, as well as access and improvement of training in agriculture<sup>63</sup>. It also recommends adding a component on education for peace, which informs communities about the risk of conflicts generated by resource scarcity so that tensions among peoples and also between men and women can be defused.

Education is therefore an unavoidable subject that must specifically be addressed and protected in times of crisis. Education must also be provided with the goal of ensuring employability and subsequent vocational training. We know that the wealth of developing countries is based on their human capital<sup>64</sup>: these countries are bound to suffer less from skill shortages when post primary school enrolment is higher. Education remains a major lever for development and social stability.

Till 2008, developing countries have made significant progress with respect to improving access and quality of primary education. Educational progresses have been significantly important in Africa and Asia, where - from 1991 to 2006 - primary enrolment rates increased from 54% to 70% and 70% to 86% respectively. In most of the cases, since the Dakar Summit in 2000 and the definition of the EFA goals (see box 3), governments have been increasing spending on education and they have also been supported by official development assistance<sup>65</sup>.

Despite this progress, the situation of education in the world remains one of concern. In 2007, an estimated 72 million children had no access to education. 54% of them were girls and half were living in Sub-Saharan Africa. The UNESCO projections for 2015 *before the crisis* indicated that around 29 million children could remain excluded from EFA goals in a normal economic situation (increased official development assistance and economic growth)<sup>66</sup>.

Table 4 shows countries where the situation will be even more critical in 2015. For instance Nigeria, India and Pakistan are the three countries that have the largest population of children to be educated.

Nigeria was able to ensure literacy to 71% of its population. Despite this success, the country has many children to educate and has a deficit of 459 000 teachers i.e. more than half of West Africa's needs. This means that by 2015, the country will educate, in the best case scenario, only half a million more children.

It can be observed that around half of these countries are LDCs. However, while the average enrolment rate for these countries is lower than the others, as we have seen earlier, their economies are also less swift and able to respond in times of crisis. Countries with intermediate income - and among them, regional economic powers that are dependent on external trade - feel the negative effects of the crisis on their economies but have more means to respond to them. LDCs on the contrary, suffer less from sudden effects that are often long term.

The crisis will inevitably worsen this situation. The impacts of the economic crisis will be experienced for several years and the education of a whole generation of children may be sacrificed; this could lead to serious endogenous crises in developing countries.

**TABLE 4. COUNTRY WISE EVOLUTION IN THE NUMBER OF OUT OF SCHOOL BETWEEN 2006 AND 2015 (IN MILLIONS) – PRE-CRISIS PREDICTIONS ON 134 COUNTRIES**

Country	Number of out of school children	
	2006 (on 75 million out of school children totally)	2015 (on 29 million out of school children totally)
Nigeria	8,1	7,6
India	7,2	0,6
Pakistan	6,8	3,7
Ethiopia	3,7	1,1
Bangladesh	1,4	0,3
Kenya	1,4	0,9
Niger	1,2	0,9
Burkina Faso	1,2	1,1
Ghana	1,0	0,7
Mozambique	1,0	0,3
Philippines	1,0	0,9
Yemen	0,9	0,3
Mali	0,8	0,6
Turkey	0,7	0,7
Brazil	0,6	0,2
Senegal	0,5	0,2
Iraq	0,5	0,2

SOURCE : BURNETT N. INVESTING OUT OF THE CRISIS: THE EDUCATION DYNAMIC. [HTTP://WWW.UNESCO.ORG/EDUCATION/BURNETT\\_FUTURE\\_FORUM.PDF](http://www.unesco.org/education/burnett_future_forum.pdf) [ACCESSED 24 AUGUST 2009].

### ANALYSIS OF EDUCATION BUDGETS IN DEVELOPING COUNTRIES

For both LDCs and Middle-Income Countries (MICs), past crises have had devastating effects on educational budgets, for two reasons: first is a general decrease in State revenues which has been detailed in the first chapter; the other reason relates to stabilisation processes that are imposed by international institutions to deal with the crisis. The IMF and World Bank require countries in economic difficulties to bring their finances under control and in order to do this countries need to bring their inflation under a tighter reign. This causes a reduction in public spending and, usually, major cuts in basic services. In Thailand, for example, one year after the Asian financial crisis, health and education budgets witnessed a decrease of 11% and 3.7%.

<sup>63</sup> Possible areas: irrigation, management of water resources, utilization of seeds and fertilizers, developing better agricultural practices, etc.

<sup>64</sup> Human capital is composed of all knowledges, skills, attitudes and experiences that have been acquired by an individual and that make her/him economically productive (education, health, training and qualifications).

<sup>65</sup> UNESCO, *op. cit.*

<sup>66</sup> UNESCO. 2009. *EFA Global Monitoring Report 2009. Overcoming inequality: why governance matters.* Paris, UNESCO.

The financing of education, already on a deficit mode *vis-à-vis* the EFA goals, has a very difficult situation in developing countries. Indeed, States revenues decreased in 2009 and will increase at a slower pace in 2010. Thus, the 2010 UNESCO Report explains that even if the education sector does not experience cuts in the Sub-Saharan African countries, and if educational expenditures remain at their current level as a proportion of the GDP, the decline in growth from 2009 to 2010 will result in an annual loss of US\$4.6 billion in terms of investment in this sector from 2009 onwards and a cumulative loss of about US\$30 billion by 2013; and also a loss of US\$13 per pupil enrolled in the primary, i.e. approximately 10% of the current spending per pupil in 2010<sup>67</sup>.

In India, educational expenses as a proportion of the GDP continue to decline since 1999: from 4.5% of the GDP in 1999 and 2000, it is now 3.37% of the GDP. However, the Indian budget for education continues to grow with the GDP, but rather slowly: it increased from US\$6.25 billion to US\$7.4 billion for the year 2008-2009, registering a hike of 21%<sup>68</sup>. However, this is significantly less than the 35% increase during the 2007-2008 period. Having a negative impact on the GDP, the crisis has also decreased the amount of resources available for education.

For 2009-2010, India has also decided to freeze some of its educational expenditure and reconsider its priorities. The budget hence gives significant importance to university education through programmes on education based on new technologies (US\$193 million) and also on the opening of a Central University in each of the States that are still lacking such facilities (US\$177 million), but at the expense of funds allocated to primary education.

It is therefore not surprising that the main expenditure on primary education (see table 5) remains at the same level during 2008-2009 and 2009-2010. Comparatively, higher education-related expenses show a significant increase. It can also be observed that the *Sarva Shiksha Abhiyan*<sup>69</sup> programme that aims at achieving free quality education for children aged 6 to 14 years has particularly been affected. Moreover, if enrolment rates in India stands at 90% now, the quality of education, social inclusion and parity among genders remain elusive targets<sup>70</sup>. Similarly, the *Mid-day Meals* programme that ensures a meal in school to each student has not recorded any budgetary improvement either. This programme has, however, ensured centralised distribution of food to primary schools, and also in improving the nutritional status of many children. Though the implementation of this programme has yet to be improved throughout the country, as well as the quality of food being provided - which varies greatly from one region to another<sup>71</sup>-, this type of actions proves to be particularly useful in a crisis context, notably at a time of economical crisis and decrease of the families' incomes.

When comparing the two latest five-year plans of India in the field of education, we can notice that, in the 10<sup>th</sup> five-year plan (2002-2007) that was implemented in the country, the Central Government had allocated 65.6% of its educational spending to primary education and 9.5% to higher education. The 11<sup>th</sup> five-year plan marks an expenditure's increase of 900% for higher education than its previous level. For 2009-2010 only, higher education received a US\$3.33 billion budget, i.e. more than 40% of the total budget of the sector.

In Haiti, between 2002 and 2007, the education budget represented a very small percentage of the country's overall budget (see table 6). In 2009,

**TABLE 5. EVOLUTION OF EDUCATIONAL SPENDING OF INDIA ON A FEW MAJOR EDUCATIONAL PROJECTS FOR 2007-2008, 2008-2009, 2009-2010 (IN MILLIONS OF US\$)**

	Expenditure for primary education		Expenditure for higher education		
	Sarva Shiksha Abhiyan Programme	Mid-day Meals Programme	Commission on university loans	Technical education (IITs, NITs) <sup>74</sup>	National Mission on Education through ICTs
2007-2008	2 290	1 576.7	456	643.8	96.8
2008-2009	2 811.2 (+22,8%)	1 716.7 (+8,9%)	738.2 (+61,9%)	687.8 (+6,8%)	107.7 (+11,2%)
2009-2010	2 811.2 (+0%)	1 716.7 (+0%)	938.8 (+27,2%)	837.3 (+21,7%)	193.1 (+79,3%)

HTTP://WWW.INFODRIVEINDIA.COM/BUDGETMAIN.ASPX - COMPARISON OF DATA OVER 3 YEARS [ACCESSED 14 DECEMBER 2009]

despite the decline in the overall national budget, the State had to raise the educational budget to 43.8% of the total budget. This is partly explained by the strikes conducted in various areas of the country by teachers protesting against the delay in getting salary arrears of 3 to 4 years. Though this can be considered as a progress for the teachers, children of most vulnerable families will most probably not benefit from this increase of the education budget in terms of access to education.

In such a difficult context, official development assistance is a necessary contribution to many countries. However, education aid has stagnated at around 12% of the total aid since 1999. As the size of total aid has been increasing regularly, the actual funds for education have progressed, though it remained well below the EFA goals.

This increase<sup>72</sup> was made at the expense of primary education, which represented 38% of the total aid for education in 2007 as against 41% in 2002<sup>73</sup>. In 2007, primary education also recorded a large decline in terms of commitments of major donors,

<sup>67</sup> UNESCO, *op. cit*, Chapter 1, p. 23-24.

<sup>68</sup> Values converted from Indian Rupee: increase from INR 286.74 billion to INR 344 billion

<sup>69</sup> In Hindi: education for all

<sup>70</sup> Many inequalities related to caste, geographical location and gender persist. As far as the quality of education is concerned, the education system suffers from a very high ratio of children by teacher, a blatant lack of infrastructure and an insufficient level of teacher training.

<sup>71</sup> UNESCO, *op. cit*, Chapter 3, p. 209

<sup>72</sup> The total aid for education was US\$ 2.1 billion in 2002 and US\$ 4.1 billion in 2007-2007.

<sup>73</sup> UNESCO, *op. cit*, Chapter 4, p. 227

<sup>74</sup> IIT : Indian Institutes of Technology ; NIT : National Institute of Technology

## «Aid for primary education is not a priority for most donor countries.»

especially from UK, the Netherlands, France and Germany. Yet, these four countries alone represent 59% of the total aid to primary education. However, even minor fluctuations of aid from these countries are likely to have a very large impact on the overall aid for education.

These fluctuations in the aid amount during crisis times are even more severe for 2010. In France for instance, the Agence Française de Développement (AFD, French Development Agency) experienced severe budgetary reductions in 2009. In October 2008, the NGO Oxfam denounced the potential termination of 55 cooperation projects by the French government. Since a quarter of the French aid is dedicated to education, several programmes in this sector are under threat of termination, particularly in the African continent. Among them, the multi-country programme on capacity building created in partnership with the Dakar Pole and CONFEMEN<sup>75</sup>. Such measures cast doubts on the commitments of States towards the Fast Track Initiative, of which this project is a part. Indeed, France's budget to this Fund fell between 2008 and 2009, from US\$14.6 million to US\$8.7 million<sup>76</sup>.

In addition to this, unfortunately, aid for primary education is not a priority for most donor countries. Three of the six major donors - France, Germany and Japan - spend more than 55% of their aid to education for the development of the post-primary sector. These last years, aid to education has focused on higher education and, to a lesser extent, secondary education<sup>77</sup>. The FTI has also faced many other problems, including the difficulty for beneficiary countries in predicting guaranteed funds from one year to another and, thus, the inability of countries to plan education over the long term with a parallel increase in the cost of infrastructure, salaries for new teachers, etc.

However the FTI has already implemented plans for EFA in 36 countries, including Guinea and the Niger since 2002, Madagascar since 2005, Mali and Cambodia since 2006, Benin since 2007 and Haiti since 2008. Twenty-three additional countries may be added to this list between 2009 and 2011. The Fund continues to grow slowly in absolute terms: US\$1.018 billion in 2008, it rose to US\$1.317 billion in 2009. In October 2009, the amount of funds disbursed for the year amounted to US\$324 million approximately. Thus US\$700 million of the FTI funds remain to cover the expenditure on existing programmes in 2010, but not to start new ones<sup>78</sup>. Moreover, the Catalytic Fund thus lacks visibility and certainty with regard to donors' promises, whose amount and contribution is not guaranteed from one year to another. The FTI Catalytic Fund predicts a deficit of US\$574 million in the spring of 2010 and US\$1.2 billion by the end of 2010<sup>79</sup>.

### PRECARISATION OF EDUCATION

Access and quality of education have suffered a lot from lack of financial means. Governments are facing difficulties on several fronts: implementation of important reforms, teachers' salaries, and recruitment of additional staff, infrastructure maintenance or purchase of educational material. This has implications for the EFA goals in terms of quality and access to education, and the economic crisis reinforced these difficulties.

In Swaziland, for instance, where the Government planned to introduce free primary education in 2009, the reform was cancelled due to economic difficulties, depriving many poor families of the opportunity to educate their children<sup>80</sup>. Kenya has undergone a similar setback, and in September 2009 announced the postponement of a reform aimed at financing the access to education of 8.3 million children of primary-school age and the

**TABLE 6. BUDGET OF THE MINISTRY OF NATIONAL EDUCATION AND VOCATIONAL TRAINING, HAITI FOR: 2002-2005; 2006-2007 AND 2008-2009 (IN MILLIONS OF US\$)**

Period	Ministry's Budget	National Budget	Ministry's budget in% of the national budget
2002-2003	43 234 725	380 976 242	11,34
2003-2004	49 087 795	413 312 261	11,87
2004-2005	75 477 084	534 028 868	14,13
2006-2007	50 455 355	509 977 050	9,89
2008-2009	184 211 475	424 634 030	43,38
<b>Total</b>	<b>402 466 435</b>	<b>2 262 928 452</b>	<b>17,78</b>

SOURCE: LE MONITEUR

education of 1.4 million children in secondary education: the government referred to the need of redirecting education funds towards emergency food programmes and also asked schools authorities to restore tuition fees temporarily<sup>81</sup>.

In Western Africa, the surveys conducted by Aide et Action indicate that the budgets tend to decrease, while many countries made education free, such as Benin in 2006 and Togo in 2008. Therefore, the teachers have to manage a massive inflow of new pupils. In Togo, 75% of the interviewed pupils noticed an increase of the number of children in schools, which caused a lack of teachers and school material. Moreover, while the country spent 4% of its GDP for education in 2008, the Economy and Finance Minister, Mr. Ayassor Adj Ottèh, announced a decrease of the GDP share dedicated to education to 3.8% in 2009. In Benin, the government keeps dedicating a large part of its budget (around 20% for the 2006-2015 education plan) to education, on a basis of 3 000 CFA Francs per pupil and per year. While the budget had experienced a 27% increase between 2007 and 2008, the 2009 increase was only 4.3%, progressing much more slowly than the GDP growth. In Guinea, the addition of

<sup>75</sup> *The Dakar Pole, born in 2001 under the leadership of UNESCO and France, has a vocation to intervene on the entire Sub Saharan Africa, develop a sectoral analysis of education and help partner countries in the development and implementation stages of education policies. CONFEMEN refers to the Conference of Ministers of Education of countries sharing French language.*

<sup>76</sup> *Fast Track Initiative Catalytic Fund, op. cit, p. 7*

<sup>77</sup> *UNESCO, op. cit, Chapter 4, p. 229*

<sup>78</sup> *Fast Track Initiative Catalytic Fund, op. cit, p. 2*

<sup>79</sup> *Ibid, p. 6*

<sup>80</sup> [http://www.ei-ie.org/handsup/fr/map\\_africa.php](http://www.ei-ie.org/handsup/fr/map_africa.php)  
[Accessed 26 August 2009.]

