The Social Impacts of Crisis

Findings from community-level research in five developing countries

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Executive Summary

Background and approach
A year on from research into the impacts of the food, fuel and financial crises in five developing countries, researchers returned to eight of the ten original communities to study how the global downturn had played out over the last year. This report is based on qualitative research undertaken between February and April 2010 in one rural and one urban community in each of Bangladesh, Indonesia, Kenya, Yemen and Zambia.

The social impacts of crisis here refer to the lived human experience of crisis, rather than its non-economic residual impacts. The focus was on how shocks were affecting the reproduction of everyday life, including the material and non-material dimensions of wellbeing as central elements of ‘resilience’, with close attention to gender, age and other sources of difference. The lived experience was situated within the current global risk context, and, amidst indications of emergent global economic recovery, sought to identify signs of recovery in the local economy. It looked at how social protection interventions and local social solidarity and informal support systems were featuring in resilience to the shocks. Finally, it identified issues on which the effects of the crises seemed likely to endure.

Key findings

Early signs of local economic recovery
Signs of local economic recovery were evident in several of the sites, particularly those hit most directly by the global financial crisis. More jobs were available and new factories opening in export manufacturing outside Jakarta and the readymade garments export industry in Bangladesh. The recovery of the rubber price had boosted the local economy in the rubber-producing community in South Kalimantan in Indonesia. Knock-on effects in the local economies were being seen in local trade and services. Compared to the first quarter of 2009, people in these communities on the frontline of the global economy were more optimistic, less stressed, more secure in their livelihoods, and materially better-off than a year ago.

In communities more detached from both the global financial crisis and its recovery, some signs of recovery could also be seen. The tourist trade was evidently picking up around the Lango Baya area in Kenya, with potential although not yet realised positive impacts on livelihoods there. Compared to the year before, there were slight indications of deprivation having eased in the slum communities in Nairobi and Lusaka, the latter very likely the indirect effect of resurgent copper prices.

Compared to the 2009 research, the palpable sense of crisis had receded. One reason was the early signs of recovery, which came as a relief to those hit directly by the global
The Social Impacts of Crisis

financial crisis. But another is that there had also been a process of adaptation in the intervening year, with people apparently becoming accustomed to harder work for lower returns, eating less well, attending school more erratically, and so on. For many of the participants in this research, everyday life had stabilised by 2010, but at a lower level of wellbeing than pre-food crisis. For many of the poorest, the ‘crisis’ had in any case been experienced as normal – merely an exacerbated version of the everyday crises of poverty.

**The affordability of food remains a key concern**

Where everyday life had stabilised at a lower level of wellbeing, the central concern was that food prices remained high and fuel prices had risen again. As the single best indicator of how well people were living, the affordability of food and other essentials was a priority concern in all the communities. With real incomes squeezed by the downturn and inflation, what people could afford to eat was reportedly lower in quality and, particularly in the Kenyan, Yemeni and Zambian communities, in quantity, than was the case before the compound crises struck. In Bangladesh and Indonesia food prices were considerably lower than at their 2008 peak. In Yemen they were slightly lower. But in Kenya and Zambia they remained close to their highest levels; everywhere they were high compared to 2006. The cumulative effects of food price inflation, particularly in a context of economic downturn, meant a protracted period in which real incomes had been eroded. Wages had risen for many, particularly in the formal sector, but nowhere did the adjustments compensate for higher food prices.

Capacities to cope varied widely depending on food prices, the state of the local economy, and access to formal and informal sources of support. As was the case in the 2009 research, there was evidence of creative livelihood diversification. But there were also reports from four of the urban sites of increased competition within the informal sector driving profits down, and/or forcing greater efforts in the pursuit of income. These findings were supported by research from elsewhere, which has identified increasing movement into the informal sector as an important element of people’s ‘resilience’ to the shocks. Women were entering new areas of paid work or self-employment, including in traditional Muslim communities in Sana’a. This did not seem to result from empowerment, but from being forced into low paid, hard work in contexts in which men were no longer able to provide. Conflict around gender roles were reported in Kenya, Yemen and Zambia.

In most of the communities that were re-visited, pressure on household food security had eased somewhat, and while many people were still relying on a small range of cheap foods, more were eating regularly and skipping fewer meals. These slight improvements were not noted in the rural Kenyan or Zambian sites; because this was the first visit to the Yemen communities, we must rely entirely on recall, which suggested that food intake had not improved in the last year.
**Modest positive impacts of public services and social support**

The research picked up more signs that public services, including social protection, were making a difference to everyday life than in the 2009 research. There were slight improvements in healthcare access in several sites, and less evidence of stress and household conflict, apart from in the two Kenyan sites, where conflicts around gender roles appeared to have worsened, and in Yemen, where women reported rising household tensions.

The story on children’s education is somewhat positive: there were fewer accounts of dropout than in the previous year’s research, and in all sites a stronger emphasis on trying to keep children in school across the communities. Some of the poorest continued to struggle to keep children in school, and some children had migrated with their families in search of work. In many contexts, the direct costs of schooling remained a significant obstacle. In addition, the practice in Sana’a of keeping children enrolled but sending them less regularly - to keep costs down or send them to work, for example – will undoubtedly result in lower levels of educational attainment in the near future.

Local informal sources of support remained important, particularly as accessible sources of credit. But a recurring theme was that neighbours and the community in general were less disposed to help each other under conditions when everyone was facing economic hardship.

The community-level findings reported here on social protection are generally consistent with the global analyses beginning to emerge of the kinds of social protection response that have helped staved off disaster during the recent shocks. People’s own analyses of safety net programmes generated insights into how programmes were operating on the ground that are familiar from the pre-crisis period, including the characteristic problems of safety nets: the wrong people were benefiting; many of the needy were excluded; programmes did not take into account what people needed from such assistance or the strategies with which they were coping. Yet people welcomed and relied on interventions that were aligned with their own strategies for coping: school feeding programmes were widely welcomed because they supported many households’ own preferred strategies for coping in ways that enabled investment in the future. By contrast, food-for-work programmes were supporting bare survival, but the labour required was said to be excessive, particularly in contexts of severe under-nourishment.

This crisis highlighted a critical gap in social protection, namely, support and protection for informal sector workers. Evidence from around the world, not only this research, strongly supports the view that this sector has absorbed – and to a significant extent, hidden – much of the impact on the poor and vulnerable, particularly women. Yet in few places were there any signs of support to strengthen this capacity to effectively absorb these shocks. Instead, some informal sector workers reported punitive regulations were
impeding their efforts to diversify. Others lacked capital or access to inputs in what were already crowded markets. The importance of the informal sector and its lack of policy support at this time yield two important lessons from the research on the crises to date. First, that far better macro data are needed on the informal sector, both because it may be a sensitive indicator of the poverty and gender impacts of shocks, and because of its de facto role in responding to them. Results of the present research suggest that better national-level data on the informal sector would reveal more policy-relevant data on the impact of the crisis on the poor and vulnerable, as well as of the extent and nature of resilience in households and local economies. A second lesson is that social protection geared towards the informal sector, and particularly to women workers, offers both protective and productive potential for the working poor in a context of increased global economic volatility.

**The politics of social protection during crisis**

Some government commitments to act in response to the crisis showed signs of being under-resourced. An initiative to increase access to agricultural inputs in Zambia in practice doubled the beneficiary numbers by halving the benefits being distributed. While social protection provision had been expanded in Bangladesh, some new commitments to expanding the social safety net made in mid-2009 had not materialised by early 2010. It is not yet known whether this signalled that the resources were not available, or that capacities to deliver them were too weak to deal with the scaled-up provision. Public spending on the social sectors, particularly social protection, will continue to need to be monitored into at least the next fiscal year, as the full impact of the downturn on revenues, growth, ODA, budget deficits, and the capacity and commitments to social protection provision will become clearer.

As the full impacts of the crisis on public deficits and national budgets become clearer over the next year, the extent of the impact on social protection and public service regimes will also emerge. It is worth noting in this context that the research findings include suggestions that citizens continue to expect governments to be act to protect them against shocks; they may not necessarily recognise the global nature of shocks and the limited scope of the intervention options available. In this context there may be powerful political imperatives for governments to be seen to be acting at precisely the moments at which their scope for action is most severely curtailed.

**Enduring harms**

Several of the impacts of and responses to the downturn appear likely to result in harms that persist. The nutritional impacts of protracted periods of lower quality diets, particularly in contexts of chronic malnutrition, are well known, and were not covered here. Social cohesion appears to have weakened overall since the start of the food crisis. However, the evidence in 2010 is more mixed than that for 2009, highlighting again the
relative severity of the food crisis compared to the global financial crisis for most poor communities. In some places, particularly those where the recovery has begun, there are signs that social relationships are being repaired. In places where food security remains a serious concern, social fragmentation and family breakdown, appeared to have worsened over the last year. This was most notable in Kenya.

In some ways, there will not be a return to the status quo. Other research, particularly by ODI, Oxfam and the World Bank has produced several examples of how the crises have already shifted power relations, so far through a renegotiation of the terms of engagement between state and economy. The best example documented by Oxfam research is how the copper mining sector in Zambia succeeded in having copper taxes dropped at the peak of the commodity shocks. This represented a significant lost opportunity to finance public services in a context of chronic poverty (Green 2009). Another example is from colleagues at SMERU, Jakarta, who suggest that labour flexibilisation has increased since the crisis, possibly with the crisis catalysing a process already underway. This has left workers worse off, but firms more resilient. For garment workers in Dhaka, by contrast, serious labour unrest started with the onset of the food price crisis and peaked as the global financial crisis struck the industry. Workers there believed labour militancy had demonstrated the need for more responsiveness by employers, eliciting better working conditions in a rising market. So while in some contexts, powerful groups appear to have been among the ‘winners’ and the less powerful the ‘losers’ from this crisis, this may not be the case everywhere.
1. **Introduction: Accounts of Crisis one year on**

In early 2009, a qualitative study of the impacts of the food, fuel and financial crises was undertaken in ten communities, one rural and one urban location in each of Bangladesh, Indonesia, Jamaica, Kenya and Zambia. Commissioned by the UK’s Department for International Development (DFID) in advance of the April 2009 G20 meeting, the study aimed to generate rapid insights into how poor people were experiencing the series of global shocks that started with the food and fuel price spikes of 2007-8, and then turned into world recession as the financial crisis struck later in 2008. The focus on people’s experiences aimed to complement macro-economic assessments of the unfolding crisis with human-scale evidence of how the effects were being borne and responded to by those at the economic and social margins. The report from that study, *Accounts of Crisis*, was one of several such exercises that sought to ground policy perspectives in how the ‘Triple F’ crisis was affecting people’s lives and livelihoods.¹

Eight of the original ten locations were re-visited in 2010.² Based on research undertaken between February and April 2010, this report presents findings about how people in communities in Bangladesh, Indonesia, Kenya and Zambia lived with the downturn and the beginnings of the global economic recovery over the previous 12 months. It also presents findings, for the first, time, of experiences of communities in Yemen, a country which received less attention during this period.

