

UNCTAD Public Symposium 2010
10 - 11 May, 2010

"Responding to Global Crises: New Development Paths"

Presentation

Shocks, poverty, and resilience: Oxfam's findings from 12 countries

Breakout Session - The Global Economic Crisis and Developing Countries: Impact and Response

Led by Oxfam International, 10 May 2010

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Shocks, poverty, and resilience: Oxfam's findings from 12 countries

Richard King, Oxfam GB

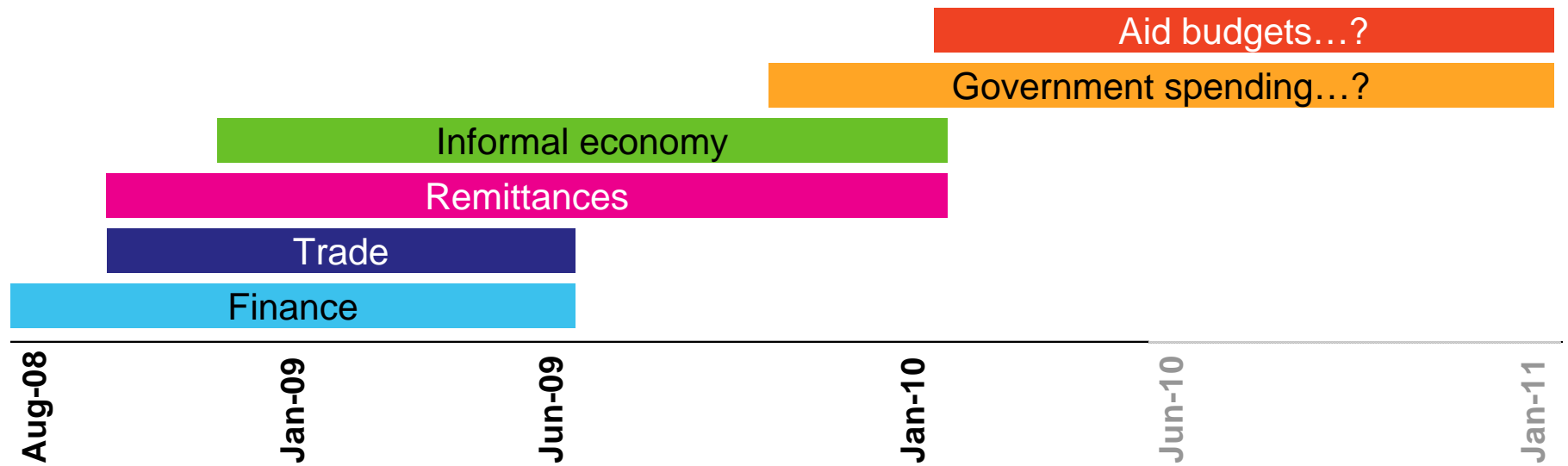


Oxfam's research on the economic crisis

- 12 country case studies, involving 2,500 individuals - variety of methods
- Desk review of other research by multilaterals and academic institutions
- Analysis of fiscal impact in poor countries (forthcoming)
- One month consultation on draft overview
- All papers available at www.oxfam.org.uk/economiccrisis



Transmission channels



Regional generalisations (with health warnings)

- East Asia: Manufactures trade and labour markets
- Africa & Pacific: Commodity exports and trade revenue
- Latin America: Both
- Eastern Europe: Financial contagion
- Central Asia: Remittances and trade with Russia
- South Asia: relatively insulated, Sri Lanka worst hit



Vulnerabilities: workers in export industries

“ I’ve never made any mistake, never done anything wrong. It’s probably because of my age... it’s very difficult for older people, difficult to get a new job - even youths find it hard.

- 41 year old female garment worker dismissed from a factory in Serang, Indonesia

“ We have been laid off without receiving salaries for 3 months, and no compensation...

- laid off worker in Thailand





Vulnerabilities: informal workers

“ Lots of factories here have closed, due to this recession. Lots of people have lost their jobs. This has negatively impacted our business, as these factory workers are our main customers. We sell them cooked food for lunch.
- *street trader, Durban, South Africa*

“ It is okay for a couple of people to open restaurants, or do business in pig dealings, paddy rice husking, mechanical services or construction. But if all migrants return and do the same things, It would be a disaster, as there are no customers.
- *retail shop owner, Nghe An, Vietnam*





Vulnerabilities: rural households

“ [My relatives in the US] are unable to send me money because the job opportunities are not there any more. Their support is a huge contribution to the family here because it helps us to support children in school and pay medical bills when one is sick.

