

# Impact of the Global Economic Crisis on Children and Families

by Roger Neugebauer

“Despite emerging signs of recovery, children and women in many countries are likely to be severely affected by the overall impact of the economic crisis, and those already most vulnerable are likely to be the hardest hit. The most immediate impact is being felt through increasing unemployment in poor households, many of which were already facing unusually high food prices. These threats will be compounded where governments, facing tightening budgets, reduce expenditures on health and education, shifting the burden of service provision to these already struggling households.”

This stark observation from the 2013 UNICEF report, *Global and Economic Crisis and Recovery*, echoes dire reports from Save the Children, Plan International, the World Bank, and Oxfam that were reviewed for this article. While the economic crisis has hit citizens of most developing nations hard, its impact on children and families in developing nations has been devastating.

## Impact on Public Funding

The recent economic crisis had an immediate impact in the United States and Europe, spreading quickly to other developed countries. A report by Save the Children, *A Chance to Grow*, offers this economic outlook for developing countries:

“First, private capital flows will remain depressed. As European banks experience significant losses and need recapitalisation, developing countries reliant upon them for lines of credit will be negatively affected. 2011 already saw capital flows to developing countries weaken sharply as investors withdrew substantial sums from those markets in the second half of the year.”



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An Oxfam report, *The Impact of the Global Economic Crisis on the Budgets of Low-Income Countries*, observed, “The financial crisis hit developing countries hard driving millions more people into poverty. . . . For most of the poorest people, the impact will depend upon what governments do with their budgets, how they spend to fight the crisis and protect the poorest.”

The report goes on to report that the picture is mixed in terms of how governments of developing countries are reacting to tight budgets . . .

“Health has been the darling, and social protection an orphan. Infrastructure and agriculture have benefitted from higher spending. . . . Education has done particularly badly.”

## Impact on Child Poverty

Child poverty is a description of deficits in a wide range of facets of well being: good levels of nutrition, being properly immunized against diseases, having access to safe drinking water, improved sanitation, quality education, early childhood development stimulation, and protection from violence. Children in poverty have needs that are not being met.

And, the results of these deprivations are significant. The UNICEF report, observes, “While an adult may fall into poverty temporarily, falling into poverty in childhood can last a lifetime — rarely does a child get a second chance at an education or a healthy start in life.”

And, during this current economic downturn, child poverty has shown a sharp upturn. According to the World Bank, “in addition to the 130-155 million people pushed into poverty by soaring food and fuel prices in 2008, another 53 million will be living on less than \$2 a day.”

## Impact on Girls and Women

"While cooking, I try to use less rice . . . I always try to make sure that the male members have enough to eat. They are working hard and need food to perform their laborious jobs. Then I try to feed the children. We, the female members of the family eat the remaining food."

This story captured in Plan International's report, *Off the Balance Sheet: The Impact of the Economic Crisis on girls and young women*, illustrates their point that in a crisis it is the girls and women who suffer the most. Here are just a few of their findings:

- Girls drop out of school more — with a 29% decrease in primary school completion for girls versus 22% for boys.
- Family poverty hits girls hardest — a 1% fall in GDP increases infant mortality by 7.4 deaths per 1,000 births for girls versus 1.5 for boys.
- Health cuts leave adolescent girls at greater risk during pregnancy with 14-19 year olds most at risk of death in pregnancy in many countries.

Not only is the wellness of women impacted more in an economic crisis than men, but *Off the Balance Sheet* points out that girls are more vulnerable to exploitation:

"Economic crisis leads to an increase in the number of girls and young women who become involved in transactional sex and commercial sex work. Under strong family pressure to supplement household income and help out with the cost of food or their siblings' school fees, many girls and young women resort to sex work."

## Impact on Nutrition

Where the economic crisis hits families most quickly is in the challenge to secure adequate nutrition. *A Chance to Grow* observes . . .

"The risk of increasing poverty may translate into devastating effects for children worldwide, including

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increased incidence of hunger and malnutrition. Studies show that economic crisis can lead to increases in the risk of low birth-weight and low height-for-age or stunting — both indicators of malnutrition.

"Child malnutrition has a devastating human impact, stunting children's physical and cognitive development. By compromising human capital, malnutrition also damages the growth potential of a country: the World Bank has estimated that 'many countries lose at least 2-3 percent of their gross domestic product to undernutrition.' On top of the direct human costs, crisis-induced malnutrition can spark a vicious circle of shrinking economic potential."

For several decades, governments and international NGOs have made strides in reducing the diverse impacts of poverty. An international effort to achieve agreed upon Millennium Development Goals was making progress in many nations. However, the global economic crisis has undone much of this progress with devastating impacts on millions of children and families.

## References and Resources

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