What follows is a fine-grained analysis of a global economic shock focused on people in particular places. It reports on how people whose views on global macro-economy are rarely heard saw these changes, and on how they understood their own and others’ responses to them. While attempts have been made to situate these people and places and responses within their wider macroeconomic context, this account of the social impacts of crisis of necessity focuses on a tiny fraction of the world population whom it in fact affected. It does not aim to and cannot substitute for either larger-scale quantitative assessments of the impacts on income, employment or poverty, or of assessments of the state of the macro-economy in any of these countries. It offers a small window onto a vast crisis, but one which makes it more possible to focus on the human details of these events than a more panoramic view typically affords.

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¹ In early 2009, studies focused on the human impacts of the compound crises of the food, fuel and financial shocks included qualitative work undertaken by Carrie Turk and Andy Norton of the Social Development Department at the World Bank, by 2010, amounting to several rounds of research in more than ten countries; the network WIEGO (Women in Informal Employment Globalizing and Organizing) undertook research with its own members, published in August 2009 (WIEGO 2009); Oxfam International has produced a series of studies, with a focus on women in Southeast Asia (eg Miller-Dawkins et al 2009).

² Two sites, in Bekasi, Jakarta, and Mirpur, Dhaka, were also visited on other occasions during 2009, enabling a more detailed picture to be built up of how events unfolded during the year in those locations.
1.1. Timelines of crisis: cumulative effects of complex shocks

The research is about people’s experiences and responses in a particular moment - a specific stage in the recession-recovery cycle. But unlike snapshot macroeconomic indicators, people’s experiences and responses at any given moment reflect the accumulated effects of price volatility and economic downturn, as well as the more localised and idiosyncratic shocks that compound their effects.

In March 2009, the research highlighted a moment when the effects of the global financial crisis were beginning to be felt through commodity and export markets, but the food and fuel crises were by no means over. At that time, all of the communities researched had endured a protracted period of high food and volatile fuel prices. The effects on real incomes and consumption were cumulative and enduring, not the one-off shock implied by a ‘price spike’. Global commodity and economic shocks had interacted with regional and national events: political transitions, sometimes troubled (notably in Kenya, during the violent aftermath of the 2008 election) and climate-related events, including long-term drought (again, in Kenya), floods and cyclone (particularly Bangladesh) and more localised flooding and droughts (Indonesia, Zambia, Jamaica). All of these interacted with regular ‘hungry’ seasons and idiosyncratic risks to produce what were termed ‘complex compound crises’ (see Figure 1; Hossain et al 2009).

The February-April 2010 period in which the present research took place is a time when the global economy shows signs of definite, if uneven recovery (IMF 2010a; see Table 1).

Table 1 Global economy, selected indicators, 2007-11

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>World trade volume</td>
<td>7.2</td>
<td>3.0</td>
<td>-14.4</td>
<td>4.3</td>
<td>6.2</td>
</tr>
<tr>
<td>Real Global GDP growth</td>
<td>3.9</td>
<td>1.7</td>
<td>-2.2</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>Consumer Prices*</td>
<td>2.0</td>
<td>3.1</td>
<td>-0.2</td>
<td>1.1</td>
<td>1.7</td>
</tr>
<tr>
<td>Commodity prices (US $ terms)</td>
<td>17.1</td>
<td>21.0</td>
<td>-21.6</td>
<td>5.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Price of oil ($/barrel)</td>
<td>71.1</td>
<td>97</td>
<td>61.8</td>
<td>76.0</td>
<td>76.6</td>
</tr>
<tr>
<td>Interest rates $, 6-month, per cent</td>
<td>5.2</td>
<td>3.2</td>
<td>1.2</td>
<td>1.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Remittance flow to developing countries</td>
<td>n/a</td>
<td>16.7%</td>
<td>-6.1%</td>
<td>n/a</td>
<td>N/a</td>
</tr>
</tbody>
</table>

Source: World Bank (2010b); 2010 and 2011 are projected; *G-7 countries

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3 The serious poverty impacts of the commodity price ‘spike’ were recognised early on. The July 2008 G8 summit was warned that rising food prices could push 105 million more people into poverty (World Bank 2008a). By October 2008, World Bank researchers estimated average increases in the populations living in poverty in some West and Central African countries of between 2.5 and 4.4 per cent (Wodon et al 2008). By 2010, the food price crisis alone (excluding the effects of the global recession) was estimated to have increased global under-nourishment by 6.8 per cent, some 63 million people (Tiwari and Zaman 2010).
The first quarter of 2010 is also a moment when food prices remain high in many developing countries, particularly in Sub-Saharan Africa (FAO 2010). While down compared to their 2008 peak, domestic staple food prices remain generally above pre-2008 prices, and the World Bank food benchmark index registered a 23 per cent increase over 2009 (World Bank 2010).

Timing is significant in the interpretation of the research findings presented here because it is central to understanding the multi-layered nature of the shocks as their effects accumulate in people’s lives. As Figure 1 illustrates for Zambia, when signs of macro-economic recovery began to emerge in May 2009, people had already experienced some 20 months when real maize prices had been above their June 2008 levels. Episodes of high food prices overlapped with parts of the regular pre-harvest hungry season, in a country where 64 per cent (78 per cent rural and 53 per cent urban) of the population was estimated to be poor in 2006, before the onset of the food price shocks.4

Figure 1 Timeline of crisis and recovery in Zambia


While early 2010 is a time of global economic recovery, then, understanding the social impacts of crisis requires sensitivity to the cumulative effects of a protracted period of high food prices overlaid by the impacts of economic downturn over time. What snapshot macroeconomic indicators cannot describe is how these cumulative effects consume people’s coping capacities, progressively undercutting their resilience over time unless replenished through productive

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economic activity and public or social support that result in nourished, healthy bodies, re-stocked assets and savings, and renewed investments in human capital (Green et al 2010).

1.2. Conceptualising social impacts of recent global shocks

This section draws on learning from rapid early monitoring efforts to develop a conceptual framework for analysing the social impacts of recent global shocks (summarised in Figure 2). A general point is that the ‘social impacts of crisis’ are treated not as the non-economic residual impacts, but as the lived human experience of crisis.

A core theme in discussion of the crisis has been ‘resilience’ – the idea that people and institutions have the flexibility and resources to adapt to cope with shocks in ways that do not permanently deplete them. To investigate ‘resilience’ to the shocks, we borrow from Perrons’ work on the social impacts of globalization, placing at the centre of the inquiry questions about how shocks affect ‘the material reproduction of everyday life, or how people obtain their needs and wants on a day to day basis’ (Perrons 2004: 4). This is represented as at the centre of Figure 2. To cut global economic shocks down to a researchable human scale, a specific question is, ‘how well have people been doing?’ including both the objective economic conditions of everyday life and the subjective responses these evoke, using a social conception of wellbeing (McGregor 2007). The core concern with impacts on day-to-day social reproduction – the work of provisioning, caring, investing in the future - entails analysis at different levels: household, community, national, global. It also builds-in sensitivity to gender and other power differences, including the uncounted cost of the unpaid additional work of coping, often by women. This focus on the everyday should highlight patterns of social reproduction that are either consistent with a notion of resilience as ultimately low-cost coping (e.g. short-term rise in working hours), or which indicate routinized strategies likely to result in enduring harms (e.g. school dropout, avoiding costly healthcare, sex work).

Households strive to improve their wellbeing within a context of rising global risks (Evans et al 2010). Regardless of whether they experience or can trace direct impacts from such shocks, the wider context within which they live is structured by the global risk context. It is represented in Figure 2 as the backdrop against which social reproduction must take place. The global risk context in 2009-10 includes continuing commodity price volatility (see section 1.1), implying the need to monitor the cumulative effects of food and fuel price volatility (as noted above), as well as the downstream effects on poor households of the financial crisis-induced global economic downturn (Lustig 2000; Mendoza 2009; UNDP 2009; World Bank 2008b, 2008c).

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5 Crisis Watch, an initiative to enable such learning, has been linking research, policy and practice with the aim of strengthening people-centred crisis monitoring activities. The framework presented here draws on discussions taken place as part of the Crisis Watch initiative. See www.ids.ac.uk/go/crisiswatch.

6 See the WIEGO study for a particularly effective multi-level analysis that framed the everyday lived experience of crisis within analysis of the global economic origins of shocks and enduring failures of national policy regimes to protect the livelihoods of women informal sector workers (Horn 2009).
Figure 2 Conceptualising the social impacts of recent shocks

- Global risk context
  - Commodity and financial shocks
  - Climate-related events
  - Global governance

- Public response to crisis
  - National politics of social protection
  - Public services
  - Responsiveness, fairness

- Social reproduction
  - Wellbeing
  - Gender, age, power
  - ‘Resilience’

- Pace and nature of national and local economic recovery
  - Quality and quantity of jobs
  - Winners and losers

- Local social solidarity and support
  - Access to services and opportunities
  - Voice and participation
By February 2010, it was clear that some national economies had weathered the storm better than others, drawing attention to increasingly visible signs of recovery in the local economy, represented (somewhat optimistically) by the upward arrow in Figure 2 (see McCulloch and Grover 2010; Oxfam 2010). Maintaining the focus on wellbeing draws attention to issues of quality and equity within the recovery: what kinds of economic opportunities are opening up, and for whom? To what extent does recovery entail return to the pre-crisis status quo?

The uneven impact of the 2009 downturn has raised questions about why some developing countries mitigated the impacts more successfully than others (Economist Dec 31st 2009). One possibility is that countries where the poor were more lightly affected or ‘resilient’ were those where large-scale social protection programmes were in place, and scaled up at speed (Ravallion 2009). Evidence is now beginning to emerge of the role played by social protection provision in shaping the human effects of the crisis. As Figure 2 suggests, the national politics of social protection is a critical factor shaping whether and how fast social protection is provided, as well as for whom, and under what conditions. While close analysis of the politics of social protection policy is beyond the scope of this research, it is possible to explore the part of that politics which plays out in people’s own experiences. Key questions are: who gets what? How fair and how fast is the process? How well does social protection provision succeed in supporting people’s own strategies for pursuing wellbeing?

Access to official social protection is often determined by local authorities mandated to select beneficiaries, which is one reason local social solidarity and support can be vital to people’s capacities to cope with shocks. This is represented by the double-ended arrow in Figure 2. It is known that local institutions, particularly faith- or kin-based charity, can be an important, if uneven, source of protection against idiosyncratic risks in poor developing countries. Evidence of how poor people have coped with the Triple F crises indicates that household- and community-level coping strategies have borne much of the burden in contexts where official social protection was effectively absent. How well can local customary support systems be expected to hold up in a context of global or national shocks? Which groups succeed in making claims on official or local support? By their universal nature, global shocks seem likely to undercut the moral claims to community membership on which poor people may otherwise depend for access to local support. The moral basis for community is similarly likely to be endangered by declining social cohesion in the face of increased competition for public resources, fewer resources (time and money) for social activity, and the rise in conflict, crime and violence that may accompany economic shocks.