- *resident of Monrovia, Liberia*

“ I feel cheated as I wonder how economic problems somewhere in America can make my cash crop suffer here in Malawi. It's a shame that I cannot boil and eat it...

- *Malawian cotton farmer*



Gendered impacts

	Transmission	Impact	Response	
Economic Sphere	Finance <i>Gender numbers</i> <i>Gender norms</i>	Capital flight Devaluation ↓ Confidence ↓ Aid ↓ FDI	Credit squeeze ↓ Investment ↓ Asset prices	Support for banks Loans from IFIs ↓ Borrowing Concessions for investors
	Production <i>Gender numbers</i> <i>Gender norms</i>	↓ (Export) demand	↓ Output ↓ Employment ↓ Enjoyment of rights	Subsidies for selected industries Loosening labour laws
	Reproduction <i>Gender numbers</i> <i>Gender norms</i>	↓ Remittances ↓ Informal paid work ↓ Govt social expenditure	↓ Earnings ↓ Nutrition ↓ School attendance	↑ Unpaid work ↑ Informal paid work ↑ Social protection



Adapted from Diane Elson, University of Essex



Resilience to the crisis

- So far, countries and households have dealt better with the economic crisis than we expected
- Families have supported each other, shared food, information, money, kept children in school
- Many of those affected have not received formal support
- What are the limits of resilience – for families and nations, in the context of ongoing shocks?

