Voices of the Vulnerable: The Economic Crisis From the Ground Up
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A MESSAGE FROM THE SECRETARY-GENERAL

The global economic crisis is not ‘over’ as some have begun to predict, but rather it has just started for hundreds of millions of people around the globe. The first ‘green shoots’ of recovery must not blind us to clear signals that a new type of crisis is spreading throughout the developing world. This crisis is the result of the multiplying effect of shock after shock. Populations already buffeted by highly volatile food and fuel prices now confront a deep economic recession. For some, these global shocks come on top of localized emergencies, such as natural disasters and conflicts. Without decisive action, this witch’s brew will push hundreds of millions of people back into poverty and crush the hopes of billions more who had dreamed of a better future. The Millennium Development Goals could recede in memory as the forgotten aspirations of a former era.

Who has been most affected by this crisis and how? How are they coping? What can we learn from emerging policy responses? Are there any red flags signaling future problems that we should try to address now? The full picture has yet to emerge.

This report summarizes analysis and information that the United Nations family and its partners have produced over the past year regarding the socio-economic impacts of the crisis on poor and vulnerable individuals and households. It starts from the ground up and seeks to translate what our statistics mean for the lives of real people. As such it complements existing studies that focus on macroeconomic trends or, alternatively, on in-depth case studies.

The following themes have emerged:

- No one expected the financial crisis to have affected lives so quickly and profoundly.
- The near poor are in danger of becoming the new poor. It is not the chronic poor who have been most affected by the crisis, but the near and working poor, whose lives had improved significantly over the previous decade.
- The clock is running out on the coping strategies of the vulnerable and poor. Many options, such as dipping into savings or selling assets, have been exhausted by previous crises or were non-existent in the first place. Now, families are surviving on borrowed time and mortgaging their future.
- Women and children are likely to bear the brunt of the crisis and carry the greatest burden of household adjustments over the short and long term.
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As we look to the immediate future, we must watch for:

- Mounting pressures on governments and private philanthropic actors to reduce social spending, especially for public health and education. If this is allowed, the intergenerational transmission of poverty could dramatically increase.
- The onset of natural disasters such as droughts, floods and hurricanes, which can be the proverbial last straw for overstretched populations and governments.
- The further spread and evolution of the H1N1 influenza pandemic to countries already beleaguered by the economic crisis.
Voices of the Vulnerable: The Economic Crisis From the Ground Up

A MESSAGE FROM THE SECRETARY-GENERAL

• The erosion of peace dividends in countries emerging from conflicts, as foreign investors become more risk averse.
• Indications of increased social tensions, crime and violent outbreaks in communities worldwide.

Notwithstanding all the work currently underway to analyze the crisis’ impact, more than a year in, what we do not know overshadows what we know. We can discern a few emerging trends, but without real-time data we are limited as to the conclusions we can draw about the impact of the economic crisis. The current snapshot is in shades of grey not full colour.

We must address these gaps in our knowledge if we are to design policies to avert, or at least mitigate, the impact of this and future crises. We must obtain real-time data that can be easily analyzed across sectors and address the policy questions that need answering. We must further improve our methodologies. For this reason, I am calling on the international community to work together to create a networked 21st Century global system for real-time monitoring of the impacts of this and future global crises on the most vulnerable and poor: a Global Impact and Vulnerability Alert System (GIVAS). This system will require time, effort and resources – but it is long overdue.

The voices of the vulnerable should compel us to act with urgency. I look forward to working with all partners to make GIVAS a reality.

BAN Ki-moon
Secretary-General of the United Nations

Photo: UNDP Bangladesh
Voices of the Vulnerable: The Economic Crisis From the Ground Up

“I am truly frightened of [the] monster called the financial crisis. It has devoured poor people like us. Is anyone listening to our silent cries?”

In mid-2008, it was thought that parts of the developing world – particularly those countries that were less integrated into global financial markets – would be buffered from the impact of the financial crisis. Instead, contagion has been almost instantaneous and millions of people across the world have felt the effects as the financial crisis catalyzed a global economic downturn.