1.3. Methodology and approach

The conceptual framework outlined above was developed into a qualitative methodology designed to concentrate on everyday life and the communities and local economies within which it is lived, yet remain sensitive to the global dimensions of the shocks. Research was conducted by teams led by Lead Country Researchers between January-April 2010. The research was small in scale, involving ten locations in five countries. The aim was to capitalise on the previous round of research in eight of those sites to gain a sense of processes at work
when households and communities face shocks of this magnitude and complexity. The expectation was that being able to explore change in everyday life over time would generate more robust evidence of what was going on inside the black box of ‘resilience’ – of its costs, who was bearing them, and how resources for coping were being depleted or restocked as the downturn and the parallel food price volatility proceeded.\(^7\)

**Site selection and tools**

Eight of the ten communities had been selected in 2009, not on the basis of their representativeness of the country (which would be impossible), but on their a) degree of global economic integration; b) poverty and vulnerability levels; and c) research partners’ previous experience of working with the community. Sites met these criteria to different degrees. Several of the sites, including the new sites in Yemen, were selected because researchers had previously worked there, or had support through NGO programmes (for example, ActionAid Kenya in the rural Kenyan location). Annex Tables A1 and A2 provide summary descriptions of the communities.

Within each location, efforts were made to re-interview household members and to organise focus group discussions with the same people or those from the same occupation groups as previously. Focus groups were organised around occupation groups identified as vulnerable to or affected by the downturn. Attention was paid to gender differences in impact, partly through organising separate women’s and men’s focus groups. In addition, key informant interviews were conducted with local authorities, local leaders, representatives of community-based organisations, businesses, NGOs and faith-based organisations. A wide range of participatory and qualitative techniques were used, including matrix ranking and scoring exercises, participatory institutional analyses, food and fuel price timelines, wellbeing ranking, time-use exercises, as well as observation and informal discussions.

**Ethical considerations**

Doing research face-to-face with those at the sharp end of the downturn comes up against ethical challenges. The familiar challenge of doing research with people who are hungry or extremely deprived was particularly acute in some locations. Each of the research teams dealt with this according to local practice around participation in research. Researchers were careful to explain the purpose of the research, and to stress that it would result in no direct benefits (for example, new projects), although efforts would be made to ensure these accounts received a wide hearing. More practically, focus group participants were provided with food and refreshments, or nominal compensation for attendance were made, in line with standard local practice.

The nature of the research also entailed tackling sensitive issues, such as family breakdown or sex work. In most (not all) cases, this was dealt with by framing discussions around what ‘other people’ do. This has implications for the nature of the data generated: rather than personal

\(^7\) The point about the depletion of resources for resilience was first made by Duncan Green and Richard King based on their multi-country study for Oxfam.
testimonies, this generated once-removed attitudinal data. But as the researchers were familiar to many in these locations from their previous work, more sensitive topics were also discussed, sometimes working with institutional or other carers to enable individuals who had experienced severe harms to tell their stories. Some accounts are distressing personal testimonies of deprivation and abuse. These jar with technical policy discussions about the downturn, giving rise to the risk that presenting these accounts will be seen as sensationalist. Because the overriding ethical concern was the need to document what was uncovered about the social impacts of crisis, some of this evidence is presented here.

**Advantages and limitations of the approach**
The approach adopted enabled the collection of data which enable a more penetrating analysis of strategies for coping and therefore of the true extent of ‘resilience’, getting behind the aggregate figures to give an account of how people are adapting and the likely consequences. For example, from migrant workers in Jakarta it emerges that while aggregate employment in the export industry has recovered compared to early 2009, terms and working conditions have worsened. Nominally, wages have increased; in practice, rising job insecurity, the use of short contracts and production targets coupled with high basic costs have meant many workers feel worse off than a year ago.

Some general lessons may be drawn about the overall patterns of impact on everyday life and wellbeing in different settings, but the lack of representativeness means there are clear limitations to generalisations from these findings. In general, qualitative research findings contrast with the more optimistic picture afforded by recent macroeconomic assessments, for reasons that include the following:

- Vulnerability bias: qualitative studies characteristically focus on vulnerable groups, therefore concentrating on the worse-off rather than the average
- Resonance: individual accounts of hardship often have emotive resonance, and therefore more power than statistics
- The cumulative effects of multiple shocks: as noted above, the crisis has had several dimensions to it.

Policymakers and others trying to make sense of what has occurred will clearly benefit from research that combines both approaches. For the present research, the specific findings for each location cannot be extrapolated into a national account of impacts, but can point to issues that merit further investigation, and generate insights into the larger processes at work, as captured by large or nationally representative surveys. For two of the countries included in this study, Indonesia and Zambia, a parallel exercise is taking place to integrate analysis of the qualitative research findings with household survey data. The aim is to combine the advantages

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8 This applies particularly to the December 31st article in The Economist, which made a strong case for suggesting that developing countries have escaped the downturn relatively lightly.
9 At a recent meeting of the Crisis Watch network, Carrie Turk explained that she has been working with colleagues at the World Bank to produce country assessments that combine the qualitative work she has been leading on with more conventional economic assessments.
of qualitative insights with those of survey data to give a more detailed and multi-layered account of the social impacts of crisis which is also representative.

Specifically, the initial round of qualitative work in early 2009 has been used to provide hypotheses about the groups most likely to have been affected by the crisis and the possible pathways through which the impacts have been felt. Nationally representative household data was then obtained for both countries and used to test the hypotheses generated by the qualitative exercise. In the Indonesian study, household survey data is available from just before and just after the crisis, allowing a direct assessment of the immediate impact of the crisis, disaggregated by groups suggested by the qualitative work (McCulloch and Grover, 2010). In Zambia, household survey data from after the crisis is not yet available, but detailed price data exists covering the period. This has been used to simulate the likely impact upon households of the price changes reflecting the food and financial crises. These quantitative analyses using nationally representative data have also been able to highlight weaknesses in data collection (e.g. on migrant workers in Indonesia, or wage data in Zambia). They have also thrown up some surprising findings (e.g. real wage increases for employees in Indonesia) which have then been taken up by the second round of qualitative studies. In this way the quantitative and qualitative studies are intended to complement understandings of the impact of the crisis in these two countries.
2. Community case studies: Bangladesh

Research was conducted in February-March 2010 in Notun Bazaar, in Mirpur, Dhaka, and a village in Dhamuirhat, in Naogaon district in the northwest. Notun Bazaar is a busy slum settlement with a highly mobile, economically active population, the majority of whom are ‘people of the broken river’ – climate change refugees who lost their land in the island region of Bhola to river erosion. Notun Bazaar (‘New Market’) people face the constant threat of eviction from the area in which many have lived for over 20 years; this remains the greatest single risk in their collective life. The village in Naogaon, by contrast, is an agricultural community with a high concentration of extremely poor people. The Dhamuirhat village is far from any big – or even small – cities, but is on the border with India. The research team were familiar with both communities, which is partly why they came to be selected for the 2009 research. An interim research trip was made to Notun Bazaar in August 2009.

2.1. Signs of recovery

Signs of recovery have been strong in Bangladesh, where the impacts on growth have been less severe than in other Asian countries (Figure 3). The effects were so mild compared to the drama of the food price hike of 2008 that one Notun Bazaar resident remarked: ‘yes, we heard about the global economic crisis, but it didn’t come here’.

Figure 3 Recession and recovery, real GDP growth in Bangladesh and comparators

Economic recovery was most evident in Notun Bazaar in the readymade garments (RMG) industry. For the local economy, RMG employment is an important source of regular cash incomes, particularly for younger people. The knock-on effects are felt through spending on rent, food, travel and entertainment, and in rural homes of origin, as many workers remit to support extended families (see Box 1). By February 2010 workers noted the recovery of the
sector after a brief period of decline in mid-2009 (which in longer-term perspective resembles an exaggerated seasonal dip more than a secular drop). During the February 2009 research, the effects of the global financial crisis were being felt as a ‘Walmart effect’ – the global recession was boosting demand for cheap Bangladeshi products. There was plenty of work, but new jobs were in factories classified by workers as ‘bad’ – sub-contractor units with poor records on compliance with labour regulations and social standards, known to pay wages late or erratically, if at all, and in which workers’ welfare was a low priority (Hossain et al 2009). As Figure 4 shows, the RMG sector was still growing compared to the same period in the previous year, in contrast with other exports which took a sharp hit early on during the global downturn.

By August 2009, the RMG sector had taken a hit, and workers were facing job losses, factory closures and no overtime. At its worst, sectoral growth was -9.7 per cent compared to the same period in 2008, but this was a decline from a high of 32.5 per cent growth in 2008 (CPD 2010). The decline in growth slowed in late 2009 (GoB 2010).

The manufacturers’ association estimated that 80 factories had closed since 2008, 25 in June and July 2009 alone. Smaller sweatshop and sub-contractor units which had benefited from the initial ‘Walmart effect’ proved unable to last the course when the downturn finally hit orders, and a number of these ‘bad’ factories closed and were bought by larger companies. Two factories in the Notun Bazaar area closed in the past year, one leaving a three month backlog of unpaid wages, for which workers unsuccessfully lobbied the manufacturers’ association.

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10 Many thanks to Masrur Reaz and Adam Jackson for highlighting the seasonal dimensions of the impact on the RMG sector.

Industry anecdotes suggest around 400 units closed in 2008-9, or less than 10 per cent of the more than 4,500 registered units. As many smaller units were unregistered, the full extent of the closures may not be known. A significant proportion may in any case have closed as a result as the regular business cycle, and not because of the financial crisis (Rahman et al 2009).

Workers explained that the larger companies that were buying up the failed units were better employers – wages and overtime paid regularly, benefits and bonuses provided. Some factories employing local people were also selling subsidised rice to factory workers. The manufacturers’ association was also believed to have become stricter about labour regulations, and workers reported cases where workers who were fired unjustifiably and without being paid owed salary successfully sought compensation.

