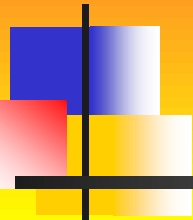


2nd AGRODEP WORKSHOP & MEMBERS' MEETING

Dakar (Senegal), Novotel Hotel, June 6-8, 2011



Impacts of the global economic crisis on child poverty in Cameroon and options for a policy response

For the Team:



Christian Arnault Emini
The University of Yaoundé II - Cameroon

OUTLINE


Objectives and
Methodological
Approach

Impacts of the
Crisis

Effects of the
Policy Response
Options



OBJECTIVES



Evaluate the potential impacts of the 2008/09 global economic crisis on child poverty in Cameroon during the period 2008-2011

Analyzes several policy options likely to protect children in response to this crisis.

Methodological Approach and Tools

TRANSMISSION CHANNELS OF SHOCKS

Trade:

- World Import Prices
- World Export Prices
- Export Volumes

Foreign Direct Investments

Foreign Aid

Remittances

NATIONAL ECONOMY

Macro Module (CGE Model)

Consumer Prices

Producer Prices

Input Prices

Labor

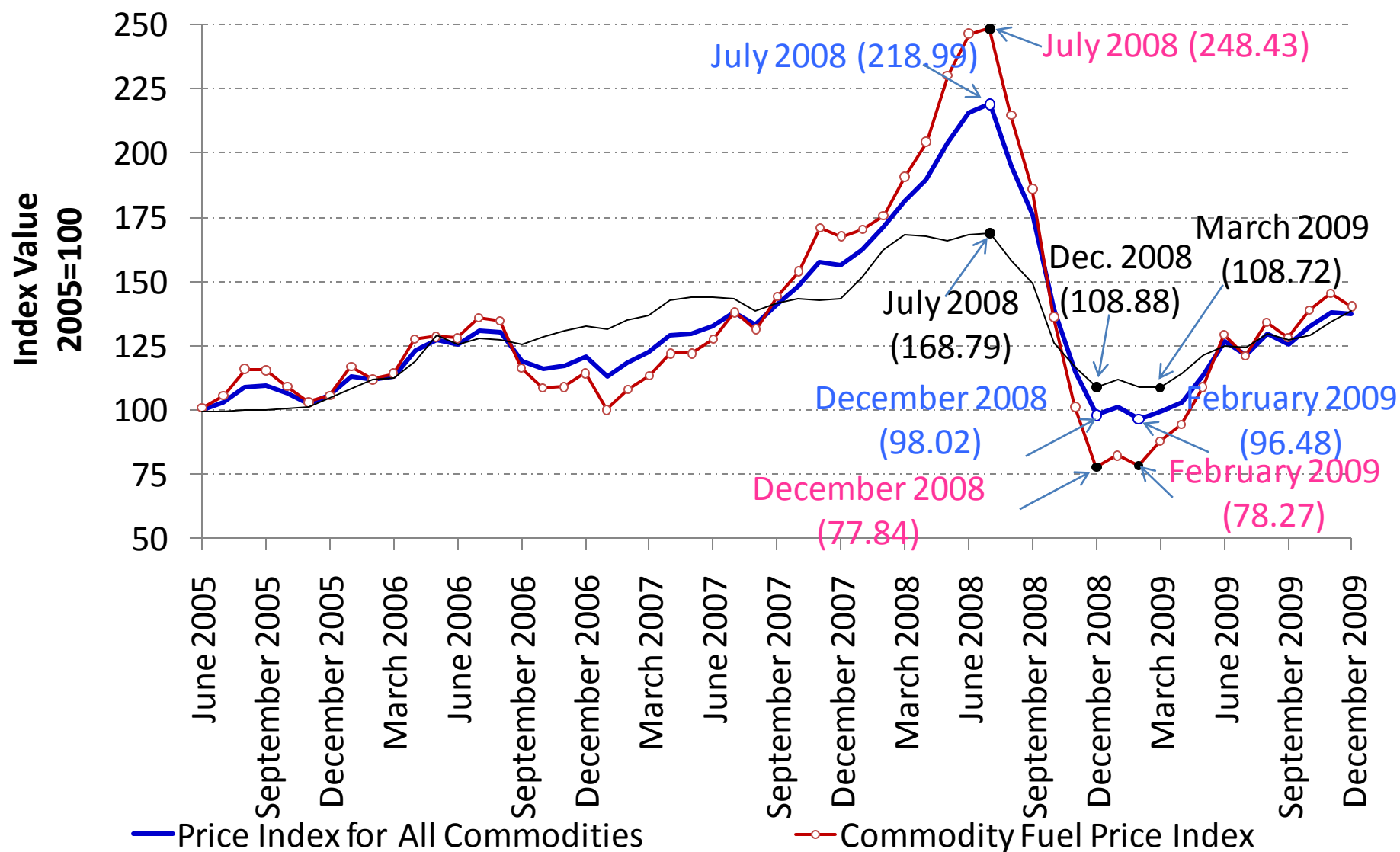
Households (Microeconomic Models)

Children: Monetary poverty, Caloric poverty, School/Work, Health

P
O
L
I
C
Y

R
E
S
P
O
N
S
E
S

An illustration of shocks due to the crisis: The case of the fall in World Prices



Child Poverty Dimensions

Monetary Poverty

- Children belonging to a household considered poor in monetary terms. 📌 **FGT**

Caloric Poverty

- Caloric Adequacy Ratio is less than the caloric adequacy threshold, which corresponds to a nutritional intake of 2450 kcal per day. 📌 **FGT**

School Participation Vs. Child Work

- Changes in the probability that a child goes to school or work. 📌 **bivariate probit regressions**

Access to Health Care Services

- Rate at which sick children consult health facilities, and type of health facilities consulted
📌 **probit multinomial and logit regressions**

SIMULATION SCENARIOS

Business as Usual: Reference Scenario

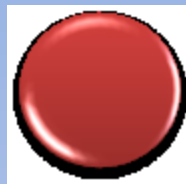
- “no crisis” scenario, represents the prospective trend of the economy according to historical or predetermined trends of its fundamental variables.