We now know that declines in consumer demand and related trade shocks, a slow-down in remittances, a reduction in private capital flows and decreasing economic growth prospects in many developed and developing countries are the key transmission channels that link Wall Street to the people living in cities, villages, and communities worldwide. There are concerns that foreign aid will be reduced, further stoking the crisis in recipient countries.

One year after the crisis’ onset, we are able to paint a partial picture of how countries, regions, households and individuals have been affected. Much continues to be speculative, but we can discern some general trends. This report seeks to demonstrate that while people

Near the village of Yard, just two kilometres from the gate to Ol Pejeta in central Kenya, a simple wooden cross was erected recently in the middle of a maize field. Several men are standing aimlessly near the road. One of them is James Mwangi, a former farmer, leaning on the wooden fence, with a bitter expression on his face. “I heard about the global recession,” he says. “But it felt too distant. Now, we can all feel its impact. We have no jobs, no money and almost no food.”

VOICES OF THE VULNERABLE

Voices of the Vulnerable: The Economic Crisis From the Ground Up
The economic crisis has also exacerbated the problem of youth unemployment. Young people looking for their first jobs are finding the doors slammed in their faces. The numbers fall into perspective when considering that it took ten years for youth unemployment to increase by 8 million to reach 71 million in 2007. If we fast-forward to 2009, the number of unemployed youth could increase by as many as 18.2 million in just one year. The prospect of large numbers of unemployed youth in the streets should give us pause, particularly in countries with already high youth unemployment rates.

Large numbers of workers employed in the formal sector, especially manufacturing, commerce and construction, have lost their jobs; while others are experiencing cuts in working hours, wages and health or pension benefits. Based on data from 1991 onwards, 2009 will represent the worst global performance on record in terms of employment creation. The ILO estimates that between March 2008 and March 2009, 4.4 million workers in the manufacturing sector lost their jobs, along with 1.7 million workers in construction and 1.1 million in wholesale and retail trade. Global unemployment is likely to rise by 39 million between 2007 and 2009. In the worst-case scenario, global unemployment could increase by up to 61 million people over this period.

In many countries, workers simply have no access to unemployment benefits and are forced to seek any form of employment, often leaving them in precarious situations, without social protection and a voice at work. Workers who had previously climbed out of the categories of the poor or extreme poor now are finding themselves sinking back downwards. Employment-intensive sectors – which had helped to pull many people out of poverty, especially women – have been particularly hard hit by the crisis. As many as 222 million additional workers worldwide run the risk of joining the ranks of the extreme working poor over the period 2007–2009.

In El Salvador, Ruth Cerna was one of 1,700 workers to be fired in November when a factory making machine parts closed down: “Many women were pregnant; many are ill and are left with nothing. It’s been three months since the factory closed, and we haven’t been paid anything, no severance, no social fund payments,” she said.

There is strong evidence that workers in the informal sector, servicing those formal sectors hit by the crisis, have seen their incomes plummet, their working hours increase and their business costs skyrocket. In the past, it was assumed that the informal sector could act as a cushion in times of economic crisis. Today, this no longer seems to be the case. In addition, and less expectedly, those who trade in informal local markets like street vendors or waste pickers have also been affected, seeing both the demand and prices for their goods decline.

Chaya, widowed at 20 years of age with three young children to care for, has been a waste picker in Pune, India, for many years. “Life as a waste picker has never been luxurious, but the Infosys work did transform my work day and bring in a lot of stability. We ate at the
Voices of the Vulnerable: The Economic Crisis From the Ground Up

company canteen and had regular hours. Chaya was able to save and took a loan of 40,000 rupees (about US$820) to buy a small plot of land on which she constructed a little two-room house. She sent her children to school. It all changed with the economic crisis. The quantity of scrap exiting Infosys decreased dramatically. Her earnings halved, and work time was reduced by a couple of hours. Scrap prices also dropped. To cope, she has stopped buying meat and fish and stays clear of the doctor.8

Across the board, informal sector workers like Chaya are experiencing increased competition for reduced opportunities as formal workers try to compensate for a loss of income by seeking opportunities in the informal sector. Interviews and surveys of informal workers reveal that they rarely have savings and tend not to be eligible for government assistance, where social safety nets exist.