**Table 2 Crisis and recovery: different impacts on different livelihoods**

<table>
<thead>
<tr>
<th>Occupation group</th>
<th>Direction of change and explanation, 2009-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers</td>
<td>↑ Cultivating more land this year because fertilizer and seed prices are down</td>
</tr>
<tr>
<td>Agricultural labourers</td>
<td>↑ Wages have not increased since 2009, but more days of work are available</td>
</tr>
<tr>
<td>Van driver (rural)</td>
<td>↑ Always a good occupation, but good harvest means more transport work</td>
</tr>
<tr>
<td>Rice trader (rural)</td>
<td>↑ Rice traders took some big hits because of fluctuating rice prices in 2009. More stable and predictable prices are better for rice traders</td>
</tr>
<tr>
<td>Garments workers</td>
<td>↑ More and more stable job opportunities since last year, and there is less conflict over payment of wages, bonuses and lay-offs now than in 2009</td>
</tr>
<tr>
<td>Electrician (urban)</td>
<td>↑ Many more slum-dwellers are connected to electricity than a year ago, and many more televisions – hence growing demand for electricians</td>
</tr>
<tr>
<td>Rickshaw-pullers (urban)</td>
<td>↑ Less conflict over fares, fares slightly increased, more people using rickshaws</td>
</tr>
<tr>
<td>Housemaids (urban)</td>
<td>↔ Wages increased since the 2008 price hikes, but this has meant they have broken even</td>
</tr>
<tr>
<td>Day labourers (urban)</td>
<td>↔ Wages increased since the 2008 price hikes, but this has meant they have broken even</td>
</tr>
<tr>
<td>Waste traders (urban)</td>
<td>↓ 2008 was a year of exceptionally high profits for the recycled waste industry as prices for scrap metal and other recycled materials were extremely high. Recycled waste profits took a hit in 2009, and profits have come down greatly. This group remains among the most affluent in Notun Bazaar</td>
</tr>
<tr>
<td>Vegetable trader (rural)</td>
<td>↓ Vast profits were made in 2009 when vegetable prices were sky-high: last year they did not do so well when prices came down</td>
</tr>
<tr>
<td>Waste pickers (urban)</td>
<td>↓ As waste traders were earning lower profits from the recycling centres, they paid lower rates to waste pickers (mostly children)</td>
</tr>
</tbody>
</table>

Source: FGD with agricultural wage labourers, farmers and traders, Dhamuirhat, March 4th 2010

While some improvements in working conditions were held to be seasonal (high season for garments production is October to March), some, such as subsidised rice sales and improved compliance with labour regulations were innovations which workers credited to labour unrest. Workers (and other local residents) noted the decline in worker militancy in 2010. Worker protests against low wages, often involving violent clashes and attacks on factories had been common in industrial areas, starting in 2006. In June 2009, six factories were burned down
outside Dhaka, and others were vandalised in protests involving some 20,000 protestors.\textsuperscript{12} Special ‘industrial police’ units and industrial area security committees have since been set up to police the sector. The manufacturers’ association position is that militancy is fuelled by externally-driven attempts to sabotage the sector. However, trades unions and worker representatives have consistently stressed the need for higher wages in a context of food price inflation, arguing that the price of essentials has doubled since 2006. In 2010, demands were made for the monthly minimum wage to rise to Tk 5,000 from the current level of Tk 1,662.50 (US$72 compared to US$24, at April 14 2010 exchange rates).\textsuperscript{13}

In Dhamuirhat, economic recovery took the form of increased agricultural production, mainly because agricultural input costs have come down. Compared to February 2009, farmers cultivated larger areas of land, which has meant more work for agricultural wage labourers and transport workers. In a livelihood change ranking exercise, men noted that most of the main occupation groups – farmers, agricultural labourers, van drivers – had improved their livelihoods over the last twelve months, and the only group that had not done well was the vegetable traders. Even rice traders – traditionally a group believed to do well out of episodes of food insecurity – were believed to be better off under the more stable food prices of 2010, as extreme volatility reduced returns on their investments in 2009 (Table 2). It is not only Dhamuirhat that was hit by high fertilizer prices in 2009: fertilizer supply was lower nationally than at any time in the previous five years (see Figure 5), and prices were unusually high (Table 3). In response to the fertilizer crisis of 2008, the new Government that came to power in January 2009 introduced new fertilizer subsidies (CPD 2010: 21).

\textbf{Table 3 Local fertilizer prices, 2008-10 (in taka)}

<table>
<thead>
<tr>
<th></th>
<th>Official estimates at farm level (kg)</th>
<th>Local prices (50kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>May 2008</td>
<td>December 2008</td>
</tr>
<tr>
<td>Urea</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>DAP</td>
<td>39</td>
<td>90</td>
</tr>
<tr>
<td>TSP</td>
<td>34</td>
<td>75/80</td>
</tr>
<tr>
<td>MoP</td>
<td>30</td>
<td>45-48</td>
</tr>
</tbody>
</table>

Source: Local prices from FGD in Dhamuirhat, March, 2010. Official estimates from CPD 2010

\textsuperscript{12}‘Ha-Meem factories burned down’, \textit{The Daily Star}, Tuesday, June 30, 2009.

\textsuperscript{13}‘Garment workers demand minimum pay hike to Tk 5,000’, \textit{The Daily Star}, Sunday, January 24, 2010.
Most occupation groups were materially better off than a year ago, but there were also crisis-related changes in the non-material conditions of work that mattered to people. Garments workers felt that industrial action that peaked at the height of the global economic crisis had contributed to greater responsiveness to workers’ demands by factory owners. Rickshaw pullers noted that at the height of the food price crisis (2008), conflict frequently arose with passengers around payment of fair fares. But by 2010, fights had stopped as passengers could afford rickshaw fares, and these had increased slightly (see Table 2). In Dhamuirhat a year ago, a combination of push factors (less agricultural wage labour available because of high fertilizer prices and less cultivation) and pull factors (high fertilizer prices domestically encouraging cross-border smuggling from nearby India) had pushed many agricultural wage labourers into risky but lucrative fertilizer smuggling. One explained what had happened since:

Cycles with Indian fertilizer never stopped coming down this road [before]. But it has been a year since Indian fertilizer has stopped coming as now the price of fertilizer in Bangladesh is lower than India, and supply is sufficient too. Now it is possible to get fertilizer from any of the shops after this government came to power, whereas before we had to queue. Also the quality of the fertilizer of Bangladesh is better and smaller amounts are required. So now we have stopped smuggling fertilizer from India.

2.2. Resilience and coping

In general, day-to-day life was more manageable for people in both Notun Bazaar and Dhamuirhat in February 2010 than in 2009. While the economic recovery was part of the reason, for many, the fact that food prices had come down and stayed low for much of the preceding year mattered most. A recycled waste trader explained that even though his profits were markedly down, his family was on balance better off, as the price of rice had been lower much of the year. People in both places attributed lower prices to actions by the new government to control food costs. This appears to be partly due to timing: shortly after the new

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14 This issue merits further attention. It seems more plausible that improved working conditions reflect rising demand for labour in the post-crisis recovery period. Nevertheless, militancy was widespread and of great magnitude. The BGMEA response (stronger security for factories against worker militancy as well as stricter regimes to enforce compliance with labour regulations) suggests that workers’ beliefs that militancy taught factory owners a lesson may have some basis.
Government took office, real food staple prices reached their lowest level for almost three years (see Figure 6). While the incoming Government committed itself to significant and highly visible new spending on social protection, agriculture and food security, lower food prices experienced through most of 2009 are likely to owe more to the relative decline in global commodity prices compared to 2008 and to price stabilisation actions by the caretaker regime in power at the height of the price spike (PPRC 2009). By February 2010, the price of staples had again risen sharply over the preceding week possibly as a result of trade speculation in late 2009 (FPMU 2009); coarse rice was retailing at Tk 27.50/kg, compared to Tk 22/kg in November 2009 (FPMU 2010a; 2010b). But compared to early 2009, when people had experienced the cumulative effects of a long period of high food prices, February 2010 was a time when for many, capacities to cope had been replenished. Recent food inflation was a concern, but possibly seasonal, and Government had already acted by arranging for subsidised food sales. In general, people were eating somewhat better than 12 months ago, even if the quality of diets was still lower than before the 2008 food crisis.

**Figure 6 Food prices and key events in Bangladesh, 2007-10**

![Food prices and key events in Bangladesh, 2007-10](http://www.fao.org/giews/pricetool/; accessed 31/03/2010)

Of greater immediate concern was the higher cost of cooking fuel, again partly seasonal. Women were more concerned than men, because of their cooking responsibilities. Poor women in Dhamuirhat noted that in addition to seasonal volatility, the twigs on which they previously relied were increasingly scarce. The result was considerably greater effort – further travel and triple the amount of time needed to gather sufficient fuel.

Reports of school dropouts were rarer than a year ago. An NGO school teacher in Notun Bazaar said that dropouts had halved, from 10 in 2008 to no more than four or five in 2009; similar

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15 The Awami League was elected with an overwhelming majority in the December 2008 elections, after a two year period of non-party military-backed Caretaker Government rule.
rates were reported in other branches. The headteacher of the registered primary school in the Dhamuirhat community reported that in 2008, 15 students had dropped out, compared to only seven in 2009. Changes in child labour were mixed, illustrating that its supply is not only driven by the push of poverty but also by the pull of lucrative work available for children. Waste picking, a common activity for slum children, had become considerably less lucrative over the year, and fewer children were said to be actively involved in this trade than during its 2008 peak. In the rural community, a small number of children continued to be drawn into the brickfields, despite wages being low there as brick prices and demand dropped with a downturn in the construction trade. The manager of the local brickfield and local people explained that children had started working in the brickfields two years previously, at the height of the food price crisis. The garments industry in urban areas also continued to draw whole families into migration. Some older children were known to have dropped out of school to migrate to work in the garments factories in the last year.

**Box 1 A garments’ worker’s account of the crisis**

In February 2009, Roni had recently returned to work after recuperating from tuberculosis. When food prices began to rise in 2008, Roni’s wife Sonia (also a garments worker), his parents and two children were all living in Notun Bazaar. The cost of living rose so dramatically that in April 2008, his parents and children returned to the village, where they could live more cheaply.

In August 2009, Roni was at home during the day; there was no work that day, and no overtime in the previous three months. Roni and Sonia’s joint basic wages only came to Tk 5,000 in July 2009, making it difficult to remit their usual Tk 2,000 to his parents. With overtime, they had earned as much as Tk 10,000 in early 2009. Roni was thinking of moving to an Export Promotion Zone (EPZ) where better paying jobs were reportedly to be had. In the meantime, he was selling a television and their mobile phone to keep costs low.

By February 2010, things were looking up. Roni’s basic salary increased in January, as did his co-workers’. Both Roni and Sonia were getting regular overtime, and sending Tk 3,000 home. But basic pay remains low, and pressure to raise productivity increased: workers may be denied sick leave, and harsh disciplinary measures are meted out by supervisors. Work pressure is partly seasonal, but in his view, ‘this peak season is certainly better than other years. This year the peak season will stay two-three months more than a regular year’. Roni sees this as evidence of strong demand, and is again thinking of changing factory, as high demand for experienced workers means better wages should be attainable. His eye is currently on a factory where he believes he can earn Tk 3,500 and Sonia Tk 3,200. They brought their daughter back to Dhaka in January 2010, and admitted her to a school for a fee of Tk 1,000 (monthly fees of Tk 250). Roni spent Tk 1,200 on a mobile in February and is planning to buy a bed worth Tk 4,500. He has already repaid a Tk 11,000 loan for his television, and is repaying his grocery shop loans. But they have not yet been able to re-start paying into the insurance schemes that he opened on behalf of his children.

There were also positive signs with respect to health. There was considerably less evidence of high stress levels, domestic conflict and health-related shocks than a year ago. In addition, in
The Social Impacts of Crisis

the rural area, people reported that new systems in the sub-district hospital had improved management, so that access to medicines and doctors had considerably improved in the last few months. This was a source of great relief to poor women, who had previously relied on traditional healers (kabiraj) and bazaar pharmacies for their healthcare.