The economic crisis scenario

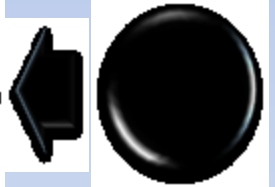
- Various shocks experienced by the economy due to the crisis.

Crisis + Policy Responses

- **The crisis scenario + VAT subsidy for food products**
 - 1% of reference GDP; financed by foreign aid.
- **The crisis scenario + elimination of customs tariffs levied on food imports**
 - 0.4% of GDP financed by drawing on the government's foreign reserves..
- **The crisis scenario + school canteen subsidy in districts with more than average child monetary poverty rates**
 - 0.19% of GDP financed in the short term by external aid.
- **The crisis scenario + cash transfers to households with poor children**
 - Foreign aid equal to 1% of Cameroon's before-crisis GDP
 - Targeting (proxy means approach) and universal distribution (0 to 5 years old).



Impacts of the Crisis



Impacts of the Crisis on the GDP Growth Rate

	« no crisis » Scenario	Crisis	Change
2008	4,2	3,8	-0,4
2009	4,2	2,9	-1,3
2010	4,3	3,4	-0,9
2011	4,4	3,6	-0,8

Impacts of the Crisis on the Child Monetary Poverty Rate (FGT 0)

	« no crisis » Scenario	Crisis	Change
2008	50,16	50,68	0,52
2009	50,04	52,06	2,02
2010	50,06	52,23	2,17
2011	50,11	52,20	2,09

Impacts of the Crisis on the Child

Monetary Poverty

- This represents an increase of more than 4% in the number of poor children in 2009, 2010, and 2011.
- The majority of children who become poor due to the crisis live in rural areas: $\pm 60\%$.
- However, in urban areas, the growth rate of child poverty is very high : $\pm 20\%$ in 2009, 2010, and 2011.
- Child monetary poverty gets worse in all twelve survey regions of the country.

Impacts of the Crisis on the Child Caloric Poverty

Relatively moderate rise in the child caloric poverty

	« no crisis » Scenario	Crisis	Change
2008	35,83	35,36	−0,47
2009	35,59	35,79	0,20
2010	35,36	35,74	0,38
2011	35,04	35,60	0.56

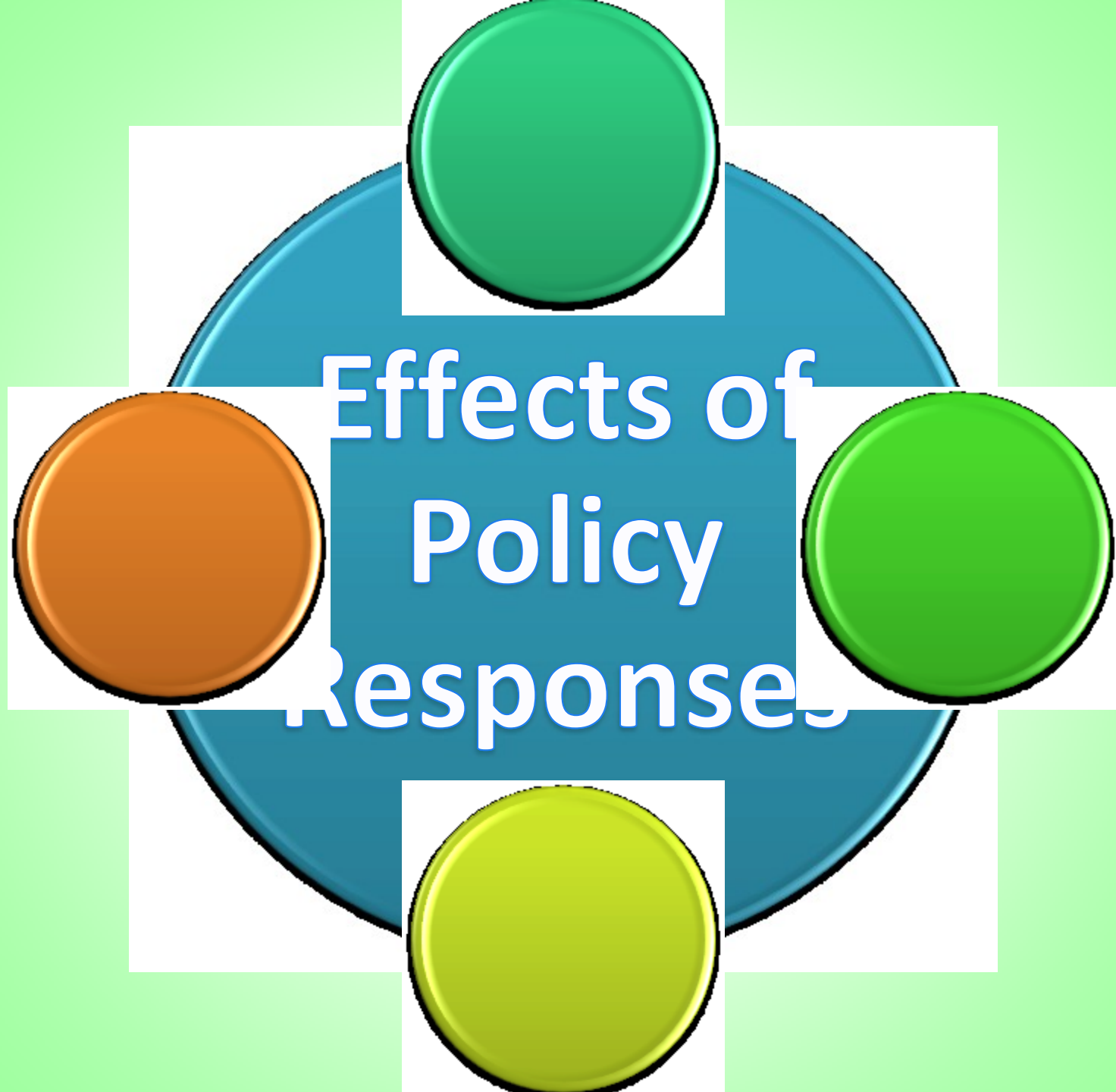
Increase of the number of children in situation of caloric poverty at the national level: 0.56% in 2009, 1.08% in 2010 and 1.60% in 2011.