While the general trend indicates that jobs are being lost, there are some perverse exceptions. Recent reports revealed that jobs are being created among those willing to sell cheaper, unbranded and unregulated food items, including products like vegetables that were rejected by formal sector enterprises. Some new opportunities for work have also been created in the garment industry, where there has been a proliferation of sweatshops that offer employment to the desperate.

Rana left Nepal for Qatar to work for a construction company. He had a contract for two years, but the company dismissed him after 15 months, not able to afford to keep all the labourers due to the global economic crisis. Rana had not finished paying back the loan he took to pay a broker to find him the job in Qatar – 100,000 Nepalese rupees (about US$1300). Helpless, he has returned to his village in Sitapur, Nepal. Since he has no other skills, he has to rely on odd jobs with all the uncertainty that this entails.10

Rana’s story provides a window into the fate of the third broad category affected: labour migrants and the households that depend on them.

Evidence shows that not all migrants are affected in the same way. The rate of slowdown in regional and national economies, as well as the dynamics within different employment sectors, gives rise to varying scenarios. Migrants working in construction, manufacturing, hotels and tourism have been hit particularly hard. The impact of the crisis also seems to be deeply felt by migrants employed in the informal sector and migrants working in countries with weak social security systems. Interviews further indicate that recent migrants have suffered more than those who had already worked as migrants for several years, and migrants from poor families seem to have been affected disproportionately, as they tend to work in more insecure, low-skill segments of the labour market.

Evidence also indicates that migrants with no official contracts who entered destination countries illegally are experiencing extreme hardships. Many of these migrants cannot afford to return home, which makes them particularly vulnerable to predatory employment practices. There are some reports that women migrants are falling prey to traffickers. In some countries, a few sectors – such as health care, domestic service and education – show improved employment prospects for migrants, but these do not seem to represent the norm.

After losing her job, Sufia, a former maid in Bangladesh, turned in desperation to selling vegetables rejected by wholesalers. “You never know whom or in which way Allah has decided to help you…I saw my neighbors going to the bazaar to pick up rejected vegetables…from that day my hunger won over my dignity.” Sufia now sells these vegetables in a corner of the market and is able to earn enough money to survive and even save.9

Voices of the Vulnerable: The Economic Crisis From the Ground Up
Decline in employment on foreign merchant vessels has greatly reduced remittances, an important source of household income. The Reserve Bank of Fiji recently reported that remittances were forecast to be around F$150 million in 2009, down from more than double this level in 2006.

Decline in Global Trade

CRISIS EFFECTS IN THE PACIFIC ISLANDS

Pacific Islands: Kiribati, Tuvalu
In the last year, the number of seafarers working on foreign vessels has fallen by nearly 20%.

Pacific Islands: Fiji Islands
• Fiji Water, one of the country’s major exporters, recently shed jobs in response to a 55% fall in exports, largely as a consequence of falling demand in the US.
• Collapse in global demand for new cars has resulted in the loss of several hundred jobs in Samoa’s car wiring harness manufacturer, affecting household incomes in many villages throughout the country.

Pacific Islands: Fiji Islands
The tourism industry is suffering as mid-year occupancy rates are running at 40-50% compared with 70% in normal years.

Those in the lower income brackets have experienced significant falls in their real incomes in the past eighteen months. This is impacting on household nutrition and well-being, especially of children.

In many countries, the price of rice, a staple food for many land-poor urban families, is double its level of 18 months ago.