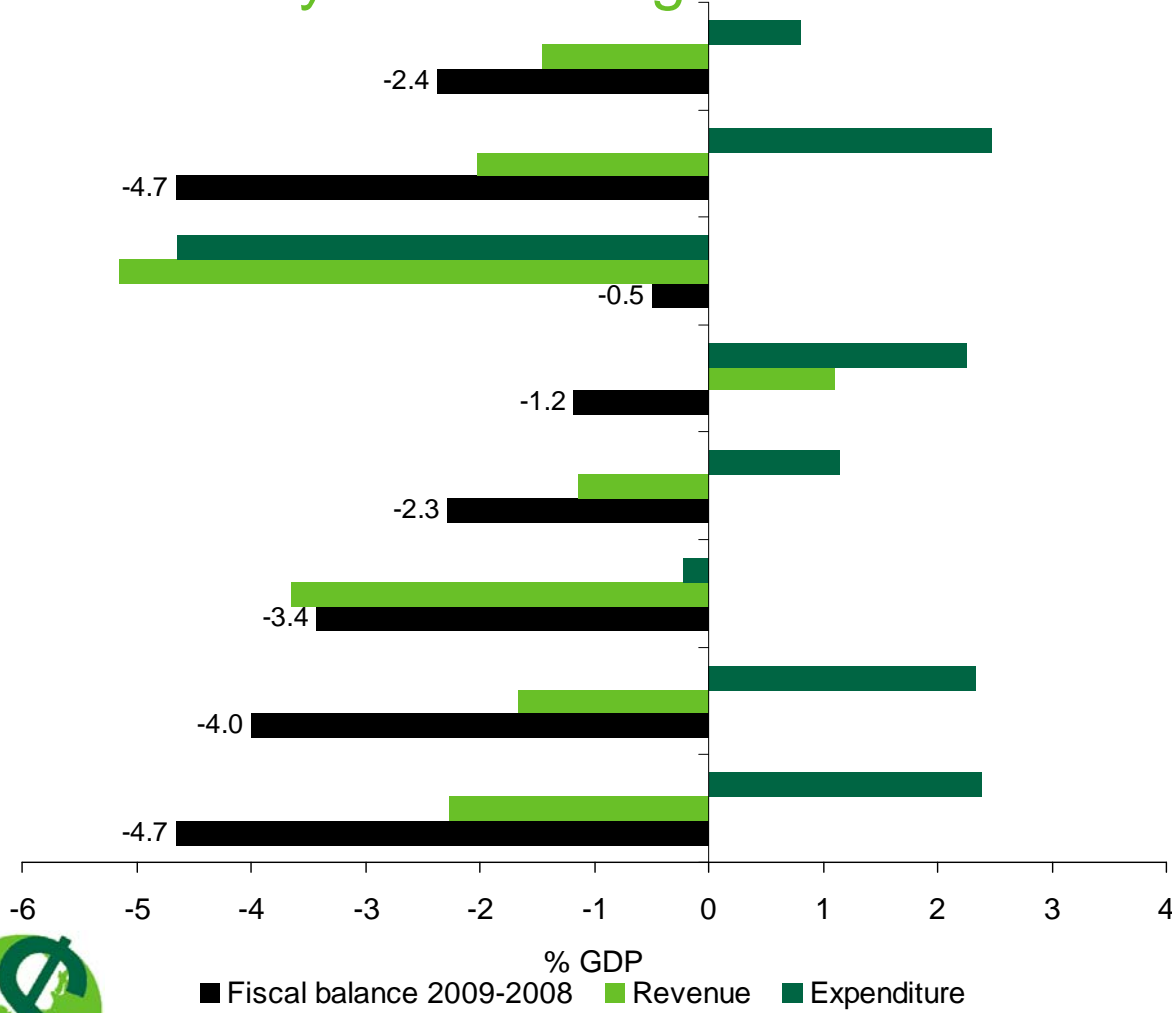


Sources of resilience: pre- & post-crisis

- Social networks
 - Friends, families, religious institutions, community organisations
- Economic structures
 - Diversification vs. monodependence; financial integration; domestic resource mobilization; regional vs. global integration; access to natural resources
- Role of the state
 - Fiscal space; effective bureaucracies; rule of law; strong agricultural and fishery sectors
- Social policies
 - Essential services; social protection; automatic stabilisers



Responding to the crisis: Poor-country fiscal changes 2008-2009



- Non-IMF program countries
- IMF program countries
- Middle East & North Africa
- Latin America & Caribbean
- East Asia & Pacific
- South Asia
- Sub-Saharan Africa
- Europe & Central Asia



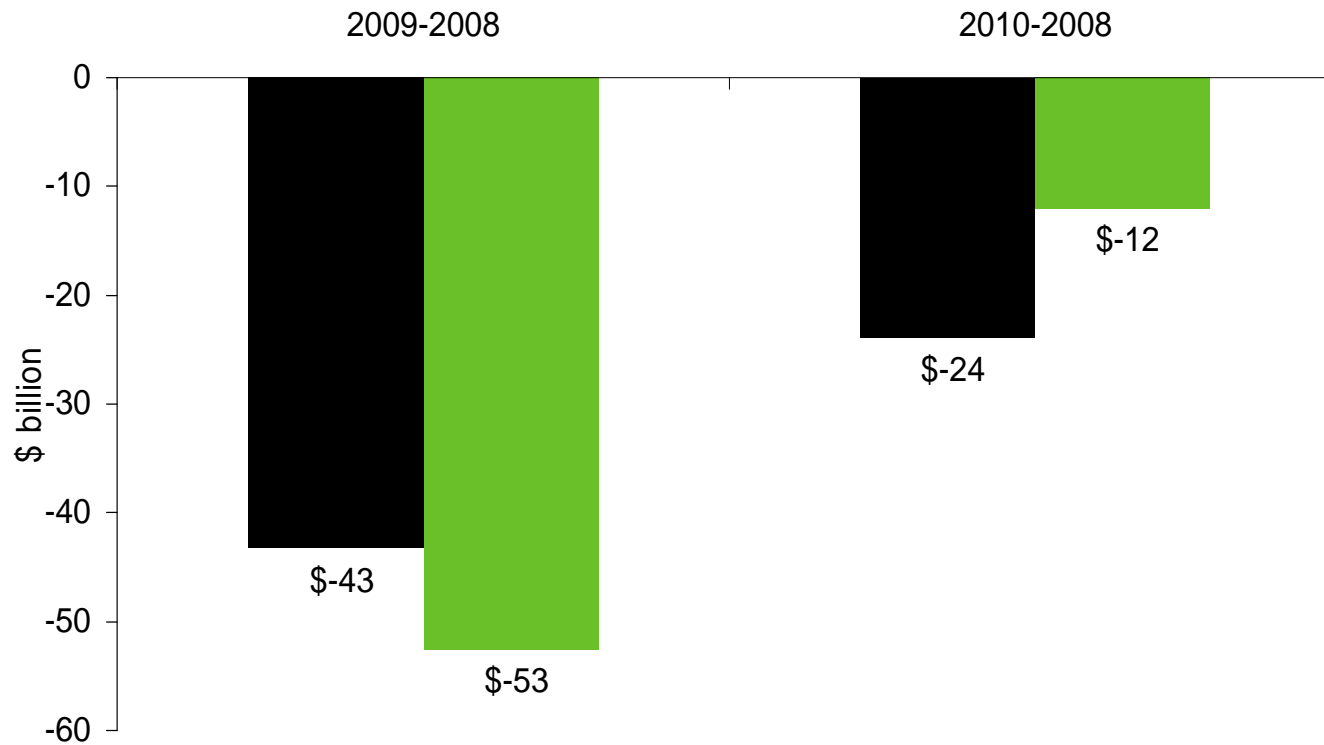
Fiscal impacts in poor countries

(preliminary findings)