Impacts of the Crisis on the Participation of Children to School Vs. Labor

- The crisis not significantly influences children's school and labor participation rates.
- The changes in these rates, due to the crisis, are less than one percentage point from 2008 to 2011.
- However, the direction of change shows that the crisis tends to discourage school attendance and to induce child labour.

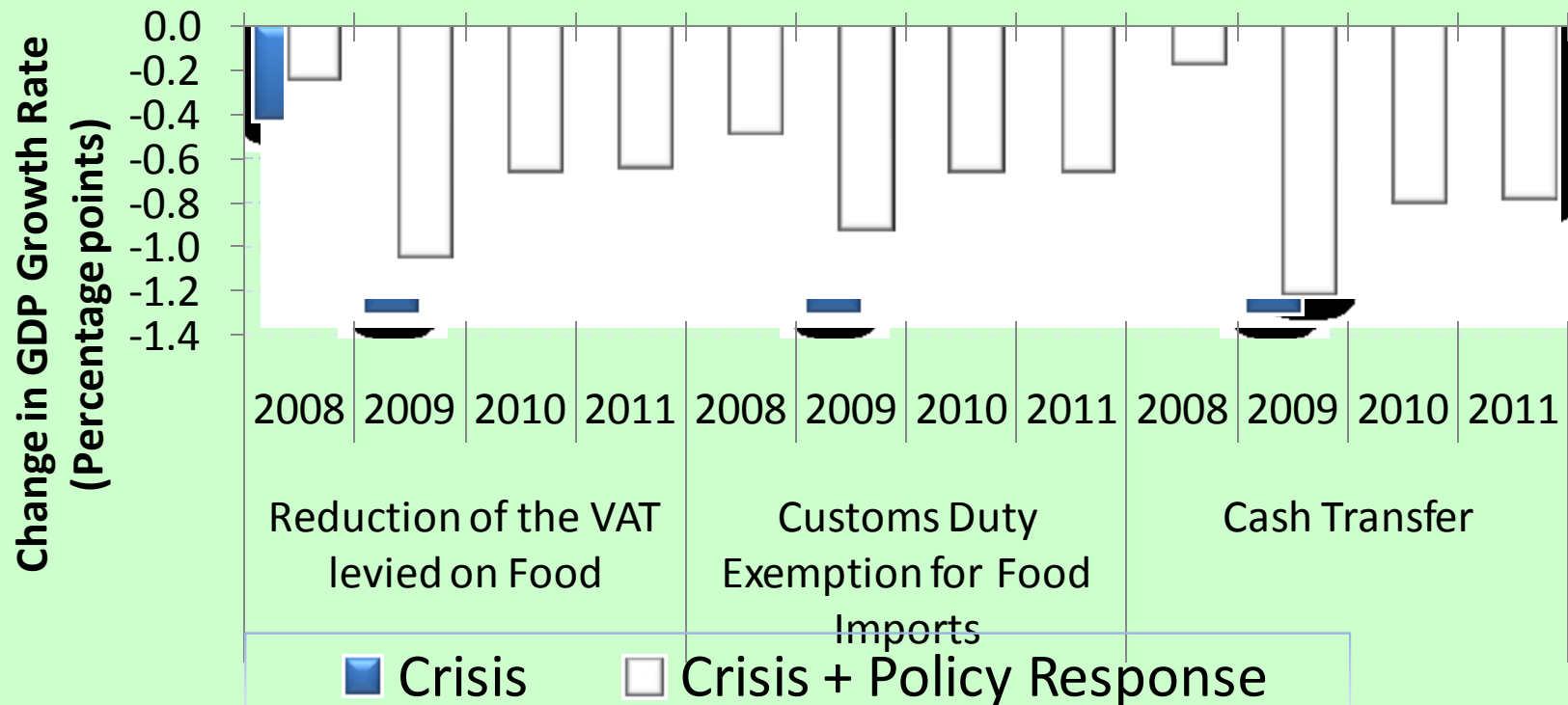
Impact of the crisis on access to health care services

- The impact is predicted to be weak but clearly noticeable and distressing:
 - The overall rate of consultation declines by about 1% with respect to the reference scenario in each of the years from 2009-2011 ;
 - Which means that the crisis prevents 1 in every 100 children who would have consulted a health facility from consulting the relevant services.
- The number of children using facilities where care is presumed to be of highest quality (first class hospitals and provincial hospitals) declines under the influence of the crisis, by about 1% in 2008 and 3% in 2009, 2010 and 2011...
- ...while the number of children using traditional or informal facilities where care is reputed to be of inferior quality, increases.