2.3. Protection that protects

In both communities, people attributed the period of lower food prices through 2009 – the vital determinant of material wellbeing - to actions of the Government that came to power in early 2009. While there are good reasons to believe that actions by the previous regime were more important (see PPRC 2009), the present Government has signalled its commitment to expanding social protection. Budget allocations to the social sector (health, education and safety nets) increased by 19 per cent in the financial year 2009-10 (CPD 2010). While efforts were also being made to improve delivery mechanisms, by December 2009 it was clear that expenditure and distribution of these new allocations were proving greater challenges than they had been under the previous caretaker regime (Rahman et al 2010).

The rural community in Dhamuirhat felt the positive effects of the increased spending on agriculture in the stimulus package and 2009-10 budget through fertilizer subsidies. Rural people also noted increased coverage of the targeted Primary School Stipends scheme, and the new provision of ‘tiffin’ or the school feeding programme for rural children, to be valuable support. Allocations to safety nets increased by 26 per cent, mainly through expanded programmes, particularly the Open Market Sales of subsidised rice (Rahman et al 2010). One study found that subsidised rice and later other food items sales in 2007-8 were considered most valuable during the peak of the food crisis (PPRC 2009: 22), and it seems that this remains an important visible element of the official response. Subsidised food sales were valued more by the Notun Bazaar residents than by their rural counterparts, for whom the costs and time involved in travelling to the distribution centre and queuing would outweigh the small amounts it was permitted to buy. In addition, as women in both communities noted, the ‘controller chal’ smells bad when cooked. Notun Bazaar women complained that the cheap rice was a mixed blessing, as it had to be eaten immediately: this meant additional effort for women because meals had to be cooked fresh rather than once daily, requiring more fuel, which women were responsible for collecting. Nevertheless, as rice prices rose, the subsidy could mean a considerable saving - although at considerable additional costs to women’s time and labour.

Findings were mixed in relation to both NGO micro-credit provision and private charity. Beggars in both communities felt that the support on which they had once relied had not rebounded; quantities of rice and cash given were lower than before the food crisis; they had to work far harder for what they received, and endure more abuse; and the numbers of beggars was believed to have increased. By contrast, the manager of the shrine at which hundreds of poor people, including recent migrants to the city, find food and shelter, reported that contributions had increased in the last year; however, he attributed this change to new regulations that had
relaxed restrictions on musical entertainment in the shrine\textsuperscript{16} that had been in place under previous regimes.

With respect to microfinance, rural NGO officials and local leaders noted that coverage had increased to around 90 per cent of households. The branch of a large national NGO showed us that its portfolio had remained more or less the same in terms of disbursement levels and rates of default. While expanded NGO coverage was found in Dhamuirhat, the reverse was true in Notun Bazaar, where the only local NGO office, that of a TMSS-managed rickshaw rehabilitation project office, had withdrawn from the area, after the end of the project. They had relocated their office outside of the slum, near the more settled and middle class ‘\textit{mohalla}’ area, and reported that they had stopped providing loans to waste merchants, rickshaw-pullers and others from the slum, as they had proven to be poor credit risks.

In both areas, there were improvements in security. In Dhamuirhat, fertilizer smuggling had declined, making livelihoods considerably safer and more legal than they had been a year ago. In Notun Bazaar, a new community policing committee had been set up in the last year, and more disputes were being resolved locally.

\textbf{2.4. Harms that persist}

While in general, people in Notun Bazaar and Dhamuirhat are managing day-to-day life better than a year ago, it should be stressed that enduring negative impacts on the quality of food intake in a context of high levels of chronic under-nutrition are likely to have lasting effects on the overall nutrition, health and educational attainments of the population.

Some groups have persistently fallen through the net, being left out of most forms of support available. In Dhamuirhat, local authorities have prevented NGOs from providing credit services to a neighbourhood of squatters. Many of the poorest are likely to have left the rural area in search of work, often in the garments industry, and so we will not have met some of those whom the crises have impacted on the worst. A pregnant woman met in Notun Bazaar in February 2009 who had recently been abandoned by her husband had left by February 2010. Local residents related that her daughter had died, she had ‘sold’ her newborn son to a \textit{mohalla} woman, and left in search of work. Again, someone who had felt the worst effects of the crisis was excluded from the research.

\textsuperscript{16} \textit{Baul} or folk singers visit the shrine, and the music attracts large numbers of visitors and therefore donations.
3. Community case studies: Indonesia

Research was conducted in February-March 2010 in the village of Gandasari, in Bekasi district, just outside Jakarta, and in a community in Banjar district in South Kalimantan. Gandasari houses hundreds of migrant and local workers in the nearby industrial complex, one of the largest in the SE Asia region. Most Gandasari residents depend on the export factories – either directly, as employees, or indirectly, because they provide accommodation, food or other services to export factory employees. Villages in the Banjar community are predominantly rubber tappers and farmers, although until recently, services associated with local coal production and transportation had also been important. The research team had conducted research in the Banjar community before the first research trip in 2009. Several additional visits have been made to Gandasari since the first February 2009 visit, enabling a detailed picture of how the drop in exports has unfolded for export sector workers.

3.1. Signs of recovery

Banjar: the price of rubber recovers

Signs of recovery in the Banjar community are dominated by the rise in rubber prices, in an area dominated by rubber farming (see Table 4). The year to September 2008 saw wet rubber prices stable at Rp 8,000 per kg, but the price had bottomed out at Rp 3,000 a month later. The price remained low through most of 2009. Rubber farmers say it remains slightly lower than before the 2008 shock, apart from a brief rise in January 2010 to Rp 9,000-9,500.

Table 4 Rubber and fertilizer prices in Banjar, 2009-10 (rupiah/kg)

<table>
<thead>
<tr>
<th></th>
<th>Feb 2009</th>
<th>Aug 2009</th>
<th>Nov 2009</th>
<th>Feb 2010</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High quality</td>
<td>3,000-4,000</td>
<td>3,000-4,000</td>
<td>4,500-5,000</td>
<td>8,000-10,000</td>
<td>Price from village trader varies depending on the quality of rubber lump</td>
</tr>
<tr>
<td>Low quality</td>
<td>1,500</td>
<td>..</td>
<td>2,000-2,500</td>
<td>2,500-6,000</td>
<td></td>
</tr>
<tr>
<td>Lump</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urea/50kg</td>
<td>65,000-70,000</td>
<td></td>
<td></td>
<td>75,000</td>
<td>Subsidised fertilizer must be purchased through farmers’ groups; reported to be phased out by May 2010</td>
</tr>
<tr>
<td>TSP</td>
<td>5,000</td>
<td></td>
<td></td>
<td>4,000 or 350,000/50kg sack</td>
<td>Supply limited in Feb 2010</td>
</tr>
<tr>
<td>SP36</td>
<td>20,000</td>
<td></td>
<td>5,000</td>
<td></td>
<td>Cheap but limited supply in Feb 2010</td>
</tr>
<tr>
<td>NPK/50kg</td>
<td></td>
<td></td>
<td></td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Ponska/20kg</td>
<td>40,000</td>
<td></td>
<td></td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Round Up/litre</td>
<td></td>
<td></td>
<td></td>
<td>50,000-65,000</td>
<td></td>
</tr>
</tbody>
</table>

Source: FGDs with rubber tappers, rubber farmers and village leaders, February 13-14th 2010
The recovery of rubber lump prices is a relief for rubber tappers, who work for a share of the rubber on others’ land, and the small plantation owners, who collectively make up most of the 1,143 households in the village. Local rubber traders do less well when prices are high: profit margins remain the same, but they lack access to the capital needed to buy when prices are high. One sign of the recovery of rubber is that most of the 50 villagers who had left to try their luck in illegal mines in Sulawesi have now returned and are farming or tapping as before. Another indicator of moderate recovery is that whereas a year ago, motorcycles bought on credit were being repossessed, this is no longer happening – although there is no new credit for motorcycles available.

Access to fertilizer has become a problem in the past year, however. Some fertilizer prices are high compared to February 2009, while cheaper options are unavailable or only available in small quantities (see Table 4). An official from the local Plantation and Forestry offices noted that lack of access to fertilizer is the main reason for low rubber plant productivity in the area.

**Banjar: coal transportation stopped**
The rubber price slump combined with demand for local land with its significant coal deposits has resulted in a recent rise in land sales. Local authorities have recorded 11 such sales since the global crisis struck, but believe that this underestimates the true level of land sales by about 30 per cent, as it excludes many private sales within the village. But the coalmining sector has taken a recent hit, with transport of stockpile coal on public roads banned from July 2009. Ten local mines which lack private road access have closed operations, while a small number with access to the port remain in operation. The biggest impact has been on manual labourers and coal truck drivers, which make up the second largest occupational sector. There has also been a knock-on effect on services such as the warung where coal truck drivers used to rest. A local Energy and Mining department official noted that production had dropped from 7 million tons in 2008 to 5.3 million tons in 2009, although revenues to local authorities from coal mining (allocated to education and health services) had not significantly reduced during the period.

**Bekasi: export sector employment recovers**
The local economy in Bekasi, heavily dependent on employment in the West Java industrial park, has seen recovery in the export sector. Figure 7 summarises changes over the previous 12 months as reported by former and current export sector workers, local residents and village leaders. In February 2009, employment was contracting and a number of factories had closed, with knock-on effects on the local economy. Figures from the marketing department of the industrial complex suggested a drop in worker numbers of around 6 per cent by January 2009, although local people estimated that around 10 per cent of permanent workers had been laid off, while 40 per cent of contract workers had not had their contracts renewed. These findings were consistent with analysis of household survey data, which found that up to February 2009,

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17 It is not clear whether the termination of temporary workers’ contracts would show up in official records.
unemployment rose most for the under-25 age group: this would include the majority of contract workers in the export sector in Bekasi (McCulloch and Grover 2010).

The small magnitude of the rise in unemployment recorded in household survey data to February 2009 compared to qualitative research findings about the impacts on (mainly) migrant workers may reflect the fact that the survey sample effectively excludes many in this group, including ‘[l]odgings with more than 10 people and people whose daily needs are provided for by a foundation or organisation, such as a prison or dormitory’ (McCulloch and Grover 2010: 9). Miller-Dawkins et al note that official employment statistics record a slight reduction in the open unemployment rate by February 2009, suggesting that the official figures do not capture the full extent of the lay-offs (2010). The findings of the present research suggest that the informal sector may have absorbed some of the job losses (also Miller-Dawkins et al 2010). However, survey data analysis indicates that the magnitude of increased informal sector employment up to February 2009 was small, seasonal, and mainly in the February-August 2008 period, before the financial crisis struck (McCulloch and Grover 2010). One conclusion appears to be that as currently collected, official statistics are likely to be inadequate for capturing the impacts on migrant workers in the export sector, and may therefore significantly underestimate the effects of the financial crisis on employment.