Source: Analysis provided by UNDP’s Pacific Centre

Photo: EC/ECHO/Dan Dickinson

Voices of the Vulnerable: The Economic Crisis From the Ground Up
As migrants lose their jobs, have their hours cut or become less confident about their economic situations, there is evidence that remittances are decreasing or being sent home less frequently. Some migrants have been forcefully repatriated, while others who can afford the cost of a ticket home, voluntarily return as work dries up. In addition, while there is no evidence yet of a mass return of migrant workers, reports show that new outflows from some countries of origin have slowed.

Households that depend on remittances have, not surprisingly, suffered. Remittance flows grew rapidly during 2007 and 2008, reaching $328 billion in 2008. But signs indicate that remittances have slowed since the last quarter of 2008. The World Bank has lowered its forecast for remittance flows to developing countries to -7.3 percent in 2009. There are also examples of reverse remittances, with families back home having to bail out family members abroad.

The wife of Vietnamese migrant worker in a Central European country vividly describes the difficulties her husband faced after losing his job. “My husband telephoned me six months ago, saying that he was hungry... He wanted to go home, but we needed to send him US $1,500.”

There is increasing evidence that a fourth category of people also may have been highly impacted by the global economic crisis: agricultural cash-crop farmers and the households that depend on them.

Jonas in Malawi tells his story. He produced 10 bales of cotton, each weighing 110 kilograms. He hoped to sell his cotton at the Government price of US$0.54 per kilogram (MK73). This would have provided him with a minimum income from cotton of US$1178.57 (MK165,000). However, this is not what happened. He reported, “I am unfortunate, because the Great Lakes Company that buys our cotton says that the world economy has shrunk and pushes the international cotton demand too low... 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.” If current prices hold he will not be able to cover his input costs, pay school fees for his children and buy food and inputs for the next growing season.

Reduced demand and lower prices for specific cash crops threaten the livelihood of large numbers of small-holder farmers and their families in many parts of the world.
The economic crisis came in the wake of the food and fuel crises of 2008, which had already stretched people's reserves and undermined their resilience. Local crises – for example, drought in Kenya and Jamaica, flooding in Bangladesh and Indonesia and heavy rains in Zambia – added to this 'perfect storm'. This multiplier effect has increased the pressures on the world's most vulnerable people. The signs are troubling.

The economic crisis is predicted to substantially slow down global efforts to eradicate poverty. Hard-won ground is being lost. All estimates point to the fact that progress on the Millennium Development Goal target of reducing by half the proportion of people living on less than one dollar a day has been slowed or halted by the global economic crisis. For many countries, this new reality might mean failing to achieve their poverty reduction targets. According to World Bank data, it is projected that in 2009 about 100 million more people will be trapped in extreme poverty – living on less than $1.25 a day – than was anticipated before the onset of the crisis, which means that in 2009 the number of people in extreme poverty will still be more than 1.3 billion; that number was expected to be reduced to 1.2 billion.

The cumulative effects of recent global crises have already resulted in a sharp increase in hunger around the world. For the first time, more than one billion people are victims of hunger. In the last year alone, this number increased by 100 million people. Lower incomes due to the economic crisis and persistently high food prices have proven to be a devastating combination for the world's most vulnerable populations.

The data available is still scarce, but case studies and testimonies point to negative trends on all dimensions of health – status of health, the utilization of health services and health expenditures. Malnutrition, especially micronutrient deficiencies, could increase as more households are forced to switch to less nutritious foods. We know that people who do not consume the right amount of nutrients become more prone to health problems, learn less and suffer from lower productivity. Even a few months of inadequate food

THE MULTIPLIER EFFECT OF GLOBAL CRISES

Voices of the Vulnerable: The Economic Crisis From the Ground Up
and nutrition can condemn a child for life. It is estimated that higher food prices in 2008 have already increased the number of children suffering permanent cognitive and physical injury due to malnutrition by 44 million.14