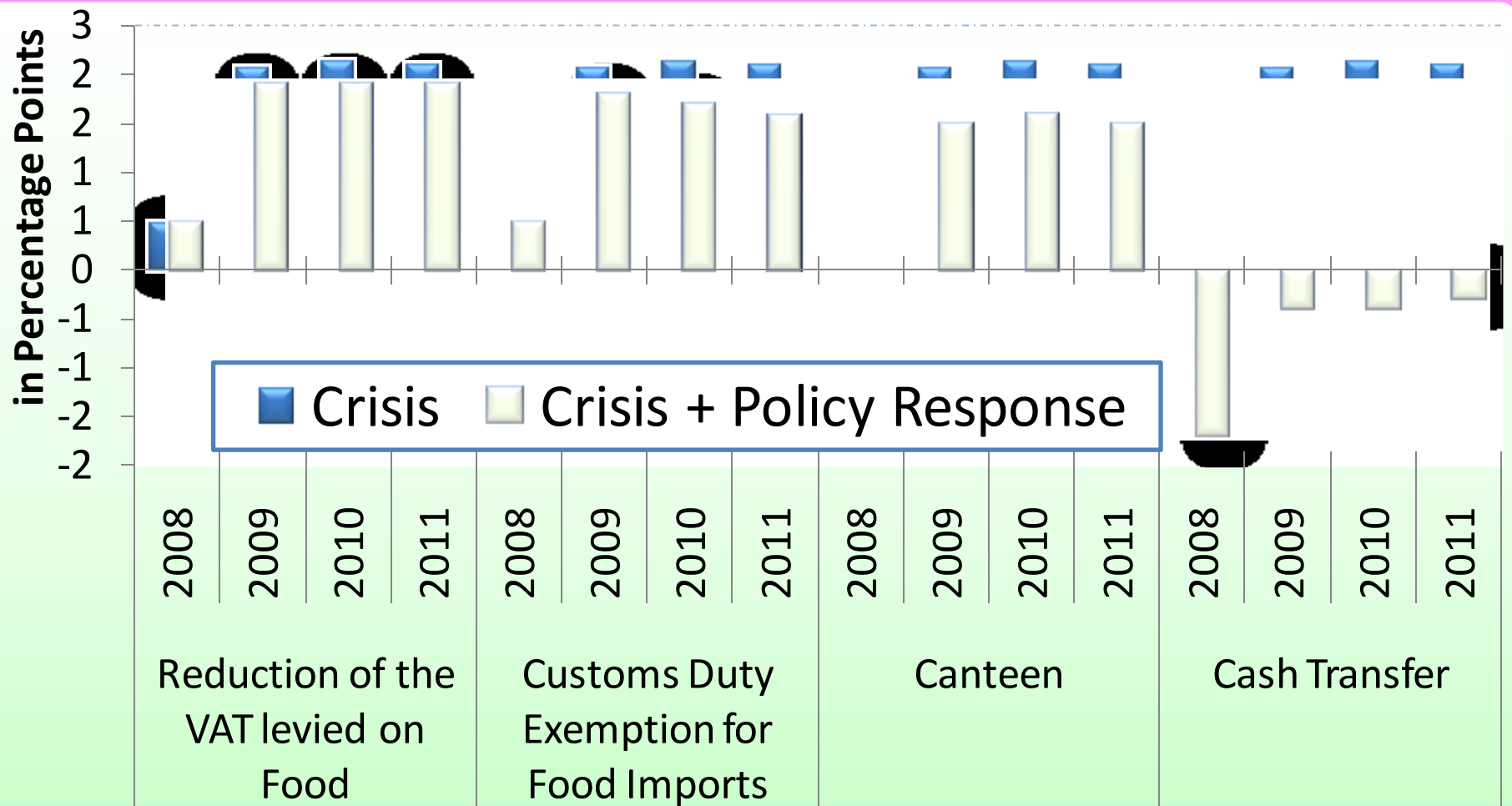
Macroeconomic Effects of Policy Responses

- All the simulated policy responses have a positive effect on GDP growth...
- ...However, the stimulus that these policies provide are very small at the macroeconomic level, and are far from fully counteracting the crisis' negative effects on real GDP growth.