Figure 7 Reported changes in export sector employment in Bekasi, 2009-10

<table>
<thead>
<tr>
<th>February 2009</th>
<th>August 2009</th>
<th>February 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment shrinks</td>
<td>New jobs from the second quarter of 2009</td>
<td>New factories opening</td>
</tr>
<tr>
<td>Few new jobs</td>
<td>More selective recruitment procedures - height and age restrictions applied</td>
<td>Many new jobs</td>
</tr>
<tr>
<td>Short working hours - no overtime</td>
<td>Companies recruiting workers as ‘interns’ (month contracts) and ‘peons’ (daily wage labour)</td>
<td>Selective recruitment procedures continue</td>
</tr>
<tr>
<td>No promotion to permanent worker status, more contract work</td>
<td>Some overtime now available</td>
<td>Strong preference for women workers under age 22</td>
</tr>
<tr>
<td>Job-seeking through labour companies</td>
<td>Migrant workers setting up local food stalls</td>
<td>More overtime</td>
</tr>
<tr>
<td>Many migrant workers return home</td>
<td></td>
<td>Numbers of migrant workers increase – up around 50%</td>
</tr>
<tr>
<td>Dormitory accommodation vacant</td>
<td></td>
<td>Many dormitories full, new accommodation constructed</td>
</tr>
<tr>
<td>Knock-on effects on local economy</td>
<td></td>
<td>Workers mainly contracted through labour companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>‘Under the table’ payments to labour companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Need for networks for jobs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intern/ peon conditions persist</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More piecework</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More pressure at work, output targets</td>
</tr>
</tbody>
</table>

Source: FGDs with export sector workers, local residents and community leaders, February 2010.

By August 2009, during the second research visit, people in the Bekasi community were estimating that up to three quarters of all contract workers had lost their jobs. In this area, at
The Social Impacts of Crisis

least, the worst impacts of the financial crisis were felt around mid-2009. Local reports are consistent with national manufacturing export trends, which fell by 23 per cent in 2009 compared to 2008. Many migrant workers returned home, while others were doing casual work in the informal sector, had moved into domestic production, or were looking for work. Employment had been increasingly scarce until July 2009, when new jobs began to be available.

By February 2010, export sector work was widely available, and many new migrants had arrived in the area, in some reports doubling the migrant population. Local authorities confirmed the recent rise in migrant numbers, noting that two new sub-villages had been formed in response to the rising numbers of residents, and new accommodation had been built. Migrant associations have become more prominent in the area.

3.2. Resilience and coping

Food prices are still considered high in both communities, but the problem appears less acute than was in February 2009, primarily because people are generally better off. This seems primarily due to the recovery of the rubber and export sectors, and the knock-on effects on local businesses and services such as food stalls, motorcycle taxis and in the case of Bekasi, of rental accommodation. The effects of the stimulus package were being felt through a number of new credit programmes in both Banjar and Bekasi. Most appear to have coped well with the high food prices and economic downturn of the last 12 months. Many had curbed cigarette, leisure, clothes, or cosmetics spending during the worst period, although spending on these items was on the rise by 2010. People were generally careful about their spending, buying in bulk or from stores offering deals, and less from local food stalls than previously. But there was no sign of cutting down on quality or quantity of food.

In Bekasi, several factory workers who had undergone periods of unemployment, several short contracts and struggled to find work were evidently affected. Several reported stress and anxiety, continuing to struggle to make ends meet and to remit money back to families when they had regained jobs. Basic wage rises did not compensate for the high costs of food; as short term contract workers, wages were not supplemented with benefits previously paid (meal, transport and other allowances). In Banjar, people spoke of school dropout as a likely effect of the crisis, but a local primary school headteacher disagreed, noting that there had been no dropouts at that level in 2009. In fact, the low rubber price had even meant that regular absenteeism among older students helping their parents tap rubber had been low: ‘Crisis or no crisis, it is the same, it depends on the price of rubber’.

Some land and coal truck sales had taken place in Banjar, and several women in both locations reported having sold some gold to tide them over difficult periods. Financial service arrangements found to be in use in both locations included:
- a new group-based women’s savings and loans programme under the national government PNPM programme in Banjar
- loans to small businesses under the provincial government’s Raksa Desa programme
• *Arisan* (a local form of ROSCA)
• Bank *keliling* (motorcycle moneylenders, who charge a high rate of interest)
• Food stall credit
• Gold loans: an arrangement whereby the creditor gives the debtor gold and she then repays in cash with interest. This is believed to avoid the un-Islamic practice of usury and is reportedly common in Bekasi.

### 3.3. Protection that protects

The fiscal stimulus programme amounting to 1.4 per cent of GDP (World Bank 2010c) included some new expenditures on local infrastructure through the National Community Empowerment Programme (PNPM Mandiri) (Titiharuw *et al* 2009; World Bank 2009). However, it is not yet clear how this will impact on the two communities, as implementation channels and phasing of PNPM activities differ between locations. Some PNPM activities pre-date the crisis or the stimulus package. In Bekasi, PNPM has focused on infrastructure, while the provincial government *Raksa Desa* fund has also spent Rp40 million on road works and a further Rp60 million on a revolving loan fund to small businesspeople. Interviews with the programme coordinator suggest that repayment rates have not been high, although the programme is considered successful, and has to date made loans of Rp750,000 to 75 local recipients. The new women’s credit and savings group in Banjar under the PNPM Mandiri has also been popular. Despite some initial protest and tension around the identification of beneficiaries, the programme has proceeded successfully, with good repayment rates.

In neither location has the extension of free health coverage proven to be a great advantage. Government health centres are either too far to be of use, or people complain that medicines given are inadequate, low quality or inappropriate for their ailments. The village head in Banjar said that the local clinic often ran low on medicines or provided only paracetamol, a view confirmed by local residents. Most preferred more accessible or responsive private services.

The Raskin or rice for the poor programme was still in operation in both places, but local leaders said quantities had declined compared to previous years. In Banjar, the 2010 allocation was 130 50 kg sacks, compared to 190 in previous years, although the quality of the rice had improved, so that there was local demand for it. In Bekasi, the 2010 allocation was 2-3 tons, compared to the 4 tons in 2006. The cash transfer programme BLT similarly had seen a slight decline in recipient numbers, from 207 to 205; but a local official noted that this had come at a time when those eligible for BLT had doubled in number. The group most directly affected by the downturn - the laid-off migrant workers – are generally not eligible for raskin, BLT or other sources of official support unless they have officially become residents.

Migrant associations emerged as a more important source of moral and material support during the 2010 research. These are mostly based around areas of origin, but members stressed that they were not exclusive. The rise in numbers of migrant workers and the apparent new importance of migrant associations as sources of support is indicative of social divisions, but
local people stressed that these had not turned into sources of conflict. This is despite the fact that migrant workers had entered into direct competition with local residents by setting up food stalls, a development which seems to have led to declining food stall profits.

The arisan or rotating savings schemes, some of which had stopped a year ago, are now in operation again, although fewer in number than before the crisis. Credit from food stalls remained an important source of day-to-day support for many. Other sources of support in the last year have included support for school supplies, through corporate social responsibility programmes of factories in the industrial complex in Bekasi.

3.4. Harms that persist: the trend towards labour flexibilisation

Trends in working conditions that had begun to emerge in August 2009 remained in place. Overall, these amount to a significant increase in the flexibility of labour, and to generally worsening conditions for workers. As Figure 7 summarises, these include (unlawful) discrimination on age, gender and physical condition criteria in recruitment, resulting in ratios of women to men in the new factories as high as 7:1. The Workforce Supply Coordinator for the village noted that women are preferred because they are more ‘obedient, less troublesome, more diligent’. Other aspects of increased flexibilisation of the workforce included the use of piece work and ‘putting out’, daily wage labour or ‘peon’ contracts, ‘intern’ or short contracts (typically of one-month), and other short contracts, typically of three months. Workers also noted that compared to before the crisis, they were more likely to have to rely on labour outsourcing companies and to have to make ‘under the table’ payments of around Rp 1,000,000 to receive work, or to rely on their own networks of workers already in factories to access jobs. Working conditions were also said to have worsened, with increased pressure to achieve outputs and shift work.

Basic wages had increased by ten per cent in 2009, in line with the regional minimum wage, and in response to union pressure (Miller-Dawkins et al 2009). But workers complained of compulsory overtime and no additional benefits such as meal or transport costs, which had previously been provided. Workers with whom we spoke were clearly dissatisfied with their working conditions. One woman employed as a contract worker working night shifts, a job she took after a six month period of unemployment during the height of the crisis, explained that her health was suffering and she was unable to sleep. Another migrant worker who had experienced several episodes of unemployment during 2009 had quit his job because he was so dissatisfied with the piecework system, an arrangement between the labour outsourcing company and the factory which in his experience meant lower wages as well as additional pressure on worker productivity. Miller-Dawkins et al suggest that the global financial crisis may

18 The regional minimum wage provision came into place with the implementation of regional autonomy in 1999-2000. Provincial and district governments have discretion to stipulate regional minimum wages. The increase varies annually, ranging from 3 to 13 per cent (for 2010). The Bekasi 2009 minimum wage is Rp1.2million, compared to Rp1.3 million in 2010.
have merely reinforced a trend towards labour flexibilisation underway since labour law reform in 2003, citing research that claims that ‘companies used the pretext of the global economic crisis as a way to pressure the bargaining position of their employees for any negotiations on welfare adjustment. It has become a popular trend to spread rumours about the company necessity to take efficiency measures, and to apply a system of increased outsourcing in their production’ (2010: 15).
4. Community case studies: Kenya

Research was undertaken in February 2010 in villages in the Mukuru urban settlement (population of more than half a million) in Nairobi, and in communities in the Lango Baya sub-location, about 50km from the coastal tourist resort of Malindi. Occupations in Mukuru are mainly in the informal sector, some serving the nearby industrial areas, and more concentrated in local petty trading activity. People in the Lango Baya area depend on subsistence farming, with some involvement in the tourism sector. In Lango Baya, the research team worked with ActionAid Kenya, which has longstanding links in the area, including irrigation and other projects. The 2010 research was a follow-up to research conducted in early 2009.

4.1. Slight signs of recovery – with a rising cost of living

The tourists return

Positioned on the road between the coastal resort of Malindi and Tsavo National Park, many Lango Baya people have – or seek – economic connections to the tourist trade, in addition to their involvement in agriculture and trading. February 2010 saw signs of economic recovery in the tourism industry, after a year in which the global economic downturn had hit hard, compounding the effects of the January 2008 post-election violence.19 By late 2009, people in Lango Baya reported an upturn in tourist numbers, consistent with official figures documenting a growth of 44 per cent in the sector in the third quarter of 2009, after a 24 per cent decline in the same period the previous year.20

Green shoots in the tourism industry had not translated into recovery in local livelihoods connected to tourism, however. One reason was that local artisan and cultural groups seeking tourist business were poorly integrated into tourist markets: slightly off the main routes, and dependent on NGO and commercial distribution and marketing networks that failed to guarantee a steady stream of income. Some of these small self-help groups disbanded or diversified in the last year. But others had new orders coming in from Mombasa and Malindi, from retailers gaining from the recovering tourist trade. Farmers who sell wholesale produce locally and to Malindi hotels had noticed little recovery. The costs of leasing land and irrigation were so prohibitive that even when tourist-driven demand was at its height, they had been unable to increase supply to meet it. Lango Baya men employed in tourist resorts felt that while more guests were arriving, the move to ‘all-inclusive’ models where tourists hardly spend any money on these trips, in the previous three years meant fewer benefits for local people.21

19 The ‘hotels and restaurants’ sector contracted by 36 per cent in 2008 compared to 2007, more than any other sector (Kenya Economic Survey 2009 Highlights, Kenya National Bureau of Statistics).
The Social Impacts of Crisis

**Food and fuel price volatility persist**

While food insecurity appeared less acute in Mukuru than a year ago, in both locations people reported food insecurity resulting from persistent high food prices. This finding was supported by recent food security assessments. The Kenyan food crisis predates the 2007-8 global food and fuel price crisis: after five years of drought, the Kenyan Government declared a national food security emergency in January 2009.