The crisis could equally result in the world losing a new generation. The World Bank predicts that between 200,000 and 400,000 more babies could die each year between now and 2015 if the crisis persists.15 Past studies suggest that girl infants are much more likely to die from the effects of the global economic crisis: a 1 percent decrease in GDP growth is expected to increase the number of girl infant deaths by 7.4 compared with 1.5 boys per 1,000 births.16

The economic crisis also seems to be taking a toll on the psychological health of many vulnerable and poor households. Household surveys and interviews suggest that depression and drug and alcohol abuse could be on the rise. Focus groups in several countries told of the consumption of strong local brews to, as one respondent said, “kill the stress.” Similarly, many people interviewed reported rises in domestic violence. In several higher-income countries, past crises show a close association between economic hardship and suicide.

Early indications show that households are having to cut back on health spending. People are reporting that they are switching from private to public health care services or are avoiding going to the doctor altogether. While there is no conclusive evidence from past crises on whether life-saving interventions decrease in times of an economic downturn, case studies have pointed to increases in adult mortality. This issue needs to be carefully watched.

As government’s fiscal space is squeezed, there is evidence that budgets – based on previous economic projections – will need to be revised downwards. Social expenditures are coming under pressure. The case

2015 Target: Reduce by half the proportion of people living below the poverty line. (42% in 1990)
of HIV/AIDS is instructive. Several countries in sub-Saharan Africa have announced cuts to their annual HIV/AIDS budgets. The Global Fund to Fight AIDS, Tuberculosis and Malaria warns that funding for health programmes should not be compromised as a result of the economic crisis. In order to ensure that progress is not put at risk, the Global Fund is indeed calling on donors to increase their contributions. Even short-term interruptions of drug treatment can have dramatic effects on health, survival rates and increased risks of transmission.

The global economic crisis is expected to have a detrimental impact on education achievements in many countries. Country case studies already indicate negative trends: vulnerable households report difficulties in meeting school costs; children are being moved to cheaper institutions or to schools that provide food or material support. Time and time again, parents who were interviewed emphasized that they were trying to keep their children in school, which they saw as a key to a better future. How many of them will succeed is in doubt: there are a growing number of reports of increased absenteeism, school drop-outs and increases in child labour.

There is some evidence that the cumulative impact of the recent global crises has fanned the flames of social unrest. Regions that are particularly vulnerable to tensions and political instability are reporting increased social tensions within communities. Protest activities, including strikes by government employees, labour sit-ins by industrial workers and demonstrations by the general public, have been reported in the past year throughout the world.

Rising hunger is a global phenomenon. In fact, all world regions have been affected by an increase in food insecurity.

Asia and the Pacific, the world’s most populous region, is home to the largest number of hungry people (642 million). Sub-Saharan Africa has the largest prevalence of undernourishment relative to its population size (32%). The largest percentage increase in the number of hungry people occurred in the Near East and North Africa (+13.5%). Latin America and the Caribbean, which was the only region in recent years with signs of improvement, also saw a marked increase (+12.8%). Even in developed countries, undernourishment has become a growing concern.

Source: Adapted from “Estimated Regional Distribution of Hunger in 2009 (in millions) and increase from 2008 levels (in percentages)”, UN’s World Food Programme, for the G8 Summit in L’Aquila, 8-10 July, 2009.
Vulnerable households have learned to become immensely resourceful in finding ways to survive with less in hard times. Options are often so few that households are sacrificing long-term prospects for day-to-day survival. This choice is never made lightly, as the story of Nesar Uddin, a rickshaw driver in Bangladesh, illustrates:

“Despite working harder these days, I am struggling to provide for my family. Due to the price rise recently, I am now pulling my rickshaw for at least eight hours a day... I know that if I can save some money, then I can continue the education of my children. And unless we continue the education of our children, they won’t be able to do anything for the family and the country in the future. Yet, saving like this is really difficult in the present situation. I think that I need to find some way of earning money other than by my rickshaw because I can’t maintain my family with just half a day’s income. If I cannot do this, then we have no choice.”