<sup>81</sup> *UNESCO, op. cit, Chapter 1, p. 24-25*

political and economical crises caused an inflow, into government schools, of pupils coming from private schools, as these had become too costly for the families. Yet, the government lost the possibility to take care of these new pupils. The schools' budgets are much lower than the required means, and insufficient to meet the needs. In Madagascar, due to the combined effects of the internal political crisis and the economical crisis, the government has cancelled the initial decision of launching a reform that aimed at increasing the duration of compulsory education.

Senegal has always spent a major part of its GDP on education. The 2010 budgetary proposals of the Ministry of preschool, elementary, mid high school education and national languages record an increase of 26% in 2009, due to the addition of secondary education and literacy sectors to this portfolio<sup>82</sup>. The country has announced that major expenditures in various sectors, including education, would be protected through the IMF loan allocated in December 2008 to fight the effects of the fuel and food crisis. But, when studying more in detail the budget dedicated to education, one notices that Senegal has been decreasing the strength of trained teachers and competent staff in its schools: 60% of the entire education staff is contract staff, substitute teachers or volunteers, and 53% of primary teachers are volunteers<sup>83</sup>. These volunteers are paid less than half of the salaries of qualified teachers and trained only for 6 months in teacher training schools as against 4 years for a licensed teacher. Recruiting contract staff, substitute teachers or volunteers with a short training has thus become an expendable of the national education budgets, with a major and lasting impact on the quality of education.

The situation is all the more insecure as many countries have experienced teachers' strikes, especially in

2009. The government of Burkina has promised to take steps to fund an advance on wages to the tune of 120 000 CFA francs (around US\$150) to newly recruited teachers in order to motivate them<sup>84</sup>. However, funding this decision is difficult as the country faced a decrease in external assistance from 2.9% in 2008 to 2.8% in 2009<sup>85</sup>.

In Haiti, notwithstanding the substantial increase in the 2008-2009 national Education budget, the teachers also demonstrated in September 2009 to claim three years of wage arrears.

The teachers' low wages as well as the worsening of their living conditions lead many teachers in developing countries to look for an additional job. In Cambodia, a study conducted by the Cambodian Independent Teachers' Association in 2009 among 460 teachers reveals that 53.9% of primary and secondary Cambodian school teachers cancel their classes regularly because they are involved in another activity, due to their low income<sup>86</sup>. Indeed, teachers earn between 25 and 31 Euros per month on an average, while monthly income required for a family is 100 Euros on an average.

In Niger, surveys conducted by Aide et Action in December 2009 and January 2010 show that the contract staff's income has not increased for several years: it remains around 50 000 francs CFA (around 76 Euros). This is a very low amount, compared with the cost of staple goods, which increased since the 2008 food crisis and the 2009 insufficient rainfalls. The two staple goods are costly: a bag of rice costs 25 000 francs CFA on an average and a millet bag costs around 23 000 francs CFA. In the Zinder region, surveys indicate a frequent absence of teachers in the classrooms, as they have parallel jobs (in agriculture, trade, as private workers, other manual works, etc.). Moreover, the teachers' low

standards of living lead to a change of some practical and educational activities initiated in some schools of the region to provide pupils with cheaper food items, such as school gardens. While the goods should either be provided to school canteens, or sold to increase the school budget in favour of the pupils, this input is kept by the teachers to increase their income. In addition to this, while school gardens should be seen as a limited educational activity, it is noticed that many pupils work all day long in the garden to increase the produced quantities.

A study conducted by Aide et Action in the Indian States of Madhya Pradesh and Tamil Nadu on 65 teachers shows that 40% of them have seen a reduction in regional education budgets in 2009:

- 48% of them believe that spending on salaries will be most affected by this decrease;
- 32% believe that infrastructures will be affected by financial cuts;
- 31% are worried about the quality of education and condition of school supplies;
- 29% fear a freeze in recruitment plans for the current year.

Furthermore, only 63% of the teachers interviewed claim to be paid regularly and half considered probable that wage reductions were on their way. Similarly, half of them are thinking about having activities like selling food or offering tuition classes after school to supplement their income.

In a context of lack of resources, the recruitment of additional teachers seems to be compromised. Yet, according to UNESCO, 2.3 million teachers will be needed in the African continent to meet the MDGs in 2015. In Western Africa, needs for primary education amount to 750 000 teachers, for 14 million children who are still out of school<sup>87</sup>. In the beginning of the 2009 academic year in Togo, there was a shortage of 6 000 teachers at all levels, while

<sup>82</sup> *Thanks to this merger, the total budget increased from CFA Francs 212.5 to 267.9 billion.*

<sup>83</sup> *Global Campaign for Education. 2009. Education on the brink. Global Campaign for Education, p. 20.*

<sup>84</sup> *Moreover, the teachers' salary has been frozen since 2005.*

<sup>85</sup> *Regional Economic Outlook: Sub-Saharan Africa, op. cit.*

<sup>86</sup> *2009. Les enseignants cambodgiens sèchent.*

*Courrier international, 27 March.*

<sup>87</sup> *AFP dispatch, 21 April 2009*



© OLIVIER HARRASSOWSKI

## « The teachers' low standards of living lead to a change of some practical and educational activities initiated in some schools of the region to provide pupils with cheaper food items. »

9 000 new recruits were absorbed, and even though these numbers were insufficient, the newly recruited teachers were unqualified, ancillary or contract teachers<sup>88</sup>. These last years, in several Sub-Saharan African countries, community schools as well as teachers' recruitments by parents have appeared, as solutions to the lack of teachers. In Madagascar, half of the teachers are recruited by the communities and paid by children's parents<sup>89</sup>. These teachers, who do not have the status of government employees, are paid 80 000 Ariary per month (28 Euros), i.e. less than 1 euro per day... In such conditions, most of them quit their job once they find a better paid occupation, and are usually not replaced before the beginning of the following school year.

In Niger, managing the school locally is becoming increasingly difficult due to the lack of means. All surveys conducted by Aide et Action underline the fact that the Inspections de l'Enseignement de Base (IEB, i.e. basic education inspectorates), despite their increasing needs of facilities and teachers, have fewer resources, as the national budgets allocated to the decentralised services of education are frozen.

At the local level, the classrooms' rehabilitations and constructions are funded by technical and/or financial partners, hence a high dependency on external funding: 90% of elected members and government employees in Tessaoua and Zinder towns<sup>90</sup> claim that the lack of means for 2009 is partially or entirely due to the decreased external aid (aid for the State's budget, presence of NGOs, etc.). In Tessaoua, the local authorities fund less than 2% of the education projects.

Moreover, 60% of the answers indicate a freeze of teachers' recruitments. The lack of teachers was crucial in 2009. The IEBs did not get the required number of teachers to take care of all registered chil-

dren: multi-level or double flow classes (some pupils attend school in the morning, others in the afternoon) had to be organised to attend to all children.

The schools budgets also suffer from the crisis. In Niger, the Faravé School (Magaria IEB, Zinder region) suffers from a serious lack of means, due to an increased number of children and the budget's freeze:

- The schools lacks education material: while the administration used to give 3 notebooks and 2 pens, it could give only one of each in 2009. In 2008, 3 children had to share a reading book; in 2009, the book was shared by 4 pupils. In 2008, 4 children used to sit on a bench, and share one table; the figures increased to 7 in 2009. As to pupils in preliminary classes, they don't have any tables or benches and simply sit on mats.
- A teacher had to attend to about 38 children in 2008, as against 57 in 2009.

---

### CRISIS AND STATES: THREAT OR OPPORTUNITY?

---

**IN MANY DEVELOPING COUNTRIES**, resources as well as GDPs' shares allocated to education have decreased. Yet, this is not a general trend. Some countries develop different and original solutions to face the current economic crisis and, therefore, prove their wish to invest durably in the social sectors.

Experience tells us that even LICs are able to ensure basic social services and protect their population. Thus, during the previous crises, South American and Asian countries have tried to identify resources to ensure proper educational services even - and especially - in times of crisis. They have initiated redistribution programmes, which have succeeded in making them strong with respect to the current crisis. But LDCs remain very fragile and often incapable of such reforms without donors' support.

Developing countries therefore have heterogeneous resistance levels to the crisis, depending on their past experiences and their capacity to generate resources.

### CRISES AS PRECURSORS OF CHANGE

Economic crises can also be an opportunity for implementing innovative social protection programmes for some countries. Faced with previous economic shocks, Asian and Latin American countries have implemented short and medium term financial plans that are supportive of social sectors like health and education. These plans are mainly designed to protect the financial capacity of families to send their children to school and access health services. Therefore, they protect the demand for education and the demand for health.

These programmes actually include a direct financial assistance to families by identifying the poorest and by specifically targeting their needs to break the vicious circle of poverty. In Latin America, such financial redistribution programmes were initiated under the aegis of conditional cash transfers in the 1990s. In Southeast Asia, the 1997 financial crisis pushed Governments to set up fiscal transfers to mitigate the impact of the crisis on the poor.

*Conditional Cash Transfers* (CCTs) also involve an obligation to fulfil a few conditions before accessing such direct financial aids. The nature of these programmes and the conditions for accessing them differ according to the economic and social structure of each country. CCT programmes have developed a lot in recent years, and this reflects their success. While only three countries benefited from them in 1997: Mexico, Argentina and Bangladesh, they are now being implemented in several countries in Africa and Asia, as well as in almost all the countries of Latin America (see map 1).

<sup>88</sup> [http://www.ei-ie.org/handsup/fr/map\\_africa.php](http://www.ei-ie.org/handsup/fr/map_africa.php)  
[Accessed 26 August 2009.]

<sup>89</sup> Bernard, JM. 2009. En Afrique subsaharienne, il faudra 2.3 millions d'enseignants d'ici à 2015. *Le Monde*, 8 December.

<sup>90</sup> Tessaoua is located in Maradi's region and Zinder in Zinder's.

## « Experience tells us that even LICs are able to ensure basic social services and protect their population. »

This region has indeed seen many economic challenges, including the 1995 Mexican crisis and the Argentinean crisis between 1998 and 2002. However, some of the tools set up by Governments to protect their weaker populations have today become national programmes impacting millions of households, like in Mexico or Brazil.

Honduras was one of the first countries to implement an innovative solution designed to improve the extremely low enrolment rates due to poverty. The PRAF II programme implemented in 1990 helped poorest families access aid under two conditions: the actual enrolment of children (assistance is withdrawn if a child is missing from school for more than seven non-justified days over a period of three months) and a regular use of medical assistance offered in hospitals.

The Mexican *Oportunidades* programme has inspired many countries too. In response to the 1994-1995 crisis, this programme targeted people in extreme poverty situation, to assist them in taking part in education, health, nutrition and income generating measures. Poor Mexican families hardly invest or invest little in the education of their children, either because they cannot pay school fees for their children or because they need an additional income and children are likely to be sent to work very early. *Oportunidades* therefore committed to provide parents with the equivalent of what their child would earn while working. The programme first targeted rural areas and then expanded to urban areas. Aids now touch more than 4 million households, including 2.5 million in rural areas. Each family also gets greater financial support for girls in secondary education: US\$66 per month as against US\$58 per month for boys due to the high dropout rates among girls. Furthermore, aid for education, as well as health and nutrition, are allocated to

women as heads of household. Indeed, it was found that women make better use of aid when they control the family budget and expenses; they naturally tend to spend more on education, and health of their children.

In Brazil, *Bolsa Familia* and its education component *Bolsa Escola* allow very poor families to receive assistance provided their children are in school and take part in vaccination campaigns. These aids already support close to 11 million households, i.e. 46 million people. The Brazilian Government supported by the World Bank wants to expand this programme by ensuring long-term global coverage of the vulnerable populations in the country and strengthening the system of identification of target populations.

However, the scale of such programmes can be quite small. Some countries are implementing pilot projects or projects targeting just a part of the population. The *Solidario* programme in Chile targets populations living in extreme poverty, reaching out to 215 000 families only, or 5% of the population. Cambodia's financial assistance programmes support 1% of the population, as compared to 40% in Ecuador and 20% to 25% in Brazil and Mexico<sup>91</sup>. However, these initial efforts have set the tone: even in countries devoid of programmes focused on education, expenditures in this sector continue to grow. In Latin America, 19 countries have increased their spending as a percentage of GDP in this sector over the recent years. In Chile and Bolivia, they have even increased by more than 2%<sup>92</sup>.

Several programmes are targeting education only. In Bangladesh, the Female Secondary School Assistance (FSSA) aims at reducing gender-related inequalities in school. In Cambodia, two ongoing programmes aim at improving access and quality of

**MAP 1. COUNTRIES THAT HAD SET UP A FINANCIAL REDISTRIBUTION PROGRAMME BETWEEN 1997 AND 2008.**



SOURCE: FISZBEIN A. AND SCHADY N. *CONDITIONAL CASH TRANSFERS. REDUCING PRESENT AND FUTURE POVERTY.* WASHINGTON, DC: WORLD BANK, 2009, P. 4

education in secondary school. In Indonesia, a similar mechanism has been implemented after the East-Asian crisis to prevent dropouts in primary and secondary levels.

In general, financial redistribution programmes have helped achieve two main objectives. They have ensured poorest households scope for improving their purchasing power and access to basic services. It has also been observed that they have a clearly positive effect on consumption and the reduction of poverty, the effects are more or less pronounced depending on the level of financial transfers. In the case of Nicaragua, these transfers represent 30% of the households' income; on the other hand in the case of Cambodia, this represents only 2% of the family's income<sup>93</sup>. The outcome of such programmes is obvious: family consumption increases, and this is represented in terms of food quality and diversity, especially as an increase in the purchase of protein,

<sup>91</sup> Fiszbein, A., Schady, N., with Ferreira, F.H.G., Grosh, M., Kelleher, N., Olinto, P. and Skoufias, E. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty.* Washington, DC, World Bank, p. 5-6.

<sup>92</sup> *Education and the economic crisis, op. cit., p. 9.*

<sup>93</sup> *Conditional Cash Transfers: Reducing Present and Future Poverty, op. cit., p. 106*

fruits or vegetables can be observed<sup>94</sup>. These nutrient inputs have positive consequences on the health of children.

Beyond economic objectives, CCT programmes encourage the improvement of human capital as aids are conditional to families' investment in their children's education and health. The poorest families, for whom education was not affordable, are now able to send their children to school while, in countries where education is a basic value even in times of economic crisis, families are no longer forced to sell their goods or belongings to send their children to school<sup>95</sup>.

These programmes have helped increase enrolment levels significantly (see table 7). In Mexico, the impacts of *Oportunidades* have been very positive in terms of education, health and nutrition of children. Regarding education, children who have benefited from the programme for 5 years and a half or more complete an additional primary year on an average. The probability of accessing high school has increased by 33% for students following a regular primary curriculum; the secondary school enrolment rate has increased by 20% for girls and 10% for boys.<sup>96</sup>

In Pakistan, the *Punjab Education RSP programme* helped increase the enrolment of girls aged 10 to 14 years by 11%. In Cambodia, these programmes have reduced the dropout rate by 20-30% between the first and second year of the secondary cycle<sup>97</sup>.

In South Africa, since 1998, the *Child's Support Grant (CSG)* facilitated the access to education for 6.7 million children from the poorest families<sup>98</sup>. A child who could benefit from it in 2002 has thus more chance to attend school the following years, as compared with a child of the same age. The CSG

helped increase schooling of 8.1% for 6 year-old children<sup>99</sup> and, at the moment of the economic crisis, this programme enabled to avoid the families' adaptation strategies and removals from schools.

The success of the two CCT programmes in Cambodia shows that LDCs are also capable of identifying resources for redistribution programmes with support of donors. While in the post-crisis scenario the World Bank and the IMF encourage countries in difficulty to adopt pro-cyclic measures<sup>100</sup>, several studies however show the advantages of counter-cyclic measures<sup>101</sup>. Setting up a redistribution programme in Burkina Faso for example would fully counteract the effects of the crisis on child poverty that has been increasing by approximately 4% between 2009 and 2011 and reduce the dropout rate by 0.5%<sup>102</sup>.

If CCT programmes are seen to have an important impact on the enrolment rates, some problems remain however. Firstly, CCT programmes have not succeeded in improving knowledge acquisition. A focused effort on quality of education is more than necessary. At the level of educational offer, other actions at the educational services end also need to be implemented: improving quality of education and school coverage, granting more scholarships, rehabilitating primary schools, building secondary schools, improving the status of teachers, etc. In addition to these, it is also important to induce a behavioural change in households, which do not always understand the necessity to educate their children.