**Figure 8 Consumer price index for food, fuel and power (change y-on-y, 2009-10)**

![Image](source: Kenya National Bureau of Statistics Consumer Price Index Monthly Updates)

In February 2010, women in Mukuru calculated that household staples – maize flour and rice – were somewhat cheaper than a year ago, but that prices of other items (kerosene, water, sugar and cooking fat) had recently risen, while purchasing power had not. By contrast, in Lango Baya, poor rains in 2009 had kept food prices high. Farmers again reported irrigation constraints as a major obstacle to increased production, also noting that pest infestation and localised flooding had also negatively affected cultivation in 2009. In both locations, fuel had become unaffordable after recent rises in kerosene and charcoal. Individual experiences of inflation are reflected in national consumer price inflation indices (Figure 1): while some consumer prices dropped in 2009 compared to 2008, they remained high and volatile.

**4.2. Household resilience and strain**

This research centred on how global economic downturn affected ‘the material reproduction of everyday life, or how people obtain their needs and wants on a day to day basis’ (Perrons 2004: 22).

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4). Volatile food and fuel prices have pervaded everyday life in the two communities. Even better-off people in Mukuru reported feeling the effects as shop-keepers, creditors, landlords, and as victims of rising crime; some said they had sold land or dipped into savings to keep businesses afloat.

Table 5 Selected livelihood diversification strategies, Mukuru

<table>
<thead>
<tr>
<th>Type of diversification, by whom</th>
<th>Likely impact, on whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traders and retailers buying smaller units to avoid theft, selling smaller units / cutting margins to maximise sales, selling lower quality products, providing credit, acquiring new credit, using witchcraft to compete with rival traders</td>
<td>Positive for community, local market if increases affordability. Potential debt problems for the poor as debtors. Witchcraft may negatively affect social cohesion</td>
</tr>
<tr>
<td>Women providing local laundry and domestic cleaning services , retailing water, setting up new grocery and prepared food enterprises</td>
<td>Additional pressures on women’s time, physical burdens, and domestic care work. Effects for women’s health, children, older people, the sick</td>
</tr>
<tr>
<td>Teachers investing in several businesses to ensure cash flow, joining ROSCAs</td>
<td>Could affect commitment and time spent on teaching</td>
</tr>
<tr>
<td>Children and youth gathering waste for sale (kuchemba), running errands for traders, babysitting, construction labour, sex work, begging, gambling</td>
<td>Some can be positive learning and earning experiences. School dropout is likely with paid work. Waste recycling is hazardous, and sex work risks exposure to violence, pregnancy and STDs</td>
</tr>
<tr>
<td>Various groups involved in theft, mugging, pickpocketing</td>
<td>Dangerous and illegal, risks exposure to criminal justice system, contributes to declining social cohesion</td>
</tr>
</tbody>
</table>

The effects on the lives of the poor were more direct and more severe. Many were getting by with a combination of ingenuity, social support, and extraordinary effort. Yet the research identified increasing concerns that livelihood diversification was increasingly meaning illegal, environmentally damaging or antisocial activity, as the opportunities for more productive economic activity were exhausted. More people seemed to be reaching the limits of their capacities to cope at home, and were abandoning responsibilities to provide and care.

Livelihood diversification

In both Mukuru and Lango Baya, people continued to try to diversify livelihoods in the face of persistent food insecurity. In Mukuru, joblessness was widely reported to be on the rise, consistent with survey findings that income from casual waged labour, the main income source for around half of poor urban households, had declined by 28 per cent over 2008. Many adult men reported searching routinely and fruitlessly for casual work. Some had moved in with women food vendors (a group experiencing relative food security) or taken to drink, abandoning family responsibilities in their frustration. There were instances of enterprising, positive adaptations: women moving rapidly into prepared food sales, popular because of high fuel costs; children earning pocket money playing organised football matches. When the hotel market shrank in 2008, one Lango Baya farmers’ group distributed their produce free rather

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than letting it rot. Yet many strategies reported had or had the potential for negative impacts on those adopting them, or the wider society (see Figure 9).

Household wellbeing
The single best indicator of how well households are doing is how well they are eating. Moderate improvement over the last 12 months was the pattern for many – but not all - in Mukuru. There, schoolchildren reported that their households were now eating two meals a day; a year ago they ate only one. But in Lango Baya, most people reported eating one meal daily, of ugali and vegetables. People living with HIV/AIDS explained that they ate twice daily, but needed to eat more for their antiretroviral (ARV) drugs to work. Across households, children were reported to be fed first, but adults reportedly shared the remaining food, without preference being given to men. Figure 2 captures the range of reported household responses, and the effects of the strain on household provisioning.

Figure 9 Strains on household provisioning

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>QUALITY</th>
<th>SOCIAL DIMENSIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skipped meals</td>
<td>Lack of diversity (ugali and veg)</td>
<td>Children eat first, adults share leftovers</td>
</tr>
<tr>
<td>Eating once a day</td>
<td>Non-preferred foods</td>
<td>Borrowing, buying on credit</td>
</tr>
<tr>
<td>Fewer meals</td>
<td>Wild vegetables</td>
<td>Eating at night (absent men do not get fed)</td>
</tr>
<tr>
<td>Smaller meals</td>
<td>Making ‘light’ ugali (bokoboko)</td>
<td></td>
</tr>
</tbody>
</table>

Hunger as ‘normal’
Sickness; ARVs do not work properly
Conflict over gender roles; household fragmentation
Children unable to perform in school
Additional time and effort for women in procuring and preparing food

OUTCOMES OF COPING IN LANGO BAYA

4.3. Protection that protects
A wider range of sources of official support were available in the two communities than had been identified a year ago. School feeding programmes remained popular. For some, these seemed to be a reliable food source that was aligned with households’ own strategies and ambitions for social reproduction. A key failing was that infants and pre-school children could only benefit by some rule-bending (which appears to be routine). By contrast, the Red Cross Food-for-Work programme was widely criticised in Lango Baya, despite providing a significant source of food to poorer households. Complaints included that:
- beneficiary selection criteria were narrow, excluding many in need of food aid; only 12 of the poorest community members were eligible for selection in each village
- the work was excessive: participants had to dig six 2X2X2 feet holes, 12 days per month
• food rations were inadequate (40.8 kg in total), and not adjusted to household size.

Compared to school feeding programmes, FFW was at odds with people’s own strategies in Lango Baya. First, it required considerable physical effort from people experiencing the accumulated effects of five years of food insecurity. Second, only a small number of the total needy could be eligible, encouraging social division and discontent. Third, the infrastructure provided was neither in the local public interest, nor did it build livelihoods for the local poor. Finally, the payments from the FFW were considered exploitative as the workers were not only paid so little, but were also engaged for a whole day, denying them other income earning opportunities.

Credit needs emerged as a prominent theme among the slightly better-off in both locations. Traders, retailers, farmers, and aspiring entrepreneurs all gave examples of credit constraints limiting their activities, highlighting areas microcredit has to date failed to reach.

The widely-held view was that community-level assistance had declined in both locations. People were increasingly ‘selfish’, focused on their own business and families. A women’s group in Lango Baya explained that helping people attracted others looking for help, and people soon learned it was best to deny help to anyone. In Mukuru, people now shut their doors at mealtimes, to discourage visitors hoping for a free meal. In Lango Baya, traders were resorting to witchcraft in the fierce competition for custom. The concern here is that such perceptions indicate that collectively, people have reached the outer limits of their capacities to cope and support each other in coping with the crisis. These findings suggest that this hidden component of ‘resilience’ is a resource that may be nearing depletion in these two communities.

4.4. Harms that persist

Social protection interventions introduced in 2010 will be too late to protect many people in Lango Baya and Mukuru from harms likely to have enduring effects, as a result of the protracted, widely-spread, acute food crisis experienced in these locations. Compounded by the effects of the global economic and national political crises, three types of harm can be identified that are likely to have lasting effects.

The first is social fragmentation: this trend, identified in 2009, has reportedly accelerated into 2010. In both Mukuru and Lango Baya, household-level tensions played out in conflict over gender roles within focus group sessions. Reports of rising household disintegration were widespread, with a particularly common claim that men were abandoning families, typically to move in with women food vendors, as they were unable to cope with the strains of household provisioning. Similar claims were made of some women. Women described how men would drink to get through the day, particularly when they failed to get casual labour. Children, too, complained that women had abandoned their responsibilities in favour of drink, a view that was backed up by a Mukuru school teacher. Social fragmentation also appeared to be occurring at the community level, as noted above, and identified in the 2009 research.
A second persistent harm is the rise in illegal and risky behaviour. The research one year ago uncovered some concerns about rising crime, in particular sex work, as responses to the economic downturn and inflation. These were particularly prominent then in the Mukuru slums. A year on, concerns about rising levels of sex work, among poor women, children and men, were noticeably more widespread. In addition, the research process yielded confirmation, including in the form of personal testimonies, that the protracted food crisis, with its associated pressures to provide and lapses in local social mores, had driven this change. In Lango Baya, there were some concerns that desperation and the casualisation of sex work were contributing to rising HIV/AIDS infection rates. The 2009 research indicated rising crime rates in Mukuru; by 2010, concerns had risen to the extent that additional police had been recruited to try to maintain law and order.

Third, there were indications of environmental depletion. Recent fuel price hikes had encouraged charcoal burning and tree-cutting. In Lango Baya, virtually all households cook using charcoal, produced from burning trees from much-depleted forest cover in Lango Baya. In Mukuru, although virtually all households use charcoal for cooking, the environmental degradation includes pollution from dust, industry and destruction of river catchments and high carrying capacity because of the high densities.