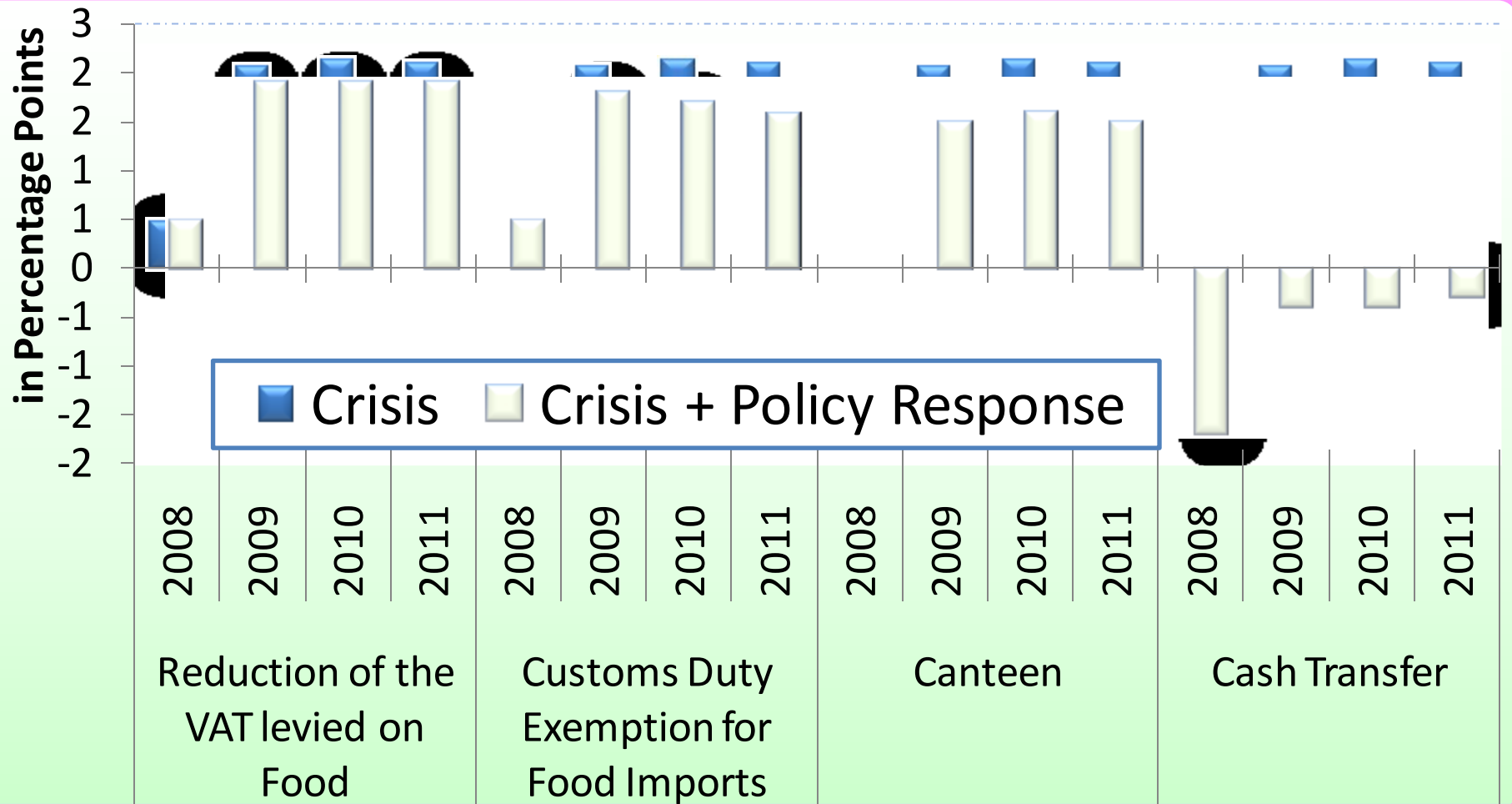


Effects of Policy Responses on Child Monetary Poverty

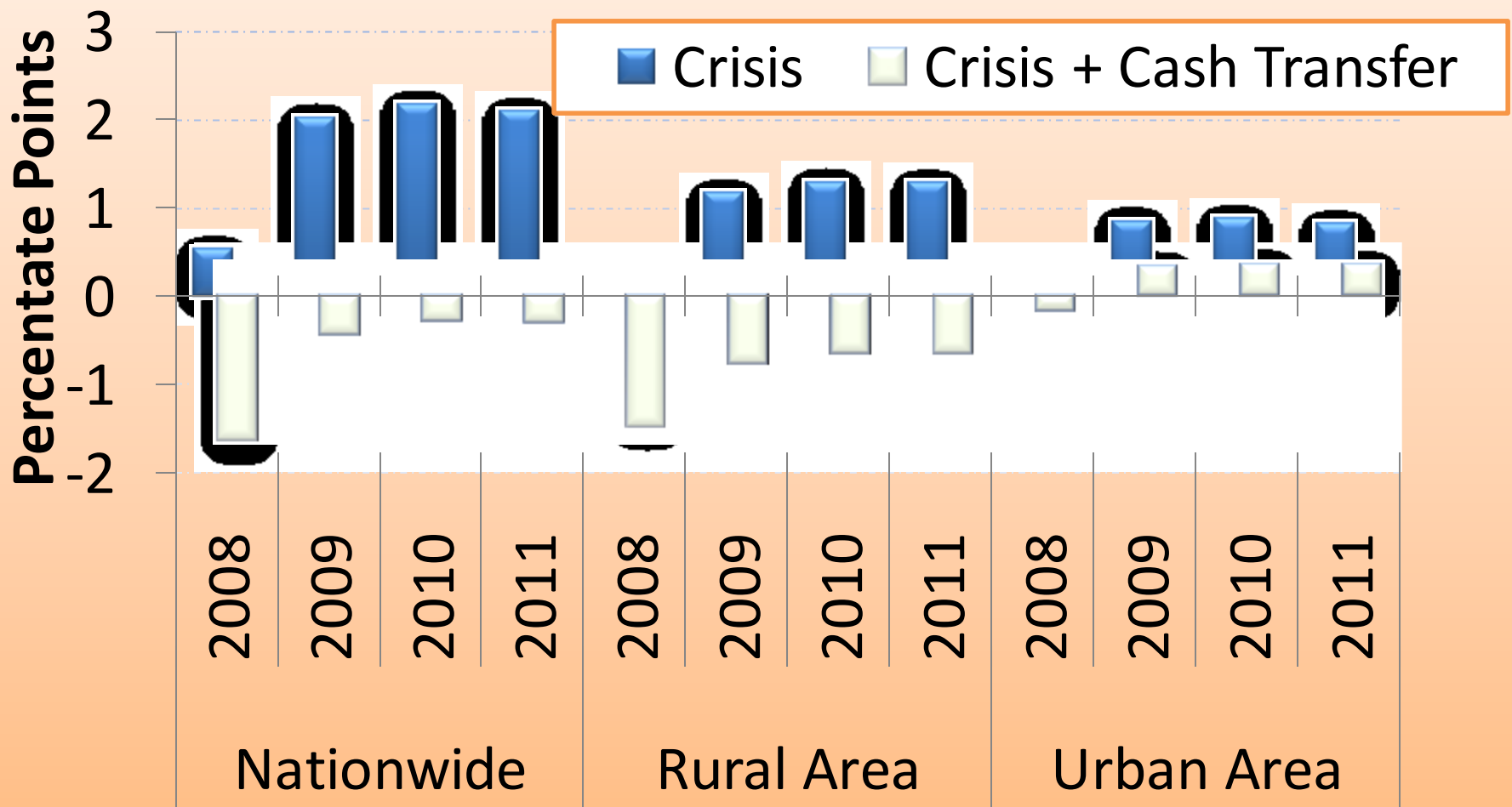
Changes in child monetary poverty rate, by alternative policy responses compared to the crisis