#### THE 2009 CRISIS: TOWARDS STRUCTURAL CHANGES

Past crises have led many States to act upon educational demand. Programmes on direct financial assistance to families may ensure that populations are able to face the current economic crisis with lesser obstacles and prevent families from considering

**TABLE 7. IMPACTS OF REDISTRIBUTION PROGRAMMES ON ENROLMENTS**

Country	Age	Enrolment rate before the programme	Impact of the programme	Level of transfer (in% of the household income)
Chili	6-15	60,7%	+7,5%	3-7%
Equator	6-17	75,2%	+10,3%	10%
Mexico	Classes:			
	0-5	94,0%	+1,9%	
	6	45,0%	+8,7%	
	7-9	42,5%	+0,6%	20%
Nicaragua	7-13	72,0%	+12,8%	30%
Cambodia	7-9	65,0%	+31,3%	2%
Pakistan	10-14	29,0%	+11,1%	3%

SOURCE: FISZBEIN A. AND SCHADY N. *CONDITIONAL CASH TRANSFERS. REDUCING PRESENT AND FUTURE POVERTY*. WASHINGTON, DC: WORLD BANK, 2009, P. 4

alternative strategies such as school dropouts and cuts of health-related costs, etc. But to be truly effective, such measures must be accompanied by programmes aimed at protecting the educational budgets and improving the overall range of educational services.

Investing in education and training is indeed a crucial element of economic reconstruction: the United States economic recovery plan for instance has marked US\$100 billion for education in which 54 billion will be allotted to setting up a fund for renovating existing schools. This plan has helped conserve 400 000 jobs in the educational sector. The Obama Government also has kept teachers at the heart of the reform process, with wage revaluations and overall modernisation of education. Between February and September 2009, more than 67 billion have already been allocated to the various American states which finance primary and secondary sectors on average of 90% of and 40% of higher education.

<sup>94</sup> *Conditional Cash Transfers: Reducing Present and Future Poverty*, op. cit., p. 113

<sup>95</sup> *Ibid*, p. 123

<sup>96</sup> World Bank. 2009. *Averting a Human Crisis during the Global Downturn*. Washington, DC, World Bank. [Policy Options from the World Bank's Human Development Network.], p. 13.

<sup>97</sup> *Between classes 6 and 7: primary cycle lasts 5 years, secondary lasts 3 years.*

<sup>98</sup> Williams, M.J. 2007. *The Social and Economic Impacts of South Africa's Child Support Grant*. Massachusetts, USA. [Thesis, Williams College.], p. 6-7.

<sup>99</sup> Case, A., Hosegood, V. and Lund, F. 2005. *The reach and impact of Child Support Grants: evidence from KwaZulu-Natal. Southern Africa*, p. 469.

<sup>100</sup> *Pro-cyclic measures are planned on the basis of reduction in revenue: they call for a reduction in expenditure, stabilisation of the financial balance, a reduction in investments*

<sup>101</sup> *Counter-cyclic measures aim at investing more to counter reduction in revenue and revive the economy. Governments can increase expenditure on public services, invest in infrastructure, introduce a policy for creating jobs and supporting industries, or reduce taxes.*

<sup>102</sup> Cockburn, J., Fofana, I. and Tiberti, L. 2009. *Simulating the impact of economic crisis and policy responses on children in West and Central Africa*, Forthcoming Innocenti Working Paper. Paper presented at the ODI/UNICEF Conference, 9–10 November, London, p. 30-40.

## « Investing in education and training is a crucial element of economic reconstruction. »

During the 1998 crisis, the Argentinean government could conserve primary school attendance rate by increasing the number of beneficiaries to state grants by 50%. It funded the systematic construction of messes, and declared the educational budget as "protected expenditure", which means that there is a total ban on decreasing or altering it. The Argentinean case proves that it is possible to identify resources to protect basic services even during times of crisis.

In Asia, despite the 1997 crisis, redistribution programmes are a rarity. Only Cambodia, Indonesia and the Philippines have developed such types of actions. Other countries of the sub-region that have drawn lessons from past crisis are more resistant and more armed than others today to face the global economic crisis: some have even undertaken in-depth reforms. The fiscal plan adopted by Thailand is proof that the country is moving towards a sustainable structural change (see box 4).

### **DIFFICULTIES IN MAINTAINING EDUCATIONAL SERVICES:**

#### **EXAMPLES OF GUINEA AND MADAGASCAR**

In LDCs, education faces specific problems during global economic crises. Moreover, some of these countries are politically fragile or in a conflict-prone situation. It is therefore difficult to draw the precise boundary line of problems and their consequences especially where endemic poverty, internal upheavals like serious political crises or external economic shocks are concerned. However, it is certain that economic shocks have well targeted effects and aggravate an already difficult situation for vulnerable populations.

LDCs are characterised by a per capita income of US\$900 or below. These are also countries that suffer from weaknesses in their human capital. This

category is impacted heavily by economic vulnerability: economies of these countries are less diversified in addition to being highly focused on basic commodities and raw materials. When faced with an export crisis caused by deteriorating global prices and decreasing demand, external assistance becomes rapidly the only financial source for meeting the needs of populations. But the level of aids will decrease in 2010 and the consequences on education are major.

In Guinea, the economic crisis was further accentuated by the political crisis that occurred in December 2008. Because of the sanctions imposed by the international community, aids towards Guinea were partially stopped. The French Development Agency has suspended a major part of its funding while OECD limited its technical cooperation with the country. In a country supported to a large extent by grants, bilateral aids or aid to NGOs, freezing funds jeopardises seriously the population's well-being.

The education sector has been badly affected: in December 2008 it was supposed to benefit from an additional donation of US\$10 million from the World Bank. The country had decided to initiate an in-depth reform process related to improving access to education, school coverage, learning and teaching conditions, as well as the management of the educational system. In such conditions, it is very unlikely that this reform will be implemented.

The Fast Track Initiative will allocate only a part of the planned funds: only US\$10 million, of the 50 million initially planned, will be allocated during the first year for activities estimated as high-impact and low risk, which could directly benefit the communities<sup>103</sup>.

Similarly, in February 2009, the IMF suspended the examination of the Madagascar case, postponing

budgetary aids from the EU, the World Bank and even the French Development Agency. Donors cited mismanagement of funds and the political crisis in the country as reasons for suspending the funds. For the European Union, the conditions for releasing the funds<sup>104</sup> include drawing up a road map for ensuring the transition into a stable political situation in the country. At the beginning of 2010, unable to reach an agreement in favour of a political consensus, Mr. Karl Wycoff, Deputy Assistant Secretary of State for African Affairs, mentioned new sanctions against Madagascar, claiming that other countries are currently assessing the aid they grant to the country. The USA suspended their aid to the country except for a few humanitarian programmes.

In such contexts, it is less and less possible for States to fund their public sector properly. In Guinea, the development of the education system has declined significantly. The education budget has fallen from 16.2% in 2002 to 11.8% of the GDP<sup>105</sup> in 2007, while the sub - region average falls between 30% and 50%. In this country, 33-35% of the educational budget is dedicated to primary education. The 2008-2015 plan of the Ministry of National Education aimed at increasing the proportion to 50%. Under present circumstances however, this figure is no longer realistic.

Due to the country's political and economic crises, the number of teachers has fallen significantly and many education reforms have been suspended. Implementation of frameworks for concerted action at the local level to prepare the reforms and investments on a triennial basis has been suspended<sup>106</sup>. Their absence poses a major obstacle in terms of participation of parents in the management of the education system. Decentralisation at the local level has also been stalled. At the level of funding, local education directorates have not received any funds

<sup>103</sup> *Fast Track Initiative Catalytic Fund, op. cit., p. 9.*

<sup>104</sup> *Funds allocated in the framework of 9<sup>th</sup> and 10<sup>th</sup> European Development (main instrument for providing Community aid for development cooperation) amount to €630 million.*

<sup>105</sup> *Data from the 2000-2007 Global Campaign for Education: <http://www.campaignforeducation.org/fr/guinea;> UNICEF data for 1997-2006 : [http://www.unicef.org/infobycountry/guinea\\_statistics.html#56](http://www.unicef.org/infobycountry/guinea_statistics.html#56) [Accessed 15 December 2009.]*

<sup>106</sup> *These local education committees ensured that the different stakeholders involved - parents, local NGOs, education authorities and teachers - meet and take decisions together.*



© MICHELLE LELAIZANT

for more than a year. As immediate consequences, community mobilization and exchanges frameworks between parents and local elected representatives have been stopped. Resources' planning for education and pedagogical support for teachers unfortunately could never be implemented.

In Madagascar, sanctions against the country and the temporary freezing of ODA funds are tantamount to a humanitarian disaster. Several projects were suspended: the Rural development support project, the International Fund for development, the Millennium Challenge Account (causing loss of jobs for employees, end of the support for the local beneficiaries), the Growth integrated Centre (60% of the employees were laid off), etc. As the ODA, the concerned funds account for 75% of the Government's investment in the public sector. Needless to add that, without these funds, the States is totally unable to support basic social services, while the economic situation is at its worst<sup>107</sup>.

The recession was already seen as a threat to social peace, despite a positive growth. The depression slowed this growth increase<sup>108</sup>. Between January and October 2009, the Madagascar Group of Companies, the main union in the country, recorded many cancellations of orders. The number of enterprises having resorted to technical unemployment has more than doubled. Similarly, domestic demand is paralysed due to the decrease in purchasing power. The political crisis has aggravated these problems due to violence and looting. During 2009, the country recorded a loss of 228 000 jobs, which could worsen to 300 000 jobs with the AGOA<sup>109</sup>'s suspension: 78.5% are related to jobs in the tertiary sector, 21.1% in the secondary sector, and agriculture has been relatively spared by the economic difficulties. This is in addition to many other problems that

Madagascar has been facing since 2008: cyclones, droughts, unemployment... The Finances Law, voted on December 31<sup>st</sup>, 2009, foretells an austerity policy and a significant decrease of the public investments.

Between 2008 and 2009, the education and health budgets experienced respective cuts of 20% and 16%<sup>110</sup>. Since the beginning of 2009, the education budget was progressively decreased to reach 64% of the original amount. An initially planned US\$51 million funding in favour of education (in the FTI framework) was suspended by the international community. Moreover, while a pilot initiative had been implemented since 2008 in 20 school districts to increase the 5 years of primary education to 7 years, the Education Minister decided to suspend this experience without renewing it.

Globally, the United Nations considers that the serious worsening of public services, which started at the end of 2009, will continue throughout 2010<sup>111</sup>.

These combined factors have led to many dropouts. According to UNICEF figures, the schooling of 10 000 children was interrupted by two successive cyclones that have occurred in the month of January 2009. The political crisis led to more than 116 000 dropouts between January and March 2009, especially in the cities most affected by violence, like the capital: schools closed down temporarily, and even at their reopening absenteeism remained at 60%. The least affected areas reported a 30% drop. Surveys conducted by Aide et Action in several regions of the country show that one third of interviewees had to remove one or several children from school because of their decreased purchasing power and the increase of education-related costs.

#### 4 ILLUSTRATION: THAILAND

Thailand has been able to learn its lessons from the 1997 financial crisis. This crisis had caused a significant reduction in the income of households: 14% in urban areas and 18% in rural areas<sup>112</sup>. The economic shock did not have the expected adverse impact: enrolment rate increased from 74.8% to 75.5% during 1997-98 and 1998-1999 school years. However, populations were affected variably. The dropout rates were very high in rural areas and two times more for children from poor families. For the poorest, school dropout rate touched 40% of students between primary and secondary education, as compared to 27% in well-to-do families<sup>113</sup>. The Thai Government's responses were temporary: educational expenditures were maintained in 1997 and 1998, education was made free during the time of crisis, and a first attempt at universal medical coverage was set up without any financial contribution from the poorest.

Since the last quarter of 2008, the crisis has had similar and amplified effects. In 2009, the Thai economy witnessed the first ever slowdown in growth since more than ten years. Two crucial sectors of the Thai GDP were affected by the recession:

- the services sector, representing 6% of the GDP, saw its turnover fall by 35%.
- the automotive sector, representing 11% of GDP, has shown a drop in production and exports of around 30% and 35% in 2009. Furthermore, textiles exports, a sector that employs more than 25% of the Thai population, also decreased by 25% in 2009.

Two recovery programmes were introduced to resolve the situation. The first one, between March and September 2009, aimed at implementing immediate measures to reduce the cost of living for families in addition to a financial redistribution pro-

gramme aimed at the poorest families, the Thai population can now benefit from fifteen years of free education as against twelve previously<sup>114</sup>. Other short-term measures were introduced such as improving the absorption capacity of communities, the development of their economic potential, or the development of the role of volunteers working in the health sector.

This initial programme was followed by a two year plan until September 2011, whose objective is to strengthen the capacity of the country on a long run. Substantial financial resources were allocated to the improvement of infrastructure and agricultural system, including the rehabilitation of schools. The education plan aims at improving the quality of education and knowledge by strengthening the capacities of learning communities, creating educational centres in each region and sub-region, and improving the training of teachers and the quality of educational reforms. Clearly, it is the improvement of the overall educational services that is being considered here.

On the whole, US\$3 billion will be invested in free education for all and improving the delivery levels of rural schools. The country also chose to act on the income of the poorest by providing financial assistance to people from low-income groups working in the formal sector who may be affected by job loss; a component on monthly assistance to the elderly has also been added. Lastly, the Thai plan also ensures the improvement of the quality of health and food services, energy security and the creation of 1.5 million jobs.

As we can see, the Thailand plan goes much further than a mere response to the crisis: it's a long-term structural change. The 2009 reforms extend the temporary measures ta-

ken in 1997; like for instance the decision to make education temporarily free. The Thai Government has strengthened its internal fiscal capabilities from crisis to crisis, and therefore its ability to respond to difficulties: the current recovery plan uses mostly government revenue and internal taxes and does not rely on non-external aid. Between 1997 and 2008, social expenditures also increased from 20% up to 35% of the national budget.

« In Madagascar, sanctions against the country and the temporary freezing of ODA funds are tantamount to a humanitarian disaster. »

Moreover, schools sorely lack resources, since government educational grants are allocated on the basis of number of children per school. While the States usually pays for the school supplies and uniforms, since the start of the school year 2009, families have to cover these expenses. In the light of above, it is likely that given the serious financial crisis and the freezing of external aid, the dropout phenomenon will escalate. We already noticed an increase of child labour cases, especially in streets of big cities where more and more children work in small restaurants, or in shops, selling fritters or groundnuts.

The Ministry of Education had announced, in the framework of FTI, that the school meals programme would be extended. This grant would ensure mid day meal for 60 000 additional students, while the current programme reaches out to 90 000 students only. However, the announcement made by the new government on budgetary austerity may well imply cancellation of this reform. If the Government ends the programme, 150 000 students will lose the benefit of a free meal per day.

While it is difficult in these contexts to maintain a quality educational offer due to the financial difficulties of governments, it is equally complicated to maintain the educational demand since families have very low living standards. In countries experiencing serious internal crises or natural disasters<sup>115</sup>, the economic crisis aggravated and strengthened the social and economic impacts. Trapped in poverty, families are no longer able to take care of their basic expenses, while governments have insufficient means to react and protect people who are exposed. Moreover, for many families, education is hardly identified as an investment for the future especially in front of massive poverty and decreased opportunities.

## CONCLUSION

Developing countries have heterogeneous resistance levels to the current crisis, depending on their past experiences and their abilities to implement financial solutions that ensure the families' demand and offer for education. Drawing lessons from previous crises, many middle-income countries have been successful in implementing redistribution programmes that support education. But the situation of the poorest countries is more precarious: they do not have the required programmes or the financial resources needed to implement counter-cyclic measures.