What we see in today’s multiplier effect of the crises is that – in contrast to previous shocks – many vulnerable and poor households seem to be reaching the limits of their coping strategies. The margin left to deal with the consequences of the economic recession without risking longer-term negative costs is decreasing. As in previous crises, women and children bear the brunt of household adjustments.

Options for finding new or additional employment are dwindling. Given increasingly competitive labour markets, both in the formal and informal sectors, many individuals report that they are finding themselves in poor negotiating positions with employers or middlemen when seeking additional or new income earning opportunities. Anecdotal evidence suggests that there has been a rise in worker exploitation by unscrupulous employers. Women are particularly vulnerable.
Households are cutting their costs to the bare minimum, often having to further reduce basic expenditures. Case study after case study shows that many families are switching to cheaper diets with less preferred foods. Some households also report a reduction in the number of meals they consume each day. Domestic food prices in many countries continue to be tenaciously high. The consequences are immediate and stark: 100 million more people have become undernourished in the last year alone. This number could further swell.

Men – but especially women – are reportedly walking long distances to collect wild fruits and vegetables. The poaching of wild animals has also been reported. Past experience and emerging evidence show that these types of wild food sources are quickly depleted, and increased scarcity can be the source of greater conflict. In addition, eating wild animals has in the past been associated with the spread of life-threatening diseases, such as Ebola and anthrax.

Households are digging themselves deeper into debt. There are numerous accounts of increased and multiple borrowing, often at exorbitant rates. Begging seems to be on the rise in many parts of the world. In addition, there are signs that in a few cases families are being forced to sell off productive assets.

José, owner of a medium-sized leather workshop in Nicaragua, explains that the crisis has hit him “in the sales, because I live from my sales. But I say to myself, I have to look for alternatives to go forward. How? Well, by looking for new ideas so that my products can be sold in two or three different places, to look for another style, other forms, other places where I can sell my things. And those things are scarce under these circumstances and these subhuman conditions we are living in.”

With everyone in trouble, the family and community safety net is tearing. Slightly ‘better off’ people who in the past had been able to implement positive coping strategies – such as diversifying product ranges or looking for new markets – no longer seem to have these options.

Community-based and other non-governmental organizations still may have some resources to support those in need. However, their capacities are increasingly being drained as they too feel the impact of the global economic crisis.

The past suggests that individuals and households who experience even short periods of vulnerability or poverty may never recover. They continue to suffer long after global and national indictors signal a return to economic growth and stability. At this point, the data on all of these dynamics is sketchy.
Voices of the Vulnerable: The Economic Crisis From the Ground Up

**Impact on livelihood**
- Diversification or change in livelihood activities
- Reduced expenditure on essential to luxury items
- Beginning to sell non-productive, disposable assets
- Increased use of child labour
- Begging for food
- Skip entire days without eating
- Early childhood mortality rates rise
- Increase in overall mortality

**Impact on food sources**
- Change to cheaper, lower quality and less preferred food
- Reduced diversity of food means poor nutrient intake
- Favor certain household members over others
- Consume wild foods/immature crops/seed stocks
- Eat items that are not part of a normal diet such as plants and insects

**Impact on health**
- Reduced size and number of meals
- Appearance of clinical symptoms of micronutrient deficiencies such as night blindness (vitamin A), anemia and increased mortality (within 2–3 months)
- Depletion of body micronutrient stores and lowered immunity
- Increase in number of underweight
- Increase in wasting
- Increase in number of underweight
- Increase in wasting
- Maternal weight decreases

The crisis has shown that many of our global and national safety nets are frayed. Estimates of the number of people who could enter the category of new poor suggest that vulnerable populations may be falling through the cracks in record numbers.