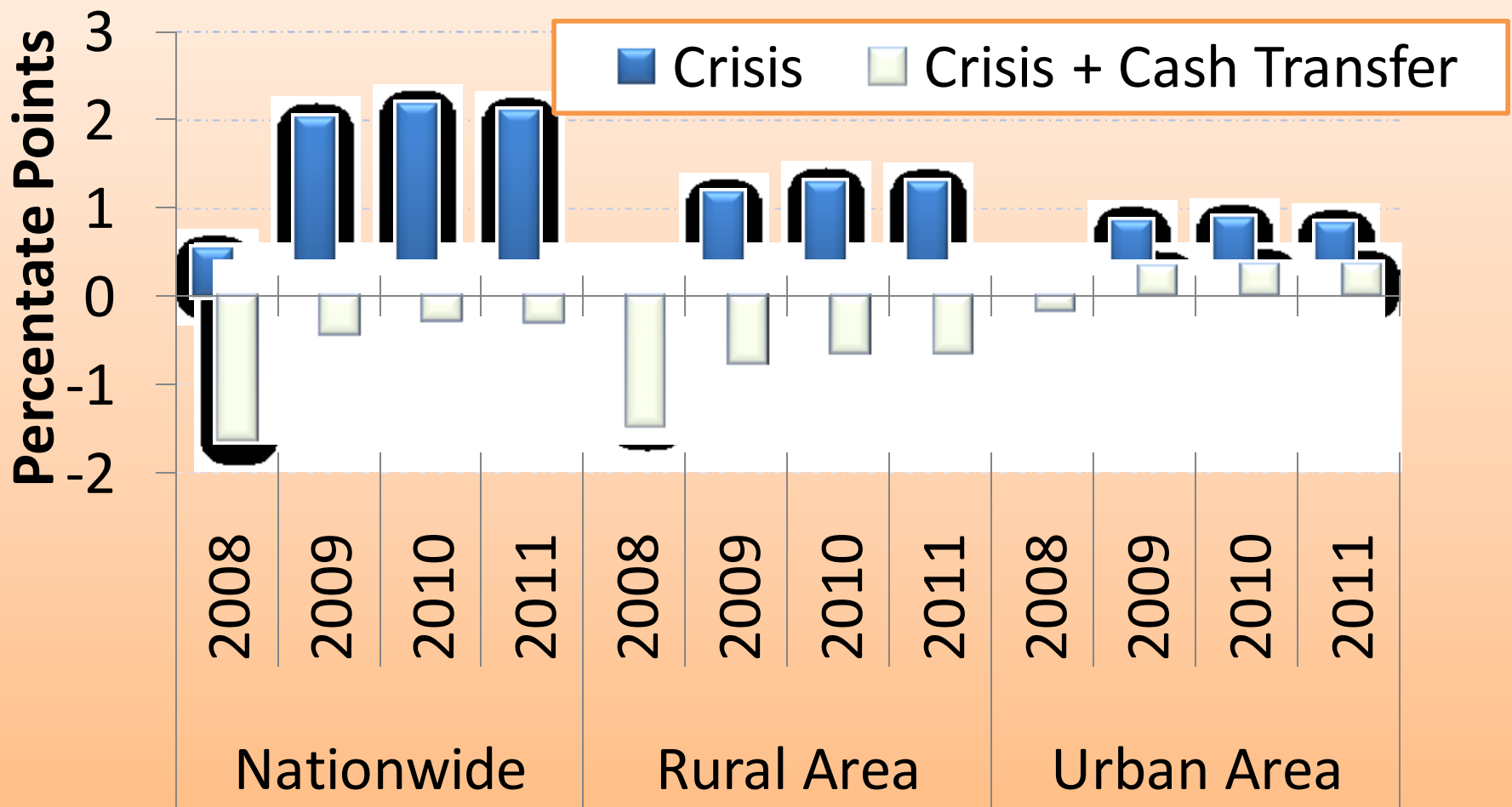
- Of all the simulated policy responses, only the one consisting of cash transfers completely offsets the adverse effect of the crisis on monetary poverty among children, at least at the national level.