If all States are suffering from the economic crisis, in terms of resources' availability, its impacts on education are higher in the LDCs than in the middle-income countries<sup>117</sup>, and especially in the fragile States. In such situation, reaching the goals of EFA is not only an accessible dream but one may fear that the achieved progresses may be jeopardised. As we know that most out-of-school children are very little chance of accessing education again, the future of a whole generation of children could be sacrificed. Indeed, though many countries have no means to protect their education sector, we can see that many families, whose standards of living decreased, lost the possibility - or necessity - to send their children to school. ■



© ANNE-EMMANUELLE THION | WWW.IMAGINPLUS.COM

- <sup>107</sup> *The World Bank announced that Madagascar was in recession since the second quarter of 2009 with a collapsing growth, decreased invests and a 30% reduction of the public investments as well as a fall of exports.*
- <sup>108</sup> *The 2009 estimates forecast a 7.5% growth but the expected outcomes are not reached with a mere 0.6% growth.*
- <sup>109</sup> *AGOA: Africa Growth Opportunity Act. Voted in May 2000 by the American Congress, AGOA aims at supporting the African countries' economy by facilitating their access to American market, subject to the respect of some eligibility criteria.*
- <sup>110</sup> *Klaus D., Andriatsitoaina A., Andrianjaka N.H., van den Boogaerde, P. and Ravalolandrarnian, F. 2009. UN Interagency Working Group on Monitoring Vulnerability in Madagascar: Assessment I. New York, United Nations, p.7.*
- <sup>111</sup> *Ibid, p.38.*
- <sup>112</sup> *Mok, K.H., Lawler, J. and Bond Hinsz, S. 2009. Economic Shocks in Education: Analysis of the 1997 Asian Financial Crisis and Lessons for Today. Thailand, UNICEF. [Global Social Policy, n°9.], p. 158.*
- <sup>113</sup> *Ablett, J. and Slengesol, I.A. (co-ordinated by the World Bank). 2000. Education in Crisis: the Impacts and Lessons of the East Asian Financial Shock 1997-1999. Washington, DC, World Bank. [Paper for the World Education Forum, Education For All 2000 Assessment, Thematic Studies, Dakar, Senegal, 26-28 April 2000.], p. 18-19.*
- <sup>114</sup> *The Thai curriculum is as follows: 6 years of primary level, 3 years of secondary level, 3 years of « junior » secondary level and 3 years of « senior » secondary. The compulsory curriculum lasts 9 years; previously, the Thai government funded the 12 years. Nowadays, 3 years are added to these, which may be dedicated to 2 or 3 years of pre-primary levels, or years of post-secondary level and/or vocational training.*



## III. Families reeling under the crisis

« It is very difficult to manage the crisis. There is no work or money here. And there are many families in which neither the father nor the mother have any work. In the hospital, there are so many people who are sick but who do not even have money for treatment. »

**Sokhna Ndiaye**, 9 years, Senegal.

« There is a crisis in our family because there's no money. Crisis makes people poor. In our family, there is a crisis because my mother has lost her job. I think the crisis is not good. »

**Elisabeth Mendy**, 8 years, Senegal.

« Last year, there were many strikes in the Sindia School. Classes are so old, we don't have school material. The Sindia School is poor; but a student from the 5<sup>th</sup> grade can't protest. »

**Ousseymou Faye**, 12 years, Senegal.

## CHILDREN'S FUTURE HYPOTHECATED ...

For the most vulnerable categories of families whose incomes are declining, it has become increasingly difficult to finance the education of their children. The combination of three crises - referred to as "three f crisis" (fuel, food and financial) - has amplified the magnitude of the hardships for weaker sections of the population and had devastating effects on the standard of living of families in both low-income and middle-income countries.

Aide et Action conducted extensive investigations between December 2009 and January 2010 in 8 countries<sup>117</sup> and among 560 people to understand and identify the impacts of the combination of various crises on education. These investigations helped identify a general decrease in the standard

of living of families and also revealed that families gave priority to survival above all other priorities. In the present scenario, investing in education seems to be a difficult choice for many families; on the other hand, the quality of educational supply and the services offered by the State is also on the decline. Our investigations also revealed that the economic crisis gave a fatal blow to many households that were already reeling under the effects of the food and fuel crises. If the economic crisis cannot be held solely responsible for all the difficulties being faced by the target populations, it nevertheless appears very clearly that for many children the crisis has reinforced exclusion from education and resulted in very precarious conditions with respect to their physical and emotional well-being.

---

## SHOULD CHILDREN BE SENT TO SCHOOL ?

---

**DURING CRISIS TIMES**, education-related expenses compete often poorly with expenses related to the survival of families. It is extremely difficult for the poorest households to maintain their standard of living, and find additional resources for other expenses except food and sometimes health. The present crisis, due to an accompanying increase in unemployment and vulnerability factor of households, poses a serious threat to education. Thus, the experience of the past crises shows that enrolment rates tend to decline, either because families no longer have the money to pay for educational expenses (school fees, transportation charges and school material) or because they need to quickly find additional income by making their child work.

### FAMILIES' EXPENSES DIRECTED TO SURVIVAL

According to World Bank criteria, between 1981 and 2005 the world has been in constant progression with respect to poverty reduction. To measure such changes, the international community relies on two (often imperfect) criteria: the poverty line which is set at 2 dollars per day, while extreme poverty lines are set at 1.25 dollar per day. In South East Asia, the number of people living on less than 1.25 dollars/ day fell by 380 million, declining from 80% to 18% of the total population between 1981 and 2005. In South Asia, this figure fell from 60% to 40% during the same period. However, more than 600 million people still remain poverty stricken in the region. In Africa, the number of people living on less than 2 dollars a day has almost doubled, from 200 million to 380 million<sup>118</sup>.

Successive crises since 2008 have considerably aggravated these figures and have even seriously

<sup>117</sup> *The countries in which the investigations were carried out are: India, Madagascar, Togo, Mali, Senegal, Benin, Niger and Burkina Faso. These were carried out with questionnaires shared after focus groups enabling to specify the interviewees' profile.*

<sup>118</sup> *Figures from the World Bank site: <http://www.worldbank.org/financialcrisis/> [Accessed 7 January 2010.]*

«According to the World Bank, the year 2009 alone witnessed 50 to 90 million people being driven into poverty in the aftermath of the global crisis.»

undermined the progress made in the fight against poverty in certain continents. After food prices' hikes in 2008, it was estimated that an additional 100 million people were forced into poverty. The current financial crisis has further deepened these pessimistic trends. According to the World Bank, the year 2009 alone witnessed 50 to 90 million people being driven into poverty in the aftermath of the global financial crisis. In many countries therefore the post-crisis scenario shows that people who were able to break out of their poverty circle have been pushed back into it again and people who were previously living on less than 2 dollars a day have now shifted into extreme poverty category. The progress made thus far by countries for achieving the Millennium Development Goals (MDGs) has been thrown completely out of gear<sup>119</sup>.

However, certain categories of populations are more vulnerable than others to economic shocks. Vulnerability criteria allow us to identify households that are most affected by the crisis, and families whose children are no longer likely to have access to education due to the crisis. Among factors that enter into play, income level of families' predominates, but so do their geographical location and their belonging to a minority.

The crisis has affected many developing countries where large parts of population live in poverty. If Southeast Asian countries have managed to reduce their poor population, least developed countries (LDCs) in the region have failed to eliminate extreme poverty: 34% of the Cambodian population and 26% of the Laotian population live on less than 1,25 dollar a day. Economically strong countries such as Thailand, Malaysia and Indonesia, have few people living in extreme poverty. However, they have a significant proportion of their population living on less than 2 dollars a day. In Indonesia, for instance,

this proportion reached 52% of the population<sup>120</sup>. Similarly, India and China, the two countries that have significantly contributed to reducing global poverty since 20 years, still have 250 million and 100 million people respectively living with less than 1.25 dollar a day<sup>121</sup>.

Yet the risk of children dropping out of school is much higher when they are a part of the 20% of the poorest families than when they belong to 20% of the richest families<sup>122</sup>. According to the EFA Global Monitoring Report 2009, a child belonging to the poorest 20% category is also more prone to the risk of not completing the primary education cycle (on an average, less than four years of primary education). In countries like Cambodia, India, Benin, Burkina Faso or Madagascar, the risk of not completing four years of primary education doubles for the poorest 20% in comparison to the rest of the population<sup>123</sup>. Thus, families who have been hit very hard by the crisis and are now living in poverty or extreme poverty situations also lose the opportunity of investing in their human capital.

Poorest families spend more than half of their income on survival related expenditure, including food. They are particularly vulnerable to rising prices of basic foodstuffs and inflation. In Bangladesh, for example, the 2008 food crisis forced half of the households to reduce educational expenditures, so that they could deal with the sky rocketing food prices<sup>124</sup>. In such circumstances, families do not hesitate to reduce or even completely eliminate their spending on education. In Madagascar, half of the families that were surveyed by Aide et Action in the studies conducted between December 2009 and January 2010 mentioned a sudden deterioration of their standard of living, and the elimination of non-essential expenditures like clothes, shoes, or the education of the older children in the family. It was also

observed that many even chose the option of partial schooling, which made children spend the rest of the day doing chores and other menial activities for generating income.

The impacts of the previous crises and those of economic crisis have accumulated and worsened an already precarious situation. The decline in the worldwide demand for exports during the present crisis has had an impact on the labour market, forcing many poor workers into unemployment. Effects on employment vary according to population strata: urban, rural, and migrant populations. They have had a stronger impact on women and the situation of their children.

### WOMEN AS FIRST VICTIMS

In its 2009 Annual Report, the ILO announced losses of over 20 million jobs since the beginning of the global economic and financial crisis. The number of unemployed people worldwide went from 190 million to 210 million. As to the number of working poor, i.e. workers whose income is less than 2 dollars a day, it could increase further from 200 million to 1.4 billion, i.e. concern 45% of the world's active and employed population. But 60% of these poor workers are women.

Job losses have affected urban populations more in areas such as manufacturing, textile or construction industry. In all developing countries, the manufacturing sector witnessed 4% of job losses in the first quarter of 2009 compared to the previous year, with a slight recovery at the end of the year<sup>125</sup>.

Women are the first to suffer unemployment and shoulder the impact of the crisis. In its report on Global Trends in Female Employment published in March 2009, the ILO predicted that female unemployment rate could well be above 7.4% in comparison to 7%

<sup>119</sup> *Averting a Human Crisis During the Global Downturn*, op. cit., p.13.  
<sup>120</sup> Mehrotra, S. 2009. *The Poor in East and South East Asia in the Time of Financial Crisis*. New York, UNICEF. [Working paper prepared for the UNICEF Conference East Asia and Pacific Islands, Singapore, 6-7 January 2009.], p.8.  
<sup>121</sup> Jayshree, B. 2008. *Financial crisis may worsen poverty in China, India*. Washington, DC, Council on Foreign Relations. <http://www.cfr.org/publication/17812/> [Accessed 15 January 2010.]  
<sup>122</sup> *Averting a Human Crisis During the Global Downturn*, op. cit.  
<sup>123</sup> UNESCO, op. cit., Chapter 3, p.140-141  
<sup>124</sup> *Rising Food and Fuel Prices: Addressing the Risks to Future Generations*, op. cit.  
<sup>125</sup> [http://www.ilo.org/public/libdoc/jobcrisis/download/statistics/2009-12/o-global\\_trends\\_dec09.pdf](http://www.ilo.org/public/libdoc/jobcrisis/download/statistics/2009-12/o-global_trends_dec09.pdf) [Accessed 8 January 2010.]



© DELPHINE BEDEL | WWW.WIX.COM/DELPHINEBEDEL/DELPHBEDEL

among men. Moreover, the global vulnerable employment rate could vary from 50.5 to 54.7% for women, as against 47.2 to 51.8% for men. Women are also over-represented within the unqualified and semi-skilled, informal job category; they account for more than half of the workforce in export sectors that were the worst affected by the crisis<sup>126</sup>.

In Asia and Latin America, export industries concentrated a large majority of the female jobs. Table 8 reflects this predominance: in 2009, women represented 80 to 85% of the labour force in the Cambodian textile industry, 85% in Laos and 80% in Vietnam. In 2009 alone, 77 factories had to shut down in the Cambodian textile industry resulting in 30 000 people losing their jobs. In Sri Lanka, these losses amounted to between 30 000 to 40 000 jobs in 2009<sup>127</sup>. In Laos and Thailand, the tourism sector suffered heavy damages during the same period: Laos lost 4,000 jobs in this sector, 50% of which were held by women, while 260 000 jobs are under threat in Thailand in 2010.

In Central America, many job losses have been reported in the *maquiladoras*<sup>128</sup> - or *maquila* industry - i.e. in the export processing zones. Needless to say that in many of the Central American countries, women make up the vast majority of the workers in the export industry: 82% in Salvador, 75% in Guatemala and 71% in Nicaragua. In fact, the Nicaraguan exporting zones saw more than 27 000 women lose their jobs in the last quarter of 2008, and many of them among young and single parents.

Women are among the first victims of the economic crisis because they possess many vulnerability factors: low activity rates, lower salaries, heavily concentrated in informal or vulnerable employment, lack of control over resources (land, capital). In West Africa for example, women often work on the fields, and

are heavily involved in agriculture. However, they cannot be landowners, either because they are excluded from loans, or because interest rates act as a major deterrent. But it has been found that an increase of 10% in the borrowing of women can have extremely positive effects on the well-being of households: in Bangladesh it has helped reduce growth delays among girls by 11.6%, while this tends to increase by 4.9% when men borrow<sup>129</sup>.

Women therefore are more vulnerable to economic fluctuations and have fewer ways to cope with a drop in family income as compared to men. Yet, it is women who bear family expenses, including health related and education related expenses of their children. Rhoda Peace Tumuslime, African Union Commissioner for Agriculture, says: *"Women have always been there ... They starve to feed their husbands. They starve to feed their children, and they starve to look after the sick, to look after the HIV people in the hospitals. Without women, I don't think, we would be anywhere."*

In a less favourable environment, they can no longer ensure this role and some children leave school because of lack of financial resources. Further, women are forced to take on multiple jobs - often low paying - and work harder, and even take up dangerous and degrading jobs like prostitution to cope up with the situation. This phenomenon is very concerning as many studies proved a positive link between parents' hazardous occupation, especially mothers', and the likelihood of a child having, in her/his turn, such hazardous occupation. The crisis thus encouraged the multiplication of degrading jobs and directly or indirectly threatens the mental and physical integrity of children.

Women are also sometimes forced to entrust their children to a family member in order to seek work elsewhere, which strongly impacts the physical and

**TABLE 8. PARTICIPATION OF WOMEN IN VARIOUS ECONOMIC SECTORS OF SOUTH EAST ASIAN COUNTRIES IN 2009 (IN%)**

	Cambodia	Laos	Thailand	Vietnam
Agriculture	52,5	54	44,3	51,6
Manufacturing	53,5	38	54,1	51,7
Textile	80-85	85	75	80
Services	27	57	50	50
Tourism	55	50	65,1	70
Small enterprises	62	63	N/A	41,1

SOURCE: ATEEF S. (FOR THE ASIAN DEVELOPMENT BANK). GENDER IMPLICATION OF GLOBAL RECESSION: GMS CONTEXT KEY THEMES AND STRATEGIC WAYS FORWARD. PAPER FOR THE CONFERENCE ON THE IMPACT OF THE GLOBAL ECONOMIC SLOWDOWN ON POVERTY AND SUSTAINABLE DEVELOPMENT IN ASIA AND THE PACIFIC, 28-30 SEPTEMBER, HANOI, VIETNAM.

emotional well-being of their children. A 5-year-old girl in the Sikottabong district of Laos had this say in 2008: “My parents left me and my brother at my grandparents’ house because they work in Thailand. Then my grandmother died. Now, we only have our grandfather who is 68 years old and who takes care of us. But my grandfather is not working, he has to pick and sell garbage to buy us something to eat. Sometimes I accompany him so that we can have more money”.

Many testimonials collected in Cambodia show that the recently unemployed women are approached by trafficking dealers who offer them opportunities to work in Europe. The UN study on human trafficking substantiates this information and also observes that in 2009 women with jobs in prostitution were previously employed by the garment industry<sup>130</sup>.

Women should therefore be a priority target in the attempts to reduce the effects of the economic crisis. Support for entrepreneurship in women, developing income-generating activities, health (including pregnant women’s health and the health of mothers of young children), setting up child care centers for working women (particularly in urban areas) and preventing abuses against women are some of the

<sup>126</sup> *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future*, op. cit., p. 46.