- Budgets in 2010 are being cut on average by 0.2% of GDP
- Two-thirds of the countries for which social spending details are available (18 out of 24) are cutting budget allocations in one or more of the priority social sectors of education, health, agriculture and social protection
- Education and social protection are particularly badly affected, with average spending levels in 2010 lower even than those in 2008



Poor-country fiscal holes



■ Fiscal hole (exp. & rev.) ■ Fiscal hole (revenue)



Policy implications and lessons

- Plan for crises before they occur
- Monitor the impacts and talk to people
- Support local-level coping mechanisms
- Gender matters (in all economic spheres)
- After a crisis, replenish resilience
- Fiscal hole requires sustained donor/IFI support so countries can keep spending



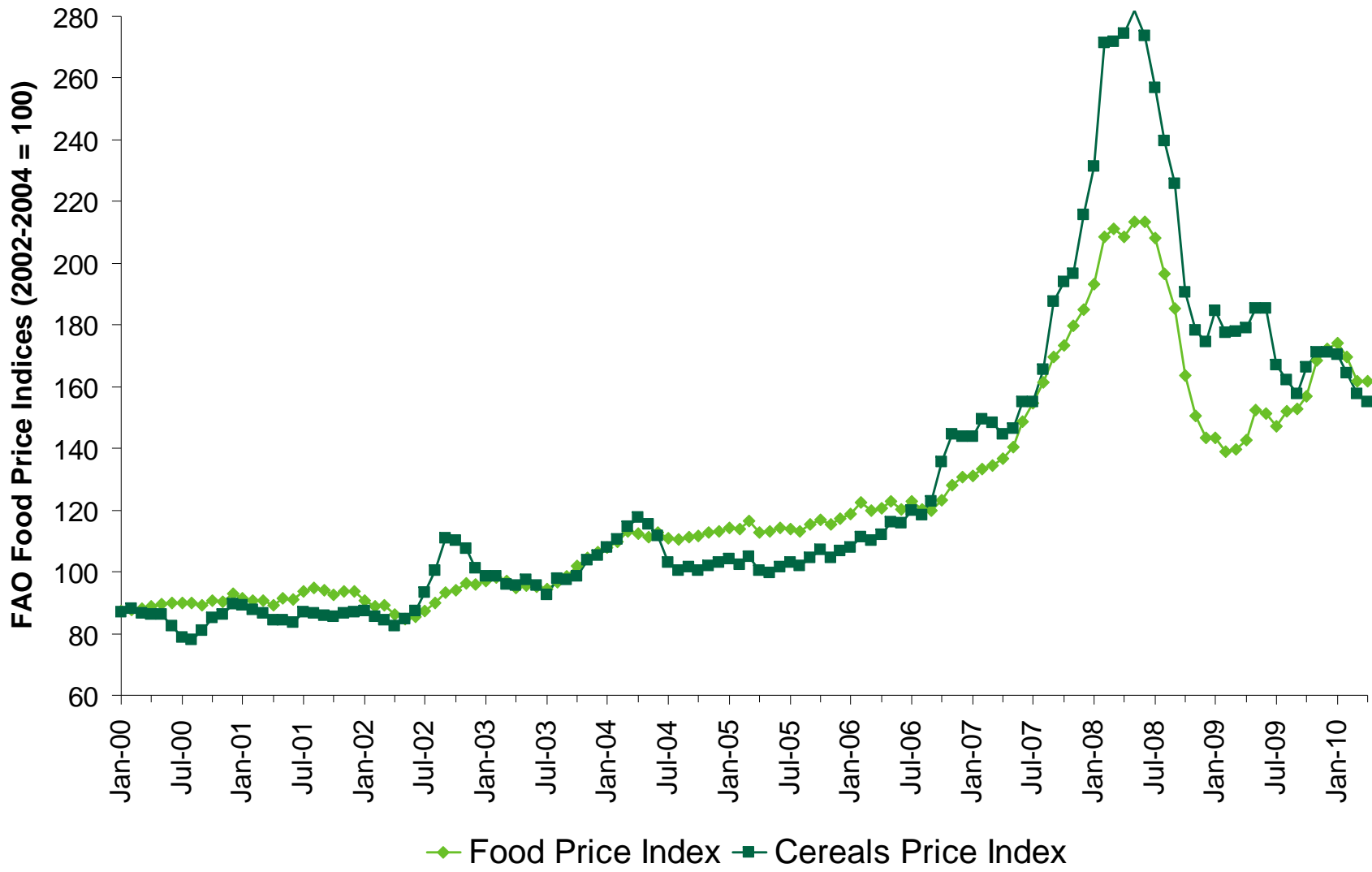