A clear lesson that decision makers have learned is that they need to act fast and in a targeted and sustained manner to minimize the domestic reverberations of outside shocks on their populations. The record has been quite respectable on the first point: Many governments have reacted quickly to the emerging global recession, putting in place a variety of programmes to stimulate growth and domestic demand through, for example, tax cuts, infrastructure spending and employment measures. Some governments have extended the coverage of social protection measures to lessen the burden on their most vulnerable populations.

Jumpstarting Recovery: Composition of Spending as a Percentage of Total

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Spending</td>
<td>27.0%</td>
</tr>
<tr>
<td>Employment Measures</td>
<td>1.8%</td>
</tr>
<tr>
<td>Transfers to Low Income</td>
<td>9.2%</td>
</tr>
<tr>
<td>Tax Cuts</td>
<td>21.5%</td>
</tr>
<tr>
<td>Other Spending</td>
<td>39.8%</td>
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</tbody>
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Based on 22 countries - 10 advanced and 12 developing & emerging economies.

Hitting the right target has been more challenging. In the context of a complex crisis, where multiple global shocks interact, ascertaining who is most vulnerable and in need of assistance is not easy. Vulnerabilities can shift and at times appear in unexpected locales. For an effective response that reaches those who need it most, exact and timely information is required. Some governments, reportedly, have had to shelve assistance plans because they could not be sure that funds would reach those most in need.

In the current crisis, existing social protection programmes may prove insufficient. They have been primarily focused on assisting the structurally poor; that is, population groups already living in poverty before the crisis. But a new vulnerable group has emerged: the near poor, who in the pre-crisis years had managed to lift themselves just above the poverty line. Hit by a succession of global crises, they now lack the means to prevent a slide back into poverty. Social protection programmes need to serve as a helping hand lifting people out of chronic poverty but also as risk insurance against a return to destitution.

Governments have been asked to act at a time when it is likely that their fiscal space has been already severely limited due to their earlier responses to the food and fuel crises. Many of the hardest-hit countries lack the funds to take appropriate actions. Their vulnerable populations cannot be left outside the global response. They will need sustained and, in many cases, increased donor support.

With some early signs pointing to a possible end of the global economic crisis, an urgent need remains to ensure that recovery is equally global, leaving no region, country or population behind. The post-crisis growth path needs to provide a new, forceful trajectory that propels population groups above the poverty line. Recovery must be job-intensive, pro-poor and sustainable.
WATCH LIST FOR LEADERS

In addition to the variables already being monitored, world leaders need to watch for the following red flags:

- Mounting pressures on governments and private philanthropic actors to reduce social spending, especially for public health and education. If this is allowed to take root, the intergenerational transmission of poverty could dramatically increase.

- The onset of natural disasters such as droughts, floods and hurricanes, which can be the last straw breaking the back of overtaxed populations and governments.

- Early indications of the spread of infectious diseases like the H1N1 influenza pandemic. The increasing severity of this pandemic may result in catastrophes for countries hit by the economic crisis and already encumbered by high existing disease burdens and weak public health services.

- The erosion of peace dividends in countries emerging from conflicts. Early signs indicate that foreign investors are pulling out capital and scaling down investments in post-conflict countries. Job creation – crucial for economic recovery and getting ex-combatants off the streets – will be dealt a blow. Huge investments in returning to normalcy could vanish into thin air.

- Early indications of increased social tensions, crime and violent outbreaks in communities around the world.
WHY A GLOBAL IMPACT AND VULNERABILITY ALERT SYSTEM?

Asha-Rose Migiro
Deputy Secretary-General of the United Nations

To deal with a crisis effectively and promptly, policy makers need accurate and timely information. Today a major gap exists in the information that is available when a crisis emerges. As this report shows, we encounter particular challenges in assessing the impact of global crises on the poorest and most vulnerable populations. The lack of data and analysis makes it difficult to develop targeted responses based on needs, evidence and priorities.

The GIVAS is being designed to fill these information gaps. The initiative will link together existing databases and early warning systems. Using new technologies, novel approaches to monitoring and innovations in rapid data collection and aggregation, the GIVAS will seek to create a connective tissue between the various data systems of the United Nations family and its partners. It will make information available in real-time that policy makers and development practitioners can use to design and take appropriate actions.