<sup>127</sup> Emmet, B. 2009. *Paying the price of the economic crisis*. Oxford, UK, Oxfam International. [Oxfam International Discussion Paper.]

<sup>128</sup> *The maquiladoras import materials and parts so as to process, assemble and re-export them. These are duty-free areas.*

<sup>129</sup> Harper, C., Jones, N., McKay, A. and Espey, J. 2009. *Children in times of economic crisis: past lessons, future policies*. London, ODI. [Background Note.]

<sup>130</sup> *Paying the price of the economic crisis*, op. cit., p.5

urgent actions that need to be developed in the current context for protecting children's education and health.

### **MIGRANTS: ACCOMPANYING RETURNS TO CITIES AND VILLAGES**

National and international migrant workers are also particularly vulnerable. In South East Asia, 200,000 Indonesians working in Malaysia were forced to return to their countries of origin in 2008 due to the recession, most of them were women coming from rural areas. 6 000 Filipino workers also returned to the Philippines in the first quarter of 2009, and a majority of them were women who were working in Taiwan's electronic factories and men working in construction sector in the Gulf countries<sup>131</sup>.

In China, coastal areas witnessed huge losses of jobs in the manufacturing sector in addition to reduced production in the manufacturing units that resulted in 20 million internal migrants returning to their native provinces. This represents 15.3% of the 130 million rural population which works in urban areas. For rural families, the economic burden of this massive migratory return will be very difficult to bear. While they lose their precious share of remittances from migrants (these represented 40% of the rural households' income in 2007), migrants also represent an additional burden because they no longer have savings of their own or social coverage; nor do they have the land rights for cultivation purposes<sup>132</sup>.

Thus, urban areas are not the only ones to be affected by such trends. The crisis could well cause chronic poverty for many rural families. In Africa and Asia, 60% of the rural families have an agricultural activity. In the provinces of Niger where Aide et Action conducted extensive investigations, 98% of the parents who were surveyed did not have any other

income except their agro-pastoral activity, while the food crisis and poor rainfalls have reduced their income to nothing. One third of the Tessoua commune's teachers indicate an impending risk of migration among poorest families and their children who want to move towards urban areas and find other sources of income.

The migration issue is therefore a very sensitive issue. Accompanying the migrants' returns is essential so as not to upset an already instable balance. Strengthening the communities' absorption capacities, providing vocational trainings and access to healthcare, facilitating conditional cash transfers and preventing tensions related to these returns are therefore, undoubtedly, actions that must be initiated as priorities.

### **DROPOUTS AND CHILD LABOUR**

Though education became free in some countries, it represents additional costs for many families. Transportation costs, as well as costs of educational supplies and uniforms remain very high. These costs are borne by families who are forced to choose between different spending priorities. Thus, in Bangladesh, in 2007 and 2008, the steep prices of food items forced half of the poor households to remove their children from school in an effort to bring down their monthly expenditure<sup>133</sup>. In Ghana and Zambia, poorest households have reduced their expenditure on health and education in 2009<sup>134</sup>.

Studies carried out by Aide et Action in Togo reveal that despite free schooling introduced in the 2008 academic term, three-quarters of the parents who were interviewed spent at least a third of their income on education-related expenditure: 29% of the parents spend half of their family income on school, while 43% spend about a third of the same. This should reveal why secondary items like pur-

chase of books, uniforms, transportation charges still represent substantial costs for families. 98% of the Burkinabe children who attend school in Witooghin and Bendogo confirmed that their parents bought their school supplies mostly (and sometimes even paid canteen charges). Children who drop out of school often quote parent's lack of resources as a major reason for ending their studies. The problem is more or less the same in Niger, where schools' resources come from parental contributions, and children's activity in the school gardens in which they were made to work. For parents, this did not exclude the compulsion to buy supplies or ensure a meal to their child since the latter claim they cannot eat in the school canteen.

Successive crises merely jeopardise family's access to education. Educational expenditure is becoming too costly, either because the cost of education is increasing or because families' incomes are decreasing in absolute or relative terms due to unemployment or inflation. Furthermore, previous crises reveal that economic shocks tend to make families involve their children in work rather than continue investing in their education.

In its study on the impact of the crisis on schooling and child labour in Burkina Faso, Ghana and Cameroon, the *Poverty and Economic Policy Research Network*, has revealed a very strong and negative incidence on primary education (6-10 years). Burkina Faso, where the enrolment rate is the lowest among the three countries, is the worst affected: the economic crisis has resulted in a 0.8% decrease in enrolment rates and a 1.2% increase in child labour<sup>135</sup>. Furthermore, the positive effects recorded in case of financial support provided to poorest families (see the impacts of conditional cash transfer programmes analysed in Chapter 2)<sup>136</sup> shows that families' arbitration between child labour and

<sup>131</sup> Fix, M., Papademetriou, D.G., Batalova, J., Terrazas, A., Yi-Ying Lin, S. and Mittelstadt, M. 2009. *Migration and the Global Recession*. Washington, DC, Migration Policy Institute, p. 43.

<sup>132</sup> Monteil, A. 2009. *The social consequences of the economic crisis in China*. Asia Centre and Sciences Po, Paris. [Note, Asia Center Conference Series.], p. 2.

<sup>133</sup> Emmet B., *Op. cit.*, p. 5.

<sup>134</sup> UNESCO *op. cit.* Chapter 1, p. 24

<sup>135</sup> *Simulating the impact of economic crisis and policy responses on children in West and Central Africa*, *op. cit.*, p.30.

<sup>136</sup> *In Burkina Faso, projections show that a government-initiated redistribution programme should help counter the negative impacts of the crisis on schooling almost completely.*



continuing their child's education depends on the amount of money available in the household.

Studies conducted by Aide et Action in Burkina Faso in December 2009 and January 2010 also show an increase in students' dropout rate and a tendency, notably for secondary school children to 'make a quick buck' by doing odd jobs (such as mechanic shop apprentices, welders, sale of tissue papers...) to supplement their family's income. An employee of Local Education Committee spoke to us about it in the following words: *"Dropouts are already a reality. Poorest families (which are more numerous than elsewhere) no longer bother about re-admitting children who have failed in their exams. They prefer making their children learn a new job (welding, mechanical, tailoring...)"*. All the students noticed a significant dropout among their peers since last year; these children now help their parents in household work or work outside to earn money.

In the commune of Nikki, in Benin both the president of the parents association and the women's representative from the commune explain that children are sent to work very early in shop keeping and agriculture related activities. Pre-primary and primary education being free from 2006 onwards, it would seem that school drop outs would mainly affect secondary school students. However, children from the primary levels have not been spared either because many parents no longer have the resources to ensure their continued education. Education related expenses represent between a quarter to a third of their income and in times of decreased family income and increased costs of living, spending on education is among the first to be sacrificed.

In Madagascar, a third of the children (average age: 12 and a half years) interviewed by Aide et Action mentioned that they no longer go to school since

this year, mainly because they have to work and help their families survive (in activities like planting rice, animal herding, selling fritters etc). Half of the children who continue to have access to education are studying in multi shift classes and work during the rest of the day. Almost all the children currently enrolled noticed the trend in drop outs in 2009, during which half of the drop outs were attributed to the need to work and financially support families.

In Guinea, a revival of child labour in agricultural activities and other related activities has been observed in areas where dependency on remittances from migrants is high. There are more than 5 million non resident Guineans, and some regions like Fouta in North Guinea are characterised by "Exchange to eat" practice, which refers to families who live on transfer of funds by migrants and who exchange foreign currencies against CFA francs as their means of survival. Ever since the onset of the crisis, these families have been witnessing a substantial loss in their incomes. It is in these areas that children need to necessarily support in income generation for ensuring the survival of their family; children often work with their parents in fishing, farming or in gold washing. Further, the political crisis and unemployment that have been plaguing the country have unfortunately made these practices common throughout the entire territory.

In India, the SEWA association<sup>137</sup> published a report on the economic crisis' effects on the poorest women living in slums. Facing a 50% decline of the retail price of the waste they collect (papers, magazines, plastics), they are forced to bring their children with them to collect more. Therefore, children drop out to be involved in a paid job<sup>138</sup>.

## 5 1997: ALARMING DROPOUTS IN INDONESIA

In Indonesia, the 1997 crisis reflected a very significant trend of children from poorest families dropping out of school. From 1997 to 1998, dropout rates in primary school increased from 1% to 3.4% for boys and from 1.2% to 3.8% for girls. Rural areas were the most affected by these trends where dropout rates increased by 4.1% as compared to 0.4% in urban areas. Educational expenditures as a proportion of the family's budget also decreased by 30% in the rural areas as opposed to 10% in the cities<sup>139</sup>. It was also observed that the poorest households in urban areas were no longer able to continue paying for secondary education due to unemployment and salary devaluation. Dropout rates among boys were therefore found to be very high in urban areas: secondary schools recorded a decline in their strength of -6.3% in 1996-1997 and an average decline of -6.9% in 1997-1998<sup>140</sup>.

While Indonesia decided to initiate a scholarship programme covering 6 580 000 students, the country launched a public information campaign to convince parents about the need to retain their children in school<sup>141</sup>. These measures brought down the dropout rate in secondary schools by 3%<sup>142</sup>. In 2008, eleven years later, the Indonesian Teachers' Association obtained an amendment demanding a 20% compulsory allocation of the national budget to education. Teachers salaries' increased by 15% and the Government also promised to allocate 27% of the education budget for their salaries in 2009. These measures have contributed to making new dropouts after the current crisis very unlikely.

In rural India, if the situation remains so challenging, more and more children seem to be sharing their time between work and school. Investigations carried out by Aide et Action in the States of Tamil Nadu and Madhya Pradesh reveal that 40% of the parents enlist their children's help in agricultural activity and other chores: 55% of them say that this work is essential to supplement their incomes and provide for the needs of the family, while 24% say that they do not have enough money to pay the school's tuition fees. Around two-thirds of the parents also mention that tuition fees have risen over the recent years. Three-fourths of parents having a child who works expressed their inability to pay tuition fees for all their children; they also say that they decided to finance the education of some children by making others work. But if almost three-fourths of the children say that they do not go to school every day, partial enrolment strategies seem to be offering some solutions: 72% of the children who work say that they share their time between work and school, while others work full-time.

<sup>137</sup> *Self Employed Women's Association from Ahmedabad, India*. p.24.

<sup>138</sup> SEWA. 2009. *Draft Paper on Financial Crisis Based On Experiences of Self Employed Women's Association. Gujarat, India, SEWA*, p. 2-3.

<sup>139</sup> *Averting a Human Crisis During the Global Downturn*, op. cit., p.9

<sup>140</sup> *Education in Crisis: the Impacts and Lessons of the East Asian Financial Shock 1997-1999*, op. cit., p. 11.

<sup>141</sup> *Ibid*, p. 14.

<sup>142</sup> *Economic Shocks in Education: Analysis of the 1997 Asian Financial Crisis and Lessons for Today*, op. cit., p.157: *the Indonesian budget had decreased by -12% in 1997-1998 and -30% in 1998-1999.*

« This world is made for the rich. Keep your school to yourself and let us fend for ourselves on the streets. »

The data collected during the study show that families resort to different strategies during times of crisis with regard to their children's education: part-time schooling, withdrawal of some children from school, short time withdrawal for doing seasonal activity, etc. A June 2009 ILO report indicates that girls could be the main losers of the global economic meltdown. In times of financial difficulties, many families tend to support the education of boys at the expense of girls who already constitute 54% of the out-of-school children. The crisis data from Brazil show that a sudden loss of employment by the head of the family increases a 50%<sup>143</sup> probability of girls being forced into employment. In Pakistan, economic shocks increase the risk of drop out among girls and not among boys<sup>144</sup>. It has been observed in some countries that families can also resort to early marriage of their daughters to reduce their overall food related expenditures.

However, in many cases, dropout has been noticed to have irreversible effects. A child who has dropped out of school has very little chances of returning back to it and on an average, re-enrolment no longer remains a possibility after 12 months of active life. In the coming years, we are therefore likely to observe an increasing number of children who will never return to school again; they will thus become adults without completing their primary education cycle. In Indonesia after the 1997 crisis, half of the children who dropped out of school did not reintegrate it later. Furthermore, half of the Indonesian poverty in 2002 could be interpreted as a consequence of the 1997 economic crisis<sup>145</sup>.

Furthermore, families' expectations from schools in terms of return on investment both for finding work and earning income seem to be very low in a crisis context. Schools represent an opportunity cost for parents: education costs rank unfavourably when

compared to the returns and productivity of a working child. The child is considered unproductive when at school; and is seen to have the merit of contributing to the survival of the family when out of school. Crises deepen the prevailing negative perception of education. Faced with growing unemployment and a schooling that offers very little scope, parents do not doubt the overall importance of education, but rather its usefulness in the short and medium term.

In West Africa, during the investigations carried out by Aide et Action, it was not uncommon to hear parents mention that their children were not enrolled in school since they no longer believed in it especially given the lack of employment opportunities. The testimony of the head of a Burkinabe family is very revealing in this regard: *“If you see yourself as the head of a family who has to manage everything and who has several children in school while the older among these children have not gotten a single franc out of their school, do you seriously think with the current pace of life where everything is so expensive, that he will have the means to enrol again a child who doesn't want to study? I believe that this world is made for the rich. Keep your school to yourself and let us fend for ourselves on the streets.”*

In Senegal, families report that to be admitted to the sixth grade meant hope and a possibility of social change, because it allowed students to get a scholarship. However, the ongoing dropout trend is indicative of the fact that this type of training is no longer considered suitable to the prevailing realities, and that diplomas are not consistent with the needs of the labour market. Graduates are swelling the ranks of the unemployed. Parents no longer believe in school, and a poor performance in school is perceived as a sufficient reason for dropping out of school. It is therefore necessary to increase parents'

awareness on the consequences of dropping out of school and continue to reflect on educational alternatives and integrating modes of participation that enable families to become more involved in school, so that educational institutions become closer to their context.

The numerous interviews conducted among families during the focus group meetings that were organised between December 2009 and January 2010 allowed to identify a few key measures that can help in supporting the education of children from impoverished families and categories that are facing the brunt of the current crisis:

- Supporting families from highly impoverished and vulnerable categories financially so that the education of their children is continued.
- Subsidising the purchase of school supplies (educational material, uniform, etc.) and transport which are more expensive than the tuition fees.
- Improving the quality of education: many families do not see the point of education if it is of low quality. Improving teacher training, ensuring that teachers' training corresponds to the needs of grades they teach, improving student teacher ratio etc. are the most frequently mentioned aspects by families.
- Developing more opportunities for education, and ensuring work based learning to enable young people to find decent jobs.
- Implementing free school canteens can also act as an attractive measure during crisis times since this ensures that children can at least benefit from one full meal a day and also reduce families' expenditures.

<sup>143</sup> *Rising Food and Fuel Prices: Addressing the Risks to Future Generations, op. cit., p. 8.*

<sup>144</sup> *UNESCO, op. cit., Chapter 3, p. 167.*

<sup>145</sup> *Ibid, Chapter 3, p. 167.*

---

#### ARE CHILDREN STILL ABLE TO LEARN AT SCHOOL?

---

**ECONOMIC SHOCKS** have also proven impacts on child health. Successive crises since 2008 forced

« By 2020, Africa will account for a quarter of children suffering from malnutrition worldwide, as against a fifth today. »

households to adapt their financial strategies by spending less on food and health care. As a result, children are likely to suffer from many health problems during and after the crisis: they eat less and their intake is nutritionally deficient during a critical period of mental and physical growth. There is hardly any medical monitoring which further increases the risks of early death among infants. Lastly, their psychological well-being is in a precarious condition too, since their lives are often characterised by violence, stress and trauma either related to their family atmosphere or their working conditions.