- The full potential of the beneficial effects of Cash Transfer policy are seen in rural areas:
- It not only completely counters the increase in poverty caused by the crisis, but even reduces the number of children in monetary poverty to lower than it would have been if the crisis had never happened.



- In urban areas however, the transfer policy reduces monetary poverty among children, but does not completely eliminate the additional number of children who are poor due to the crisis.

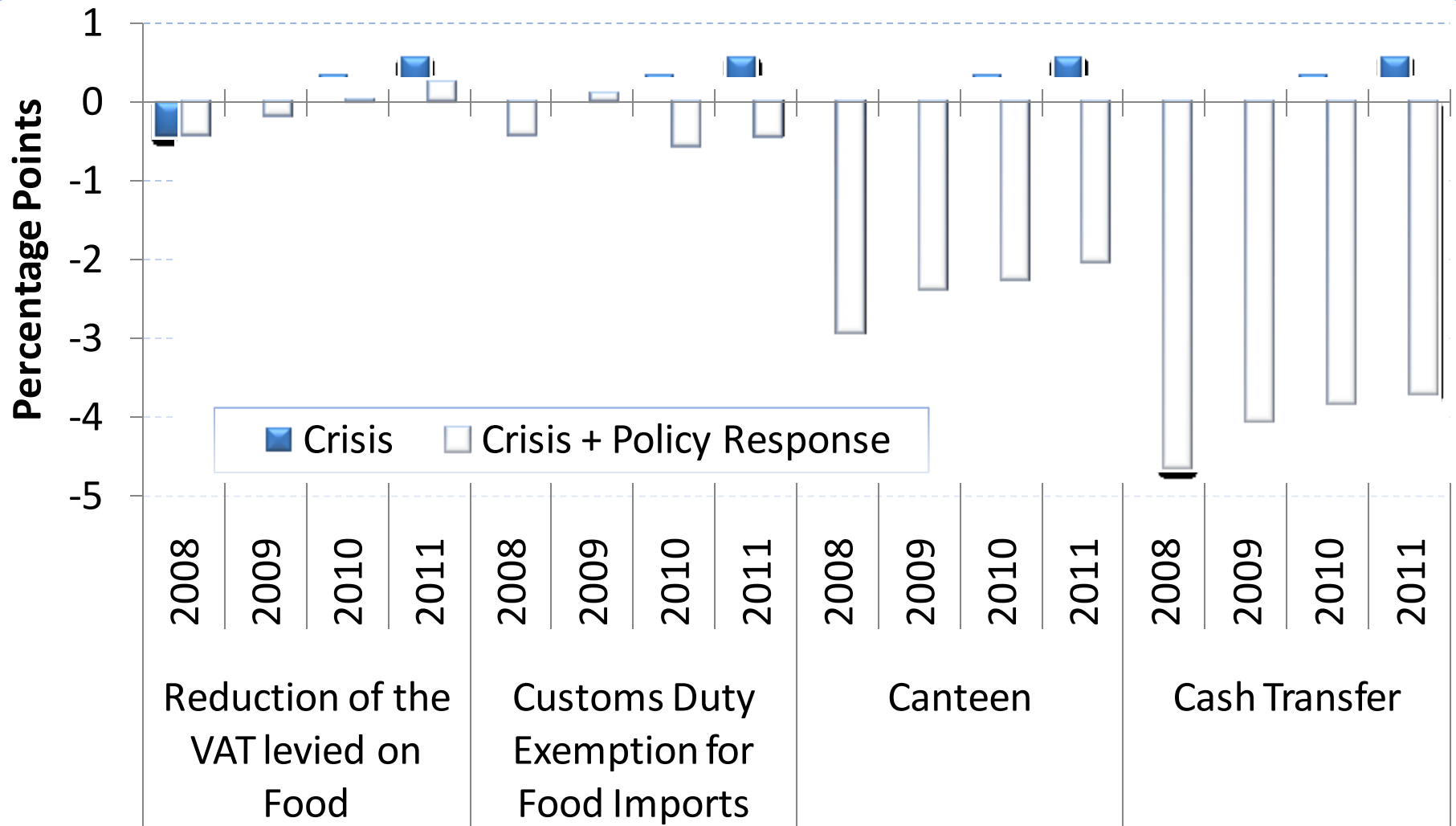


Targeted versus Universal Cash Transfer

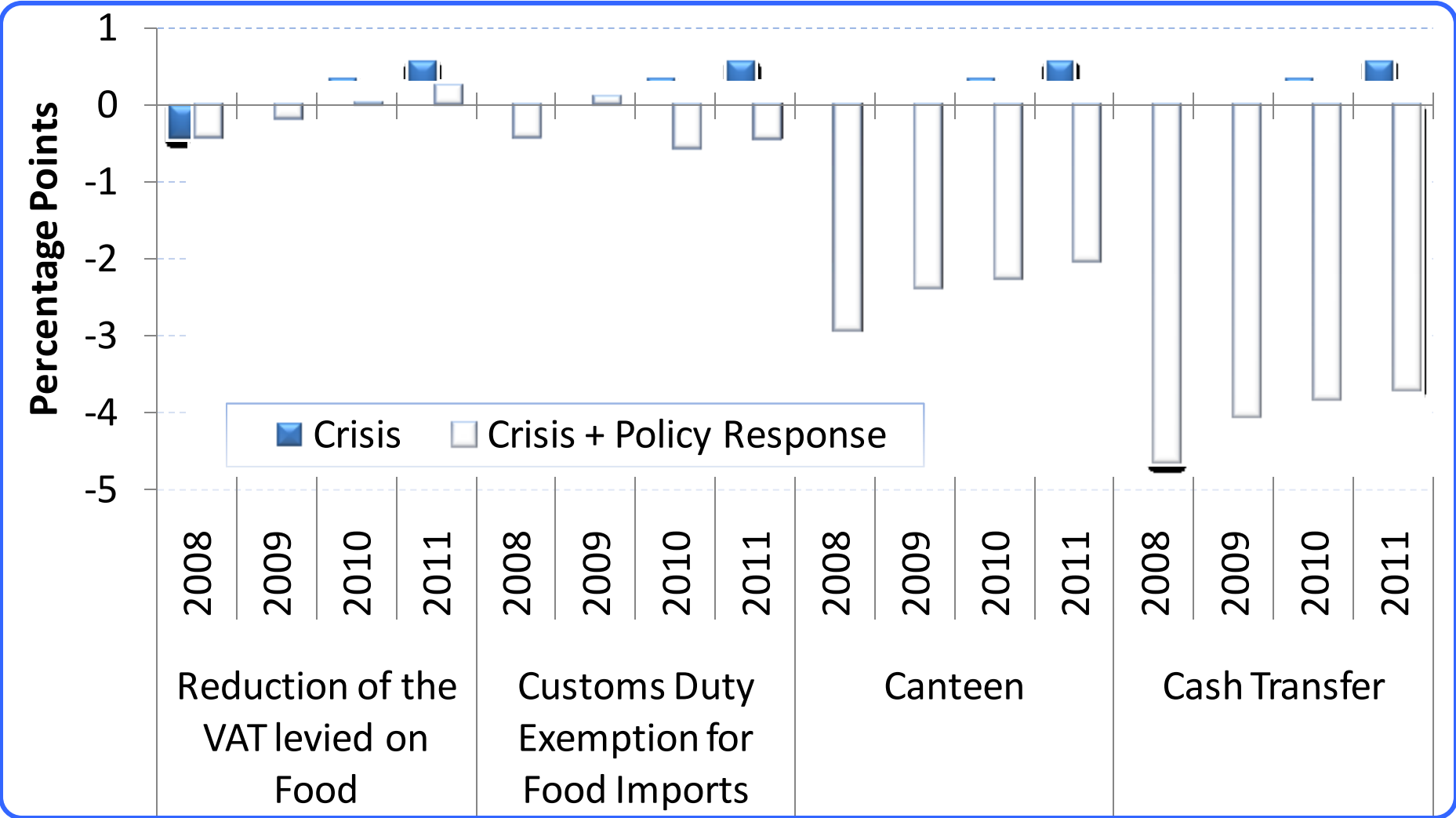
Age group/base poverty rate	Year	Crisis scenario	Crisis + targeted transfer to (predicted) poor children aged 0 to 14	Crisis + universal transfer to benefit all children aged 0 to 5
Children from 0 to 14 years. Poverty rate in the base year: 50.2%	2009	52.1	49.6	50.1
	2010	52.2	49.8	50.2
	2011	52.2	49.8	50.0
Children from 0 to 5 years. Poverty rate in the base year: 47.4%	2009	49.4	46.9	46.5
	2010	49.5	47.0	46.6
	2011	49.5	47.1	46.5

Effects of Policy Responses on Child Caloric Poverty

Change in child caloric poverty rate



School feeding and especially cash transfers policies are highly effective at reducing caloric poverty and go beyond the simple goal of curbing additional caloric poverty associated with the crisis.



Impacts of policy responses on children's school and labour participation rates

- Much like the crisis itself, the simulated policy responses do not have a notable effect on the school participation rate or on children's rate of participation in labour.