The GIVAS is a work-in-progress. It must bring together our collective experience and expertise in a flexible and light system that will help us better hear and respond to the voices of the poorest and most vulnerable. We will work with national experts to develop a set of indicators that is highly sensitive to immediate changes in people’s welfare and can be monitored cheaply and easily.

The GIVAS is a truly collective endeavour that underscores the commitment of the UN system to work more coherently and deliver its services more effectively to people in need around the world. Member States’ leader-ship in the development of the GIVAS is indispensable. The System will be designed to address Member States’ needs and will provide an important bellwether of changing vulnerabilities. Our hope is that it will assist policy makers and the UN system to better respond to crises and help protect our common pursuit of the Millennium Development Goals.
1 This quote is from Samuben Bhalijibhai Mackwana, a female construction worker in India. It is cited in Self-Employed Women’s Association (2009), ‘Effect of the Current Meltdown on Livelihoods in the Informal Economy: Voices from the Informal Economy.’

2 Cited in Chinnadaily.com.cn (July 2009), ‘Africa’s Poor Too Far From Summits and Their Agendas.’

3 Latest statistics from ILD (September 2009).

4 Osfam (March 2009), ‘Women Paying Price of Economic Crisis,’ website article.

5 ILO (September 2009), ‘Key Indicators of the Labour Market, 6th Edition.’

6 ILO (October 2008), ‘Global Unemployment Trends for Youth.’

7 ILO (October 2008), ‘Global Unemployment Trends for Youth.’

8 Chaya Manik Sontakke is a member of the Kagad Kach Patra Kastakari Panchayat (KKPKP) in Pune, India. KKPKP is a membership-based association of informal scrap collectors (waste pickers and itinerant waste buyers) in Pune founded in 1993. This case study was written up by KKPKP based on a recent interview.

9 Sufia’s testimony is cited in Institute of Development Studies (March 2009), ‘Accounts of Crisis: Poor People’s Experiences of the Food, Fuel and Financial Crisis in Five Countries.’

10 This quote is from Rana Bahadur Sunar, who told his story to UNDP volunteer writers. For more, see ‘Global Economic Crisis Stories’ prepared by UNDP’s Bureau for Development Policy (June 2009).


13 Jonas’ testimony was cited in Ndhlovu, BS (2009), ‘Social Impacts of the Financial Crisis in Malawi,’ Economic Justice Network of FODCISA: Cape Town.


15 FAO. This information is provided by the Global Information and Early Warning System on Food and Agriculture (GIEWS). For more information, go to: http://www.fao.org/giews/english/alert/index.htm.


18 World Bank (2009), ‘The Impact of the Financial Crisis on Progress towards the Millennium Development Goals in Human Development,’ Internal Policy Note.


20 The interview with Nesar Uddin was recorded by the UN Country Team in Bangladesh for this report. His entire testimony can be viewed at www.voicesofthevulnerable.net.


22 This quote by Madhuben Bhagwandas Parmar is part of a larger study of the impact of the global crisis on the urban informal workforce, which was conducted in ten countries. For the full report, please see www.inclusivocities.org and www.wiego.org.

23 José shared his story with the UN Country Team in Nicaragua for this report. His entire testimony can be viewed at www.voicesofthevulnerable.net.
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Our greatest thanks, however, are due to the individuals who agreed to share with us their stories of enormous hardship and immense resourcefulness. They remind us that macroeconomic indicators, estimates and trends can only reveal so much about the economic crisis. The rest of the story must be told by the people themselves.

If we have learned anything from past crises, it is that we must act fast and then sustain our response to minimize potentially devastating consequences. The necessary decisive response to this crisis will be possible only if we have an equally decisive understanding of who has been affected and how. Knowledge is power, and we must leverage that knowledge to secure the welfare of our peoples.