#### **FOOD: DECREASED QUANTITY AND QUALITY**

Faced with rising food prices in 2008, poorest families have had no choice but to opt for consuming least expensive food. This means eliminating protein based foodstuffs like meat, fish and eggs and consuming cereals that are poorer in essential nutrients. Unfortunately, in many countries, rising prices have also affected the staple diet of populations (rice, maize, wheat). Thus reduced nutritional intake has most often been accompanied by a reduction in portions as well. Families have been constrained to adopt strategies which are no longer sufficient to protect the health of their children. Malnutrition has affected more than a billion people in 2009. In Sub-Saharan Africa, the number of people suffering from hunger decreased from 32% in 1990 to 28% in 2004. But due to the 2008 food crisis, this rate has risen again to 29% on the continent; public unrest and strikes against rising prices were rapidly spreading in Africa, especially in Benin, Burkina Faso, Cameroon, Ivory Coast, Guinea, Mali, and Senegal<sup>146</sup>.

After 2008 and various "hunger riots", food grain prices have been brought under control though at a

higher index. In most countries, small producers did not have the means to invest more in local agriculture and improve their productivity so as to enable African populations to depend less on food imports. Sub-Saharan African countries for example are far from being self-sufficient. They even fail to ensure food safety for their populations. IFPRI<sup>147</sup> projections indicate that by 2020 Sub-Saharan Africa will see its per capita consumption of calories fall by 10%, representing an additional 16 million children suffering from malnutrition on the continent. By 2020, Africa will account for a quarter of children suffering from malnutrition worldwide, as against a fifth today<sup>148</sup>.

Cambodia was one of the most vulnerable Asian countries to the rising prices in 2008. Rice prices doubled within a year and the prices of fish and meat increased by 30% and 60%. This spike in prices has worsened food insecurity, especially for the 20% of population living below the poverty line. The number of children living in urban areas and in a situation of chronic malnutrition reached 15.9% in 2008, as compared to 9.6% in 2005. Families have been forced to restrict their expenditure on food<sup>149</sup>. According to the GHI (global hunger index) the situation in Cambodia is considered "alarming"<sup>150</sup>.

In the Pacific Islands, lower family incomes can force many families to consume two meals a day instead of three<sup>151</sup>. Similarly, family strategies can show variation depending on the severity of the crisis. A study conducted on the poorest households in Bangladesh and Ethiopia classifies these strategies according to the frequency of their use by families<sup>152</sup>:

1. Decrease portions of the basic dish.
2. Reduce the number of meals per day.
3. Borrow money from relatives to buy food, seek

employment in urban areas or in other rural areas (in agriculture, or transport services).

4. Borrow food from relatives or neighbours.
5. Pick and/or eat wild food.
6. Avoid food for a whole day (by adults in the family).
7. Send children to eat at relatives or neighbours' houses.
8. Limit children's food portion.
9. Eat grains from the next season reserves.
10. Avoid food for a full day (by the entire family).
11. Beg.

Hence the direct correlation of the crisis situation and the strategies that are implemented by families to face economic difficulties can be observed as they have an incidence on the daily caloric intake, especially among children during a critical period of their physical and cognitive development. These alternative strategies are not new since they were already implemented at the onslaught of seasonal and crop related problems. However, the reduction in the daily caloric intake is periodical and not extended on a long-term basis. In the case of the current crisis, the number of households taking recourse to these strategies has increased, as well as the time frame during which they are implemented<sup>153</sup>.

For several families interviewed by Aide et Action, depriving themselves of food appears to be more and more a necessity. In Togo, among the entire group of parents surveyed, 30% mention a decreased intake of food, and 32% in the quality of their food, citing the increase in prices and family expenses as reasons. In the Kombomloaga municipality, a farmer explained that the cost of living suddenly increased this year, which is why his family members could not eat more than one meal a day. Another farmer family told us that the lack of work and cultivable area, the shortage and high cost of food, are the main reasons which forced his

<sup>146</sup> Bakrania S. & Lucas B., *The Impact of the Financial Crisis on Conflict and State Fragility in Sub-Saharan Africa*, Governance and Social Development Resource Centre, juillet 2009, p. 6-10.

<sup>147</sup> International Food Policy Research Institute.

<sup>148</sup> *The Impact of the Financial Crisis on Conflict and State Fragility in Sub-Saharan Africa*, op. cit., p.7-8.

<sup>149</sup> Asian Development Bank. 2008. *Protecting Cambodia's Most Vulnerable From Food Crisis*. Mandaluyong City, Philippines, Asian Development Bank. [Social Protection Project Briefs.]

<sup>150</sup> *The Global Hunger Index is an index created by IFPRI to measure the progress made in the fight against hunger. For the country wise classification:*

<http://www.ifpri.org/publication/2009-global-hunger-index>

<sup>151</sup> Asian Development Bank. 2009. *Taking the Helm. A policy brief on a response to the global economic crisis*. Mandaluyong City, Philippines, Asian Development Bank. [Pacific Studies Series.], p.15.

<sup>152</sup> Uragushi, Z.B. 2009. *Food Price Hikes and Food Security in Agrarian Societies: Assessing Children's Vulnerability in Households, Cases from Bangladesh and Ethiopia*. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.

<sup>153</sup> *Ibid*



« Students are not in good working conditions because, as the saying goes, an empty stomach has no ears. »

family to avoid the morning and noon meals. In Dapaong, a retired civil servant decided to lower expenditure by excluding breakfast and some expensive foods such as rice from his food basket.

The situation is similar in India in the states of Tamil Nadu and Madhya Pradesh that were examined by Aide et Action: 53% of the families declared having reduced their food intake per day, while 47% mentioned choosing foods with lower nutritional quality.

In Kenya, the quality and quantity of food consumed decreased sharply among vulnerable communities. It was noticed that families adapted themselves so that women ate less and also ate in the last<sup>154</sup>. This strategy also observed in many Asian countries, poses a major risk to the health of pregnant women and their future baby specifically. If these consequences of the crisis are not taken into account, cases of maternal anaemia in the Asian and Pacific countries could increase from 10% to 20% and underweight infant birth rates could rise from 5% to 10%<sup>155</sup>.

For children born during and after the food crisis, problems related to malnutrition, physical and intellectual development are therefore critical and need to be addressed. This situation could have long term consequences since damages caused by lack of adequate food, whether they are related to intellectual retardation or a physical underdevelopment, are often irreversible<sup>156</sup>. Children less than 24 months, as well as pregnant women or those in the breastfeeding period, are more likely to suffer from lack in terms of quantity and quality of food. Specific actions need to be therefore developed to protect them and counter the effects of the economic crisis. Similarly, concrete actions can also be taken in a rapid and cost-effective manner for children who are in school. Acquisition and learning levels often fall when nutrition is lacking. This situation is more

pronounced when schools do not have canteens. The following testimonial from a teacher in Burkina Faso makes throws light on the situation: *“Children no longer follow their classes at a certain time of the day. Once, I asked a student why he was sleeping in class. He replied that he was not sleeping, but thinking about what he was going to eat for lunch; since the new term has started, lunch was not being prepared in his house. You see, students are not in good working conditions because, as the saying goes, an empty stomach has no ears”.*

There has also been a reduction of community school canteens due to the increase in the prices of basic foodstuffs and this diminution has become another factor of drop outs, particularly in countries which are reeling under a severe food crisis. This is the case among agro-pastoral families living in Niger and Mali who have seen their income reduced significantly due to poor rainy seasons that came after rising food prices. In such circumstances, school canteens ensure not only poverty alleviation among families and encourage parents to send their children to school, but also nurture cognitive abilities of the young ones who are endangered by lack of resources and food<sup>157</sup>.

In Mali, studies carried out on the municipalities of Sio, Bankass, Sévaré and Fatoma revealed that children often came from distant villages and that they had to cover many kilometres to reach their school. Though they studied in the main village county, parents often had to give authorities a few kilograms of grain for lunch. But this donation is no longer enough and school canteens financed by external partners are no longer able to meet the needs of all the children. In the Sio commune (Mopti region), canteen partners withdrew partially in 2009, leaving communities to bring in cereals to run the kitchens while they committed to providing resources for purchasing the required ingredients. Surveys

conducted among Fatoma students show that 80% of them do not eat a meal at school. There are also many children who prefer staying at home just to be sure to have a meal (most said that otherwise they get nothing to eat when they come home). This situation has caused many school dropouts in 2008 and 2009 and a preference to child labour for generating income that can be invested directly in food supplies among other things.

In this context, one must welcome the decision made by Burkina Faso to “adopt a national programme to provide schools with canteen [...] in the framework of measures aimed at decreasing the impacts of the food, financial and economic crisis.”

#### **PROTECTING CHILD HEALTH IN TIMES OF CRISIS?**

Owing to food deficiency before birth or during the early years of their lives, children are likely to suffer from serious health problems. Economic shocks have lasting effects on the growth and development of children and the impacts of the financial crisis may well extend beyond 2009 and 2010, even though we are talking about it on a short-term basis. In fact, infant mortality (death of children below one year) predictions are very pessimistic in case of economic or political shocks. Major disparities can also be observed in the vulnerability of children to economic shocks (education level of the mother, family income levels, place of residence, gender).

Recent research has shown that in the Asia/Pacific zone, the crisis could be the root cause of an increase in the future growth delays from 3% to 7% among children; the child underweight rate could well rise from 8% to 16% also<sup>158</sup>. Yet delayed growth usually appears before two years and often has irreversible effects, including delayed motor development and cognitive functions that prevent efficient schooling.

<sup>154</sup> *The Impact of the Financial Crisis on Conflict and State Fragility in Sub-Saharan Africa, op. cit. p.8*

<sup>155</sup> *Governance and Social Development Research Centre. 2009. Helpdesk Research Report: Humanitarian Impact of the Global Economic Crisis on the Asia/Pacific Region. Birmingham, UK, Governance and Social Development Resource Centre, p.2.*

<sup>156</sup> *Rising Food and Fuel Prices: Addressing the Risks to Future Generations, op.cit., p.3-4*

<sup>157</sup> *Averting a Human Crisis During the Global Downturn, op. cit., p.13*

<sup>158</sup> *Helpdesk Research Report, op. cit. p.2-9*

Child underweight is an established factor of extremely high death rates among children below five years<sup>159</sup>. Beyond these predictions of future health problems, infant mortality (death of children below 1 year) figures are negative during an economic crisis. Low-income countries are most severely affected. During the 1997 Asian crisis, Indonesia saw its infant mortality increase by 3%<sup>160</sup>. This 3% rate was an average for several SSA countries that witnessed multiple economic shocks between 1975 and 2005<sup>161</sup>. Thus between 2009 and 2015 an additional 200 000 to 400 000 children below one year could die across the world every year.

A study conducted on Madagascar since its independence in 1960, shows that both economic crisis and political turmoil can be correlated with an increase in infant mortality. At the peak of the 1986 economic and food crisis, general life expectancy had fallen by 13 years. Furthermore, children in their first five years were at greatest risk: infant mortality had increased by 10% for boys and by 15% for girls. Very high rates have also been recorded for children between 5 to 10 years. The most frequent causes of death include infectious diseases and nutritional deficiencies<sup>162</sup>. In 2009, UNICEF mentions serious infections as being the cause behind 36% of all infant mortality deaths<sup>163</sup>.

A study carried out by World Bank's Human Development Research Centre was able to quantify the impact of the present crisis on infant mortality rate in Sub-Saharan Africa. The economic crisis could directly result in 30 000 to 50 000 additional deaths on this continent alone<sup>164</sup>. These figures are based on the IMF economic forecasts, and may fall even further given the significant drop in the African GDP. A 6% decrease in the GDP or a 10% decrease would respectively lead to 160 000 and 320 000 additional deaths.

Large disparities also exist in the vulnerability of children to economic shocks. The increase in mortality rates is largely due to the death of female children. Figures also show a great heterogeneity according to gender and this has also been underlined by many studies. In Africa, a variation of 1% in the GDP causes + 0.33% mortality among boys, while resulting in + 0.62% mortality among girls<sup>165</sup>. The trends are the same with respect to disparities in access to food, since families arbitrate in favour of boys during periods of lack. However, this ratio between girls and boys is not the same everywhere. In Mexico, boys are the most vulnerable: a 1% decline in the GDP on 1 000 births results in 1.97 additional deaths for girls while it is 2.58 for boys. In Peru the difference between genders is minimal<sup>166</sup>.

Divergent correlations have been noticed between the place of residence and child health depending on whether it is a LDC or a MIC. In countries that were badly affected by the food crisis, like those in Africa and some Asian countries like Cambodia, rural families have faced the brunt of rising food prices. It is therefore obvious that in LDCs, it is more likely that additional mortality and childhood diseases hit children from rural zones, more so on the African continent.

In Mali and Niger, where populations are mainly rural, parent groups that were surveyed offer meaningful insights: 100% of them state that they go the doctor or take their children to the doctor only a few times in a year. 90% of them mention not being able to ensure an adequate medical follow-up to their children, and 75% of them consult traditional 'doctors' since that they treat at a lower cost. Unable to cope with their health expenses, Malian parents from Fatoma say that they go to healers and "street pharmacies" where vendors sell non-certified and tampered drugs. In Togo, 85% of parents who were

surveyed say that they consult traditional doctors and adopt different strategies to cope with their health care costs: use of medicinal plants (roots of trees, herbal teas) also known as “traditional therapy”, self-medication, partial purchase of prescribed drugs, seeking help from family members, or even prayers. Only 36% of them mention taking their children to the doctor whenever they are sick, while 57% say that they seek professional medical advice only a few times in the year.

On the other hand, since countries based on the export of manufactured goods are more affected by unemployment especially in cities, the decline in income tends to be higher in urban areas, and children in cities are more likely to suffer from lack of health care despite the strong presence of hospitals in such areas as compared to rural pockets. The state of the health centres, their remoteness and the price of health care offered are all parameters to be taken into account when considering paediatric care and child mortality rates. To act for the protection of the vulnerable sections of the populations, a country wise analysis is therefore essential.

It is very clear that protecting basic health care systems during times of crisis is crucial. *The UNICEF 2009 Report on the State of World's Children* amply demonstrates the importance of taking into consideration maternal and neonatal health. The fifth MDG, namely reducing maternal mortality by three - fourth, has least progressed among all other goals and has received the least funding thus far. Family planning budgets have been falling consistently since the 1990<sup>s</sup>. On the African continent, less than 50% of the women receive adequate prenatal care and around half of the births are not assisted by qualified medical personnel. This may explain why Africa alone recorded 50% of the maternal deaths<sup>167</sup>.

<sup>159</sup> [http://www.unicef.org/progressforchildren/2007n6/index\\_41505.htm](http://www.unicef.org/progressforchildren/2007n6/index_41505.htm) [Accessed 6 January 2010.]

<sup>160</sup> *Rising Food and Fuel Prices: Addressing the Risks to Future Generations*, op. cit., p.4

<sup>161</sup> *De la crise immobilière à la hausse du taux de mortalité en Afrique*, <http://www.afrik.com/article16395.html> [Accessed 18 January 2010.]

<sup>162</sup> *Waltisperger, D. and Meslé, F. 2005. Economic Crisis and Mortality: The Case of Antananarivo, 1976-2000. Paris, Institut National d'Etudes Démographiques, Populations 2005 vol. 60 n°3, p.199-229.*

<sup>163</sup> *UNICEF. 2009. The State of the World's Children 2009. New York, UNICEF.*

<sup>164</sup> *Friedman, J. and Schady, N. 2009. How Many More Infants Are Likely To Die in Africa as a Result of the Global Financial Crisis?. Washington, DC, World Bank, Development Research Group. [Policy Research Working Paper.]*

<sup>165</sup> *Ibid*

<sup>166</sup> *Fernandez, A. and Lopez-Calva, L.F. 2009. Transitory Shocks, permanent effects: Impact of the Economic Crisis on the Well-Being of Households in Latin America and the Caribbean. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.*



During times of crisis, young mothers and pregnant women should be the first targets of prevention projects, since mothers' nutrition has an impact on the weight and the development of the brain of the newborn baby. If mothers need to be therefore supported with respect to their nutritional balance, they must also be supported with respect to hygiene, support for the newborn child and its medical follow-up. These measures would also protect the health of women and young children, especially in times of crisis, and have a significant impact in reducing both maternal and infant mortality.

#### **PHYSICAL AND PSYCHOLOGICAL WELL-BEING OF CHILDREN DURING TIME CRISIS**

Political upheavals and economic downturns also affect the psychological equilibrium of the child. Working in dangerous or strenuous conditions can have repercussions on their physical and psychological well-being too. Since child labour is concentrated in the informal sector: domestic work, agriculture, street sales etc. They have no social protection, nor any recourse against violence or ill-treatment that they may face in the world of work<sup>168</sup>.