- Meanwhile, while six out of ten thousand children quit school due to the crisis each year...
- ...the transfer policy leads to an increase in the number of school children by 7-8 children for each ten thousand who were already in school from in the no crisis scenario.

Impact of policy responses on children's access to medical care

- The transfer policy is the only one which completely counters the small decline in the consultation rate brought about by the crisis...
- But, none of the simulated policies decreases the use of traditional and informal services, nor leads to an increase in the use of modern facilities which are expected to deliver higher quality medical care.

Impact of policy responses on children's access to medical care

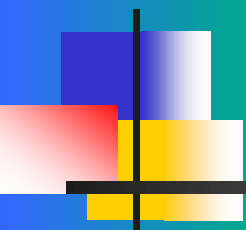
- However, the transfer policy which carries relatively better impacts in terms of the increase in the consultation rate and attenuation of the declining use of first class hospitals...
- ...leads to a larger increase in consultation of medical facilities which are deemed to be of inferior quality.
- This is presumably explained by the fact that many of the households among the transfer recipients are accustomed to consulting this type of medical service for various reasons.



Conclusion

Take-home lessons

- The study shows evidence of adverse effects of the crisis,
 - In terms of macro-economic impacts...
 - ... and deterioration of child poverty.
- Cash transfer proves to be the most efficient of policy responses simulated.
- The challenge is how to implement.



Thanks !