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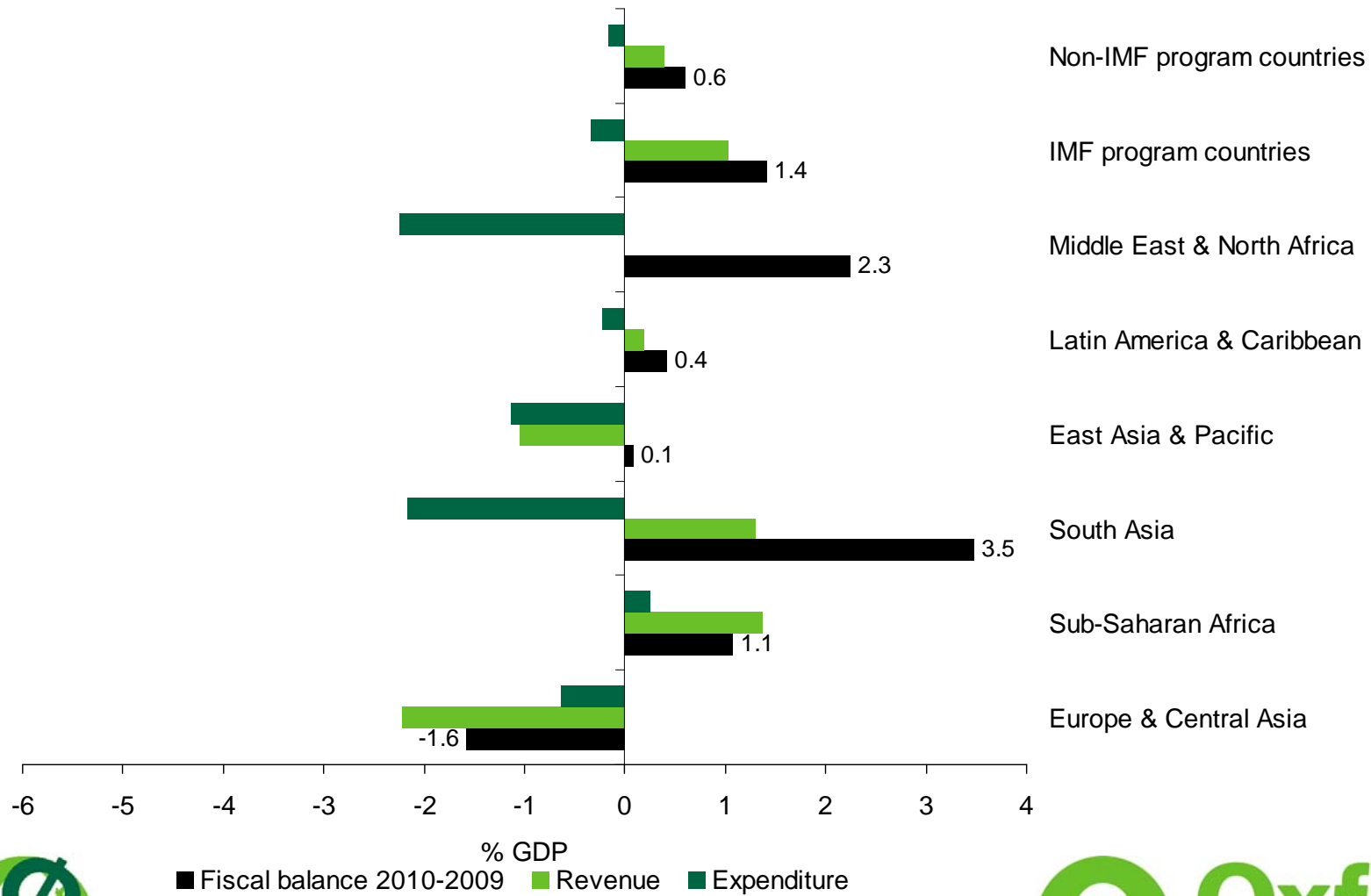








Poor-country fiscal changes 2009-2010



Policy implications & lessons (1)

- Volatility matters as much as average flows/stocks
- People have been making enormous efforts to cope, at a long term cost
- Real-time impact monitoring and genuine dialogue with affected communities is needed for adequate responses
- Analysis of gendered impacts is required in financial, productive and reproductive economies for appropriate responses



Policy implications & lessons (2)

- Building resilience in ‘peacetime’ (and replenishing it after crises) is often more effective than short-term crisis responses
- Social protection has come of age and needs extension – especially to the informal economy and to migrant workers
- Fiscal hole requires sustained donor/IFI support so countries can keep spending



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