The ILO estimates that there are about 100 million girls aged 5 to 17 years who are working in the world, 53 million work in highly precarious and dangerous conditions. Among these, 20 million children are below 12 years<sup>169</sup>. Furthermore most of these occupations are hazardous and pose serious threats to their well-being. Agricultural activities, in which many girls are involved, result in many accidents (injuries, open wounds, amputations), exhaustion, muscles sores and joint pains and high exposure to chemicals etc. Similarly, domestic chores expose them to employers' violence. Children are very poorly paid and hardly have any access to education. In Haiti, for instance, the "Restavec" phenomenon of children has been widely documented, however it

is notoriously difficult to control the phenomenon: parents unable to take care of their children put them under the custody of a family that takes charge of them; while children exchange their work for food and shelter, in real terms they become slaves in such households.

However, during times of crisis, economic needs force families to send their children to work, and worse, they force them to accept that their children work in dangerous and degrading conditions. The 1997 crisis shows that the number of street children in Thailand has increased from 10% to 15%. During the same period, in Laos, the number of girls involved in prostitution to help their parents financially or pay for their brothers' studies increased greatly.

Countries in conflict situation are contexts in which children are easily forgotten. These countries have higher rates of malnutrition (50%), infant mortality (20%) and 18% lower than the average completions rates for primary education among the LDCs<sup>170</sup>. Children are particularly exposed to violence in their daily life. Since the beginning of the political crisis in Madagascar, a constant climate of fear prevails: demonstrations, manifestations of excessive force by security forces, disappearances ... Unusual violence levels recorded in large cities, including Antananarivo, have caused great degrees of stress and anxiety among children, the direct consequences of which are the closure of schools, absenteeism, increase in school violence and juvenile delinquency<sup>171</sup>. When resources and work are rare, everyday violence tends to increase, especially when young people cannot find work or they have no other choice than criminality.

Domestic violence, though more difficult to document, is also increasing during economic crises.

The decrease in income, jobs losses, repatriation of migrants result in significant increase in intra-familial tensions. The increase in women's work, both in the domestic and external spheres, decreases their time for children, especially for the younger ones. It is not uncommon that the older children take care of their younger siblings especially in urban areas where more and more single women live. In the Southern African capitals like Harare or Lusaka, many women from rural areas live by selling various products in the city markets; when a situation of income loss occurs, it has a disastrous effect on single-parent families in which children are either left to themselves during the day, or taken care of by family members or others.

So far only one study has focused on the psychological effects of the financial crisis of 1997<sup>172</sup>. It shows that the psychological imprint of the crisis was very important in the immediate period following the crisis but also lasted until its improvement in 2000. The negative impact (stress, anxiety, depression, psychiatric diseases) was mainly felt among the less educated population groups as well as that were the most affected by the crisis, like the rural belts. This phenomenon is particularly due to feelings of insecurity and sudden breakdown (conflicts and natural disasters are situations in which anxiety and post-traumatic stress disorder is common). These changes have a disproportionate impact on children between 0 to 9 years, whose understanding of their environment is low, but whose interaction with the surrounding is a fundamental aspect of their cognitive, emotional and psychosocial development. A negative interaction fostered by previously seen crisis factors transfers a negative psychological imprint of violence, abuse, stress and negligence, and also has long-term effects on the personality development of the child, the adolescent and, then, the adult.

<sup>167</sup> United Nations. 2009. *Report on the Millennium Goals for Development*, Press Release: <http://www.un.org/fr/millenniumgoals/2009report.shtml> [Accessed 9 October 2009.]

<sup>168</sup> International Labour Organization. 2009. *Give Girls a Chance. Tackling child labour, a key to the future*. Geneva, ILO, p.21.

<sup>169</sup> *Ibid*, p. 10

<sup>170</sup> World Bank. *News and Broadcast (Fragile and Conflict-affected countries)*: <http://web.worldbank.org/> [Accessed 28 September 2009.]

<sup>171</sup> United Nations. 2009. *Madagascar Flash Appeal 2009*. United Nations, Office for the Coordination of Humanitarian Affairs.

<sup>172</sup> Friedman, J. and Thomas, D. 2007. *Psychological Health Before, During and After an Economic Crisis: Results from Indonesia, 1993-2000*. Washington, DC, World Bank, Development Research Group. [Policy Research Working Paper.]

Finally, the crisis also weakens, in the very long term, the resource base from which future generations can benefit. During food and economic crisis, rural families are forced to draw upon their agricultural reserves and sell their agricultural goods and herds. Urban families tend to borrow or use up all their savings. The gradual recovery of this economic heritage takes a long time and reduces the chances of the economic well-being of successive generations<sup>173</sup>.

In Thailand for example, during the 1997 crisis, enrolment rates remained more or less stable thanks to the importance given to education by the Thai society. However, while medium-sized and rich families increased their efforts to keep children in school, poor families have been forced to reduce their educational expenses. Thai families had to borrow, sell their property or use their savings to finance educational expenses. During this period, 12% of the families that were already indebted (?) have had to take recourse to a loan to pay for their children's schooling<sup>174</sup>.

The situation is similar in other countries. In Koubdou Saboua, a rural commune in Niger, Souweyba Mahamane, a 15-year-old girl, could no longer go to school in 2009: *“My parents can no longer pay the tuition fees. They sold an ox to pay for mine and my brother’s. [The ox money is exhausted]. We have been expelled from the junior high school. Now I am forced to stay at home.”* Selling livestock or other commodities are common practices to meet health care expenditure: more than half of the families interviewed sell farm animals for health care and hospitalisation expenses. Other possible strategies to go through periods of drought are borrowing money from money lenders, traders and producers (50%), sending family members to work on daily wages (30%) and borrowing money from family members (30%).

## CONCLUSION

The investigations carried out by Aide et Action in December 2009 and January 2010 illustrate amply that macroeconomic phenomena have a direct impact on children's access to education and quality of education: children can drop out of school very easily when families' incomes start declining. They can be sent to work, or simply withdrawn from school due to prohibitive education costs; they may also share their time between work and school in some cases. Families adopt various strategies to cope with the decrease in income. In addition to these aspects, many factors related to the crisis make learning more difficult for children. During crisis situations, malnourishment, under-nourishment and lack of care towards children are commonly observable. Many poor families can no longer feed or ensure proper health care for themselves. Furthermore, children are very susceptible to work related stress factors or stress related to the difficult socio-economic context of their families.

These consequences are profound and have a lasting impact on the children's mind and body, sometimes irreversibly. While the economic upturn seems effective in several countries, unemployment and decreased families' incomes may last for more years ... and hypothecate, for a long time, the future of millions of children ... ■

<sup>173</sup> *Rising Food and Fuel Prices: Addressing the Risks to Future Generations*, op. cit., p.3

<sup>174</sup> *Economic Shocks in Education: Analysis of the 1997 Asian Financial Crisis and Lessons for Today*, op. cit., p. 159.

## Global Economic Crisis

Decrease in  
development aid

Decrease in  
migratory transfers

Decline in  
global trade

Decrease in  
financial flows (IDE)

Price volatility  
(raw material, food)

## Consequences at the level of the States

Decrease in public sector  
budgets (education, health)

Unemployment, degradation  
of working conditions

Liquidity problems: inflation,  
decrease in access to credit

Rise in social tensions  
for resources

Recovery Plans, investments in  
social sectors

No specific response and/or  
measures of restriction

## Consequences at the level of families

Distribution  
of work among  
family members

Family income,  
purchasing power

Management  
of family wealth

Early childhood  
care

Perception  
of schooling

Cognitive develop-  
ment of children

Physical & psychic  
protection of  
children



# PERSPECTIVES ...

**UNDERSTANDING THE IMPACTS** of the global economic crisis on education in developing countries requires to fully understand the mechanisms by which the crisis spread and how different economies were affected by it. At first sight, it is obvious that the nature of the crisis makes generalisations impossible as situations very much differed from countries to countries. It is a well-known fact that the impact of the economic crisis and developing countries' responses depended on their specific conditions and a host of factors (taxes, social security systems, past experiences with crises, role of international financial institutions in the country, etc.).

Countries with a greater fiscal space were in a position to adopt counter-cyclical measures focussing on employment generation, support for demand and investment in social sectors in particular, in order to stimulate recovery. The social protection systems existing in some countries also enabled their people to absorb the effects of the crisis more easily. Overall, the mechanisms already in place functioned more or less automatically, without there being any need to wait for governments – which were already under pressure – to come up with immediately applicable responses.

On the contrary, countries that did not have internal resources were forced to arbitrate among different expenses. Probably drawing lessons from structural adjustment plans, cuts in social budgets are still limited, so far. However, it has been noted that some reforms have been postponed, although they could help improve access to education for the most vulnerable population groups as well as improve its quality. It has also been noted that the application of ready-made solutions in educational reforms was favoured during this period, without taking into consideration national specificities. Whereas the situation at the State level seems to have

more or less stabilised, the effects of the global economic crisis will continue to impact educational systems for a long time to come and we need to remain vigilant for just as long.

This is all the more true since several countries seemed to be already disengaging from recovery plans that were initiated about a year ago. However, the initial data that we were able to collect already point to falling income and rising food prices while constraining families to make crucial choices between various expenses and do away with those they do not consider vital while favouring those related to food. We have also noted that population groups are not affected similarly: the poorest of the poor and women are particularly enfeebled by the crisis. This may seem obvious and yet, we have observed in the field that it is rare to find mechanisms that specifically target the most vulnerable population groups and that very few actions are expressly directed at them. Consequently, it is important to ensure not only the relevance of the solutions implemented but also the coherence of the policies identified. For instance, many responses to the crisis do not take into account the gender dimension: whereas the textile industry, employing mostly women, was extensively affected by the crisis, tax benefits were granted to the construction sector, which employs men for the most part...

Given this context, what needs to be done to protect the education of millions of children? How can we make sure that education plays a protective role for the most vulnerable sections? How can we help countries and people to bounce back after the crisis?

**The investigations carried out show that the countries that levied the economic constraints on education are those in which dropout rates are lower.**

**Aide et Action develops actions aiming at safeguarding education and preventing education breach, such as:**

> Identify the immediate needs of the most vulnerable populations: target difficulties of people living in the least developed countries and politically fragile States and those that are facing internal crisis; support governmental action by identifying people who have least access to assistance; ensure reliable identification of excluded target groups through various standardised processes: data collection, surveys of households, etc.

> Reduce the economic burden: reduce or subsidize tuition fees and indirect costs related to education (transportation, school supplies, etc.), foster parent cooperative structures for additional purchases and subsidize the setting up of school canteens while favouring their sustainability at the local level via a community-based support.

> Ensure arrangements for children who are forced to work so as to facilitate their reintegration in school in the medium term: bridge schools, evening schools, and parents' sensitisation.

> Ensure specific programmes for girls, migrants' and minorities' children: support grants for girls, build specific infrastructures (separate latrines, transportation, etc.), encourage the recruitment of women teachers, favour mobile schools, develop new, adapted education spaces, fight against discriminations, etc.

> Protect social sector spending, especially in education, by ensuring sufficient funding for basic education and vocational training.

**In the States' reactions to crises, very little attention was paid to the children. Yet, the conclusions of Aide**

**et Action's investigations show that most families are no longer able to secure proper medical care for their children including the youngest. In this context, Aide et Action develops actions in order to:**

> Cater to the needs of children of most vulnerable families during and outside school time (develop spaces to cater for them, exchange with them and provide them with a meal and basic medical care).

> Ensure psychological support in curricular and extra-curricular frameworks, on issues such as stress, domestic violence, forced labour, etc. via actions such as creation of spaces for dialogue and support, and teachers' training on identification of post-trauma stress for a proper care by psychosocial support centres.

> Develop health and nutrition programmes towards children, notably infants, set up early childhood programmes, support the implementation of school canteens, etc.

> Fight against hazardous child labour: monitor networks that have been pre-identified, increase families' sensitization in identified emigration areas, cater to the needs of children doing hazardous jobs so as to facilitate their vocational re-training scheme.

**In the longer term, Aide et Action already strives to support the most vulnerable population groups and help them strengthen their resilience capacities in the crisis context. The depreciation of education is also an extremely concerning issue, as many families are no longer able to send their children to school. To support the re-**

**covery after the crisis, Aide et Action develops actions in order to:**

- > Reinforce women's economic capacities: literacy, adapted vocational training, support to women's entrepreneurship, advocacy for women's access to credit, etc.
- > Develop vocational training to increase families' revenues and give motivating education perspectives for families.
- > Reinforce communities' and education actors' capacities to bounce back: support community-based organisations; encourage valorising local solutions that minimize dependency on external aid, train leaders, etc.
- > Favour citizenship actions and peace education programmes, and strengthen community leadership in these two fields: support peace education programmes, notably in migration areas, identify best practices, train leaders, strengthen social cohesion, etc.
- > Reflect upon the education systems' organisation and aims: favour national policies more adapted to the specific contexts, support the creation of alternative education spaces, encourage citizens' participation in framing education policies linked with the aims of education, etc.

The effects of the economic crisis as well as the stories collected through fieldwork inevitably make us wonder about the development model currently being followed: how can countries develop sustainably? Is the economic model recommended by financial institutions still valid? Does accelerated integration in the world economy offer better protection for these countries? How can we return to the States the power to decide on their own policies? How can we guarantee the participation of all citi-

zens, particularly those that have been excluded for economic or social reasons in the definition of public policies?

New issues are emerging - related to climate change in particular - and it seems rather unlikely that this crisis would be the last. We face a dual challenge today: supporting the most fragile countries in their responses to the crisis and drawing lessons in order to ensure the capacity-building of population groups in developing countries with regard to dealing with external shocks and starting afresh after a crisis. To do so, three things seem essential in our view: giving back to States the possibility of choosing their own development and formulating their own policies; enabling people to participate in the formulation of policies concerning them; popularising and promoting local innovative and effective solutions.

It is therefore not enough to simply plug the breach; we need to draw lessons from the current crisis to better prepare the future and take up the challenges that are already emerging.



# INFORMATIVE BIBLIOGRAPHY

## GENERAL SOURCES

- Alternatives internationales. 2009. *L'Etat de la mondialisation 2010*. Alternatives économiques, Hors-série n°7 Alternatives Economiques, December 2009.
- Burnett, N. 2009. *Investing out of the crisis: the education dynamic*. Paper presented at the Futures Forum UNESCO Paris, 2 March 2009. [http://www.unesco.org/education/burnett\\_future\\_forum.pdf](http://www.unesco.org/education/burnett_future_forum.pdf) [Accessed 24 August 2009.]
- Millet, D. and Toussaint, E. 2009. *Les Chiffres de la dette 2009*. Paris, Les Editions du Cerisier, CADTM.
- Cali, M., Massa, I. and teVelde, D.W. 2008. *The Global Financial Crisis: financial flows to developing countries set to fall by one quarter*. London, Overseas Development Institute.
- CONCORD. 2009. *Lighten the Load. In a time of crisis, European aid has never been more important*. Brussels, Belgium, CONCORD.
- Coordination Sud. 2008. *Fragilité des Etats et des sociétés: Quels enjeux pour les acteurs de la solidarité internationale ?* Paris, Commission Humanitaire de Coordination Sud. [Actes du séminaire du 6 novembre 2008.]
- Coordination Sud. 2008. *PLF 2009 et budget pluriannuel 2009-2011*. Paris, Coordination Sud. [Analyses.]
- Global Campaign for Education. 2009. *Education on the brink*. Global Campaign for Education.
- Harper, C., Jones, N., McKay, A. and Espey, J. 2009. *Children in times of economic crisis: past lessons, future policies*. London, ODI. [Background Note.]
- Harper, C., Jones, N. and McKay, A. 2009. *Including Children in Policy Responses to Economic Crises: Lessons from the Past and Policies for a Sustainable Future*. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.
- IIEP. 2009. *Education and the economic crisis*. Newsletter, vol. XXVII, N°2, May-August 2009.
- IMF. 2009. *World Economic Outlook. October 2009. Sustaining the recovery*. Washington, DC, International Monetary Fund. [World Economic and Financial Surveys.]
- Internationale de l'Education. 2009. *La crise économique mondiale et son impact sur l'éducation*. In internationale de l'éducation. <http://www.ei-ie.org/handsup/fr/download.php> [Accessed 26 August 2009.]
- PLAN UK. 2008. *Understanding the impact of Food Prices on Children*. London, ODI/Plan UK.
- Population Reference Bureau. 2009 *World Population Data Sheet*. Washington, DC, Population Reference Bureau. [http://www.prb.org/pdf09/09wpds\\_eng.pdf](http://www.prb.org/pdf09/09wpds_eng.pdf) [Accessed 8 January 2010.]
- Te Velde, V.W. 2008. *The global financial crisis and developing countries. Which countries are at risk and what can be done?* London, ODI. [Background Note.]
- UNCTAD. 2009. *World Investment Report*. Geneva, UNCTAD.
- UNCTAD. 2008. *Report on Least Developed Countries, 2008*. Geneva, UNCTAD.

## ABOUT REGIONS

- United Nations. 2009. Report on the Millennium Goals for Development, Press Release. <http://www.un.org/fr/millenniumgoals/2009-report.shtml> [Accessed 9 October 2009.]
- World Bank. 2008. *Rising Food and Fuel Crisis: Addressing the Risk to Future Generations*. Washington, DC, World Bank. [Human Development Network and Poverty Reduction and Economic Management Network.]
- World Bank. 2009. *Averting a Human Crisis during the Global Downturn*. Washington, DC, World Bank. [Policy Options from the World Bank's Human Development Network.]
- World Bank. 2009. *Swimming Against the Tide: How Developing Countries Are Coping with the Global Crisis*. Horscham, UK. Background paper prepared for the G20 Finance Ministers and Central Bank Governance Meeting, 13-14 March 2009.
- UNESCO. 2009. *EFA Global Monitoring Report 2009. Overcoming inequality: why governance matters*. Paris, UNESCO.
- UNESCO. 2010. *EFA Global Monitoring Report. Reaching the marginalized*. Paris, UNESCO/Oxford University Press.
- UNICEF. 2009. *The State of the World's Children 2009*. New York, UNICEF.
- > **AFRICA**
  - African Development Bank. 2009. *Africa and the Global Economic Crisis: Strategies for Preserving the Foundations of Growth*. Dakar, Senegal, African Development Bank. Paper prepared for the 2009 Annual meeting of the African Development Bank, 13-14 May, 2009.
  - Arieff, A., Weiss, M.A. and Jones, V.C. 2009. *The Global Economic Crisis: Impact on Sub-Saharan Africa and Global Policy Responses*. Washington, DC, Congressional Research Service. [Report for Progress.]
  - Bakrania, S. and Lucas, B. 2009. *The Impact of the Financial Crisis on Conflict and State Fragility in Sub-Saharan Africa*. Birmingham, UK, Governance and Social Development Resource Centre.
  - Case, A., Hosegood, V. and Lund, F. 2005. The reach and impact of Child Support Grants: evidence from KwaZulu-Natal. *Development Southern Africa*, volume 22, p. 467 - 482.
  - Cockburn, J., Fofana, I. and Tiberti, L. 2009. *Simulating the impact of economic crisis and policy responses on children in West and Central Africa*, Forthcoming Innocenti Working Paper. Paper presented at the ODI/UNICEF Conference, 9-10 November, London.
  - Export-Import Bank of the United States. 2009. *Impact of the Global Financial Crisis on Sub-Saharan Africa*. Washington, DC, Export-Import Bank of the United States. [Panel Discussion on 25 March 2009].

- IMF. 2009. *Regional Economic Outlook. April 2009. Sub-Saharan Africa*. Washington, DC, International Monetary Fund. [World Economic and Financial Surveys.]

- Klaus, D., Andriatsitoaina, A., Andrianjaka, N.H., van den Boogaerde, P. and Ravololandramiaran, F. 2009. *UN Interagency Working Group on Monitoring Vulnerability in Madagascar: Assessment I*. New York, United Nations.

- Sumner, A. 2009. *The Global Economic Crisis, public budget and child-sensitive protection in Sub-Saharan Africa*. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.

- United Nations. 2009. *Madagascar Flash Appeal 2009*. United Nations, Office for the Coordination of Humanitarian Affairs.

#### > SOUTH-EAST ASIA

- Asian Development Bank. 2008. *Protecting Cambodia's Most Vulnerable From Food Crisis*. Mandaluyong City, Philippines, Asian Development Bank. [Social Protection Project Briefs.]

- Asian Development Bank. 2009. *Taking the Helm. A policy brief on a response to the global economic crisis*. Mandaluyong City, Philippines, Asian Development Bank. [Pacific Studies Series.]

- Governance and Social Development Research Centre. 2009. *Helpdesk Research Report: Humanitarian Impact of the Global Economic Crisis on the Asia/Pacific Region*. Birmingham, UK, Governance and Social Development Resource Centre.

- Mehrotra, S. 2009. *The Poor in East and South East Asia in the Time of Financial Crisis*. New York, UNICEF. [Working paper prepared for the UNICEF

Conference East Asia and Pacific Islands, Singapore, 6-7 January 2009.]

- UNICEF. 2009. *Impact of the Global Economic Crisis on Children in East Asia and the Pacific: a mid-year update on UNICEF Policy and Programme responses*. New York, UNICEF. [Social Policy and Economic Analysis Section.]

#### > LATIN AMERICA AND THE CARIBBEAN

- Fernandez, A. and Lopez-Calva, L.F. 2009. *Transitory Shocks, permanent effects: Impact of the Economic Crisis on the Well-Being of Households in Latin America and the Caribbean*. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.

#### > SOUTH ASIA

- Jayshree, B. 2008. *Financial crisis may worsen poverty in China, India*. In: Council on Foreign Relations. <http://www.cfr.org/publication/17812/> [Accessed 15 January 2010.]

- Kumar, R., Debroy B., Ghosh, J., Mahajan V. and Seeta Prabhu K. 2009. *Global Financial Crisis: Impact on India's Poor. Some initial perspectives*. India, UNDP India.

- World Bank. 2009. *Impact of the Global Financial Crisis on South Asia*. Washington, DC, World Bank. [Background note.]

#### ABOUT PAST CRISES

- Ablett, J. and Slengesol, I.A. (co-ordinated by the World Bank). 2000. *Education in Crisis: the Impacts and Lessons of the East Asian Financial Shock 1997-1999*. In: World Education Forum, Education For All 2000 Assessment, Thematic Studies. Paris, UNESCO.

- Friedman, J. and Thomas, D. 2007. *Psychological Health Before, During and After an Economic Crisis: Results from Indonesia, 1993-2000*. Washington, DC, World Bank, Development Research Group. [Policy Research Working Paper.]
  - Islam, M.M., Siwar, C. and Karim, M.A. 1997. "The impact of the financial crisis on the living standard: an empirical investigation". Malaysia, University Tun Abdul Razak, UNITAR E-Journal, vol.3, n°1.
  - Mok, K.H., Lawler, J. and Bond Hinsz, S. 2009. *Economic Shocks in Education: Analysis of the 1997 Asian Financial Crisis and Lessons for Today*. Thailand, UNICEF. [Global Social Policy, n°9.]
  - Okonjo-Iweala, O., Kwakwa, V., Beckwith, A. and Ahmed, Z. 1999. Impact of Asia's Financial Crisis. *Finances and Development*, September 1999, n°48, p.48-51.
  - Adolescence. Guatemala, IOM. [N°8 Series.]
  - Monteil, A. 2009. *The social consequences of the economic crisis in China*. Paris, Sciences Po. [Note, Asia Center Conference Series.]
  - Sharma, K. 2009. *The Impact of Remittances on Economic Insecurity*. New York, Department of Economics and Social Affairs. [Working Paper n°78.]
  - Songco, M.R. 2009. *International Labour Migrations and Remittances in the Philippines*. Paper presented at the conference on The Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific, 28-30 September, Hanoi, Vietnam.
  - World Bank. 2009. *Migration and Remittance Trends 2009. Migration and Development Brief 11*. <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MigrationAndDevelopmentBrief11.pdf> [Accessed 16 November 2009.]
- ABOUT MIGRATIONS**
- Awad, I. 2009. The global economic crisis and migrant workers: *Impact and response*. Geneva, International Labour Organization.
  - Cortina, J. 2009. *Survival in Mexico: Remittances and Social Assistance among Children and Women Left-behind*. Paper presented at the ODI/UNICEF Conference, 9-10 November, London.
  - Fix, M., Papademetriou, D.G., Batalova, J., Terrazas, A., Yi-Ying Lin, S. and Mittelstadt, M. 2009. *Migration and the Global Recession*. Washington, DC, Migration Policy Institute.
  - IOM-Guatemala in collaboration with UNICEF. 2009. *Survey on Remittances 2009*. Childhood and
- ABOUT WOMEN'S AND GIRLS' ISSUES**
- Emmet, B. 2009. *Paying the price of the economic crisis*. Oxford, UK, Oxfam International. [Oxfam International Discussion Paper.]
  - International Labour Organization. 2009. *Give Girls a Chance. Tackling child labour, a key to the future*. Geneva, ILO.
  - Lateef, S. 2009. *Gender Implication of Global Recession: GMS Context Key Themes and Strategic Ways Forward*. Paper presented at the conference on The Impact of the Global Economic Slowdown

on Poverty and Sustainable Development in Asia and the Pacific, 28-30 September, Hanoi, Vietnam. [For the Asian Development Bank.]

- SEWA. 2009. *Draft Paper on Financial Crisis Based On Experiences of Self Employed Women's Association*. Gujarat, India, SEWA.

#### ABOUT YOUTH ISSUES

- Ashford, L.S. 2007. *Africa's Youthful Population: Risk or Opportunity ?* Washington, D.C., Population Reference Bureau.
- Jimenez, E. I. and Murthi, M. 2006. Investing in the Youth Bulge. *Finances and Development*, September 2006, n°4, p.40-43.
- Mastny, L. 2004. Les risques associés à une population jeune. *L'Etat de la planète Magazine*, n°17, p.21-25.
- Richards, P. 1996. *Fighting for the Rain Forest. War, Youth and Resources in Sierra Leone*. Oxford, UK.

#### ABOUT ANSWERS TO PAST CRISES

- Fast Track Initiative Secretariat. 2008. *The Road to 2015: Reaching the Education Goals. Annual Report 2008*. Washington, D.C., The Education for All – Fast Track Initiative Secretariat, World Bank.
- Fast Track Initiative Catalytic Fund. 2009. *Annual Status Report 2009*. Fast Track Initiative Secretariat. [http://www.educationfasttrack.org/media/library/Secure/Board\\_Documents\\_Rome\\_2009/Tab%203\\_CF\\_UPDATE\\_November\\_2009.pdf](http://www.educationfasttrack.org/media/library/Secure/Board_Documents_Rome_2009/Tab%203_CF_UPDATE_November_2009.pdf) [Accessed 4 December 2009.]

- Fiszbein, A., Schady, N., with Ferreira, F.H.G., Grosh, M., Kelleher, N., Olinto, P. and Skoufias, E. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty*. Washington, DC, World Bank.

- Khamman, S. 2009. *The impact of the global fuel, food and financial crises and policy responses: a child-sensitive approach*. Office of the National Economic and Social Development Board of Thailand. Paper presented at the ODI/UNICEF Conference, 9–10 November, London.

- Williams, M.J. 2007. *The Social and Economic Impacts of South Africa's Child Support Grant*. Williamstown, Massachusetts, Williams College, 89 p.

#### ABOUT DROPOUTS

- Ferreira, F.H.G. and Shady, N. 2008. *Aggregate Economic Shocks, Child Schooling and Child Health*. Washington, DC, World Bank. [Policy Research Working Paper.]

- Guarcello, L., Mealli, F. and Rosati, F. 2002. *Household vulnerability and child labour: the effect of shocks, credit rationing and insurance*. Rome, UCW. [Working Paper Series.]

- Guarcello, L., Kovrova, I. and Rosati, F. 2008. *Child labour as a response to shocks: evidence from Cambodian villages*. Rome, UCW. [Working Paper Series.]

- Lopez Boo, F. 2008. *How do crises affect schooling decisions? Evidence from changing labour market opportunities and a policy experiment*. Washington, D.C., Inter-American Development Bank. [Working Paper 653.]

- Mealli, F., Pudney, J. and Rosati, F.C. 2004. *Measuring the vulnerability of children in developing country: an application to Guatemala*. Rome, UCW. [Working Paper Series.]

#### ABOUT CHILDREN'S HEALTH DURING CRISIS

- Baird, S., Friedman, J. and Schady, N. 2007. *Aggregate Income Shocks and Infant Mortality in the Developing World*. Washington, DC, World Bank, Development Research Group. [Policy Research Working Paper.]

- Bhutta, Z.A., Ahmad Bawany, F., Feroze, A. and Rizvi, A. 2009. *The impact of the food and economic crisis on child health and nutrition*. Draft working paper prepared for the UNICEF conference East-Asia and the Pacific Islands, Singapore, 6-7 January 2009.

- Friedman, J. and Schady, N. 2009. *How Many More Infants Are Likely To Die in Africa as a Result of the Global Financial Crisis?*. Washington, DC, World Bank, Development Research Group. [Policy Research Working Paper.]

- Von Grebmer, K., Nestorova, B., Quisumbing, A., Fertziger, R., Fritschel, H., Pandya-Lorch, R. and Yohannes, Y. 2009. *Global Hunger Index 2009. The challenge of hunger: focus on financial crisis and gender inequality*. Bonn, Washington D.C., Dublin, IFPRI.

- Schady, N. and Smits, M. 2009. *Aggregate Economic Shocks and Infant Mortality: New Evidence for Middle-Income Countries*. Washington, DC, World Bank, Development Research Group. [Policy Research Working Paper.]

- Uragushi, Z.B. 2009. *Food Price Hikes and Food Security in Agrarian Societies: Assessing Children's Vul-*

*nerability in Households, Cases from Bangladesh and Ethiopia*. Paper presented at the ODI/UNICEF Conference, 9-10 November, London.

- Waltisperger, D. and Meslé, F. 2005. *Economic Crisis and Mortality: The Case of Antananarivo, 1976-2000*. Paris, Institut National d'Etudes Démographiques, Populations 2005 vol. 60 n°3.

- World Health Organization. 2009. *The Financial Crisis and Global Health*, Geneva, WHO, Report of a High-Level Consultation.

#### VISITED WEBSITES

- UNICEF: [http://www.unicef.org/progressforchildren/2007n6/index\\_41505.htm](http://www.unicef.org/progressforchildren/2007n6/index_41505.htm) and <http://www.unicef.org/infobycountry/index.html>

- Global Campaign for Education: <http://www.campaignforeducation.org/>

- International Labour Organization: <http://www.ilo.org/>

- World Bank: <http://www.worldbank.org/financialcrisis/> and <http://web.worldbank.org/>

- United Nations: [http://www.un.org/millenniumgoals/pdf/MDG\\_Report\\_2009\\_ENG.pdf](http://www.un.org/millenniumgoals/pdf/MDG_Report_2009_ENG.pdf)

- Education International: <http://www.ei-ie.org>

- Relating to India's budgets: <http://www.infodriveindia.com/Budgetmain.aspx>

- Fast Track Initiative: [www.fasttrackinitiative.org](http://www.fasttrackinitiative.org)

- Population Reference Bureau: [www.prb.org](http://www.prb.org)















# Education, rates falling!

## Impacts of the global economic crisis on education

Since the beginning of the economic crisis in the last quarter of 2008, newspapers, radio stations, TV screens have been saturated with information on the rescue operations targeted at the banking system, national recovery plans, G20 and G8 meetings. But very little information has reached us on how this crisis has been spreading in the developing countries and the impact it had, notably on the social sectors of these countries.

At first glance, it may seem difficult to understand how macroeconomic imbalances and a financial crisis can impact the education and health of children who are thousands of kilometers apart, especially in a world that mistakenly seems very little integrated into the world economy. Nothing could be farther from truth.

This report published by Aide et Action shows to what extent situations of developing countries and lives of millions of vulnerable people are irreversibly linked to our ups and downs today.