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24 Similar findings were uncovered in Oxfam GB, Concern Worldwide and Care International (2009). ‘The Nairobi Informal Settlements: An emerging food security emergency within extreme chronic poverty: A compilation and synthesis of key food security, livelihood, nutrition and public health data’.
5. Community case studies: Yemen

Unlike the other eight community case studies presented here, the research was conducted in the Yemen communities for the first time in April 2010. The rural community was in Omran governorate, north of the capital, Sana’a. It is a mountainous and drought-stricken agricultural community predominantly engaged in qat production, with some minor subsistence farming, with a high concentration of extreme poverty and malnutrition. The urban community was Noukem in central Sana’a. The main formal sector occupations here is the Yemeni army, but there are also informal sector workers such as taxi drivers, petty traders and vendors and construction workers, as well as some local trades and services. The area is characterised by high unemployment and increasing pressure on living conditions, with increasing numbers of persons displaced by the war and rural-urban migrants in search of daily wage labour. The findings from the Yemen communities are snapshots rather than illustrative of processes of change over the previous year, as is the case in the other sites. However, the research process focused on analysing recent economic changes and their social effects, as experienced by people in the two locations.

5.1. Lagged impact of the economic crisis

The impacts of the economic crisis in Yemen were indirect – and therefore somewhat lagged – rather than directly transmitted through the global financial crisis; growth in the non-oil and -gas sectors slowed in 2009 compared to 2008, partly because of the impact of water shortages on agriculture (IMF 2010b) (see Figure 10. Initial concerns that remittances from Yemen’s 6 to 8 million migrants (including one million in Saudi Arabia), accounting for an estimated 8 per cent of GDP in 2007 (Behrendt et al 2009), would be affected have not materialised to date. More direct impacts were felt through commodity price volatility: despite its dwindling reserves, the drop in oil prices hit Yemen particularly hard, as oil accounted for 90 per cent of export earnings and two-thirds of public revenues (EIU 2010b; IMF 2010b). New investments in natural gas in late 2009 are likely to cushion the blow of declining oil reserves, but oil revenues were down by about 76 per cent in the first two months of 2009, compared to 2008, leading to estimates that the fiscal deficit would increase by 3 per cent and the current account balance by 7 per cent of GDP (World Bank 2009b). By 2010, the overall deficit for 2009 was estimated to reach 8 to 9 per cent of GDP (IMF 2010b).

25 The new liquefied natural gas facility and discovery of natural gas reserves may explain why growth projections for 2010 are high, ranging from 5 (EIU 2010b) to 7.3 per cent (World Bank 2010b); Behrendt et al project 2010 growth rates to decline compared to 2009 (2009).
Food price inflation hit Yemen particularly hard, as an importer of some 90 per cent of its food staples (FAO 2009b). Food inflation (excluding qat\(^{26}\)) rose with global food prices between October 2007 and March 2008; it peaked at 34.3 per cent and then dropped until early 2009. General and food consumer price inflation rates in August 2009 were close to those of a year before, indicating that prices had stabilized around peak levels (FAO 2009b). While IMF estimates of the core consumer price index suggested a significant decline in 2009, EIU estimates suggest it rose again in 2010 to 12.4, and was estimated to reach 13.2 in 2011 (EIU 2010).

**Figure 10 Growth and inflation in Yemen 2004-9**

![Graph showing growth and inflation in Yemen 2004-9](image)

Source: IMF 2010b.

Notes: Figures for 2008 are estimates and 2009 are projections. Core consumer price index = CPI less CPI for qat.

As the only Least Developed Country in the Middle East region, with some 45 per cent of its 22 million people living on less than $2 a day (World Bank 2009b) and ‘alarming’ levels of malnutrition (WFP 2008), the Yemeni poor were particularly vulnerable to food price inflation. In addition, to extreme poverty and dwindling oil reserves, Yemen currently faces what the World Bank (2009b) describes as a ‘challenging’ security situation, including a precarious ceasefire in the north, where the conflict has created between 150,000 and 250,000 refugees or internally displaced people (UNHCR 2009); secessionary movements in the south; and international community concerns that Yemen hosts Al-Qaeda strongholds and training camps, and the impacts on tourism of kidnappings. There are also the effects of climate change, most notably an acute water shortage.

The impact on public services has been cushioned by a number of factors to date. Despite being the only low income country in the region, Yemen receives a small share of ODA, and is considered to have ‘low vulnerability’ to declining aid flows (Behrendt et al 2009). However, it

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\(^{26}\) *Qat* is a plant-based stimulant popularly used in Yemen. *Qat* is the main cash crop in Yemen, more profitable than others by a factor of 10-20. It accounts for about 6 per cent of national GDP, one-third of agricultural GDP, 15 per cent of employment, and an estimated 70 per cent of groundwater (FAO 2009b).
seems likely that any impacts on Yemen’s aid receipts would have a disproportionate impact on public spending on public services for the poor and vulnerable. The original budget for fiscal year 2009 was expansionary, but with oil revenues falling from the second half of 2008, the government cut 50 per cent of non-salary items across all public sector spending. The final impact is not yet known, but estimates for the education sector indicate that a 50 per cent budget cut would shrink the overall education sector budget by some 17 per cent (UNESCO 2009).

5.2. **Persisten inflation amidst economic downturn**

Findings about the social impacts of the crisis in Yemen were dominated by reports that people had been struggling with high food prices for between two and three years. In the impoverished Sana’a community of Noukem, house rents had also increased over the same period, with the most common view being that rents had doubled. The price of gas cylinders (used for cooking) was also high, with reports that the cost of gas cylinders had become highly volatile, increasing from YR 200 at its lowest level two years ago, to YR 1200 or even 1500 at present. However, gas prices were also reported to have dropped during the period of the fieldwork (in April 2010). In Omran, women had returned to using firewood because of high gas cylinder costs, at considerable additional costs in terms of their time, effort and health.

The local economy in Noukem was depressed, with high levels of unemployment and no evidence of new jobs or work opportunities emerging. Young men noted that after the election (2006), promises to provide youth employment had stalled. A trained teacher of the Quran and quranic sciences had been unemployed since graduating with a diploma in 2003. A grocer in the el Sadi area of Sana’a thought that the formal sector had tightened: ‘Three years ago, the university graduate was able to get a job. [And now] he finds it hard to find a job unless he has mediation. If there is no wasata (connections) he can’t find a job’. Formal sector (in this area, mainly soldiers’) wages had increased slightly in 2008, and some informal sector workers had also seen wage increases, but these were not enough to compensate for the inflated cost of living, particularly for the poor (also Behrendt et al 2009). Women in Noukem reported that their soldier husbands’ wages had increased from YR 25,000 to YR 26,000 per month in line with public sector pay increases in March 2008. A construction worker said his daily wages had increased from YR3000 two years ago to YR5000 now; but whereas in 2008, YR3000 could cover basic household expenses, YR5000 is inadequate today (he spends around YR700 on qat and the rest on his family). He also noted that he was getting fewer days of work now than in the past.

For the self-employed, earnings had declined, rather than keeping pace with inflation. A metalworks shop owner explained that his turnover and profit had declined over the past year, in his estimate from as much as YR7000-8000 in 2009, to around YR3000 in April 2010. One reason was the wholesale price of iron, which had increased a year ago; this caused difficulties

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27 This finding was supported by the Yemen country report from the High Level Task Force on the Global Food Security Crisis (HLTF 2009). YR26,000=US$126 as of April 22 2010 exchange rates.
because of the need for more capital, which was being absorbed in the higher cost of living. Local demand for his products (such as coal iron covers) had declined because people were spending a higher share of their income on essentials. He was taking on more repair jobs and selling fewer new items at present. There were no reports in the Sana’a research of returning migrants, but the common view was that job opportunities for Yemenis in Saudi had declined because of the war in the north. Women in Noukem said that more youths had been trying to cross the border to work in Saudi Arabia illegally in the last two to three years, because of economic hardship and absence of work opportunities in Yemen. One woman’s cousins had been smuggled into Saudi, and many people from nearby village were thought to have gone abroad in the past two or three years. Women pointed out the dangers of illegal migration, including being shot at or attacked by dogs; many are known to die along the way.

The community in Omran has seen their earnings squeezed by a combination of three years of drought on the one hand, which had kept agricultural production low, and high food prices on the other, which meant that purchasing food to meet the shortfall from subsistence farming had been less affordable. The costs of irrigation were out of reach for most, but recent rainfall had eased the situation somewhat. Qat cultivation had become more important in the last few years, mainly because it relies less on rainfall than the corn, barley, lentils and vegetables which are the other main crops in this area. At the time of the research, the price of qat was declining seasonally, while food prices remained high, further squeezing local incomes.

High food prices were a major preoccupation for all. The long period of high inflation meant that it proved difficult for people to recall precise prices and periods. However, the consensus was that nominal prices had risen sharply in the last two to three years, whereas wages and earnings had increased less or declined (see Table 6). Although local estimates of the rising cost of essentials appear to be dramatic, they are broadly in line with those of the WFP and FAO, who reported that the cost of essentials had increased by between 29 and 128 per cent between mid-2007 and mid-2008 (WFP 2008), and that prices had stabilised around their mid-2008 peak level by August 2009 (FAO 2009b).

Table 6 Nominal prices reported in Sana’a based on recall, 2007-10

<table>
<thead>
<tr>
<th>Item</th>
<th>2007</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas cylinders</td>
<td>200-300</td>
<td>600-1200</td>
</tr>
<tr>
<td>Flour (50kg)</td>
<td>2000</td>
<td>6000</td>
</tr>
<tr>
<td>Grain (50kg)</td>
<td>3300</td>
<td>5500</td>
</tr>
<tr>
<td>Sugar (50 kg)</td>
<td>4000</td>
<td>8000</td>
</tr>
<tr>
<td>Foul (fava beans) (kg)</td>
<td>50</td>
<td>120</td>
</tr>
<tr>
<td>Meat</td>
<td>25000</td>
<td>100000</td>
</tr>
<tr>
<td>Rent</td>
<td>5000-7000</td>
<td>10000-15000</td>
</tr>
<tr>
<td>Qat</td>
<td>2000</td>
<td>2500</td>
</tr>
</tbody>
</table>

Source: Focus group discussions in Sana’a, April 2010
5.3. *Coping and resilience*

By the time of the WFP survey in 2008, poor Yemenis were estimated to be spending between 50 and 70 per cent of their income on food; fully 97 per cent of surveyed households reported not being able to afford food and other essentials, and one-third of households had a member who had to skip at least one meal in the previous month (WFP 2008). Our study findings, two years later, found that while prices had declined somewhat from their 2008 peak, they remained high, and poor people were still struggling.

People in Noukem reported eating differently – cutting out meat and chicken (except, for some, at Eid); buying smaller quantities; cooking different meals (vegetable stews), and making them stretch more; skipping breakfast (with particular implications for children who have to go to school on empty stomachs and wait till lunch to be fed; see also Jones et al 2009). Women felt that children were worst-affected. In Omran, women contrasted what they fed their children two years ago with the present situation: whereas they could occasionally afford juice, meat or fish, children are now routinely given *mateet*, a dish made of thyme, tahini and yoghourt. One woman in Noukem said:

> Children don’t understand how prices have increased and things have changed, so they keep on asking for food because [in her home] they are now given nothing but bread and tea all day.

One Noukem mother of a year-old infant said that she had stopped buying condensed milk for her (visibly malnourished) baby three months before, as she could no longer afford it. Instead, she was buying the cheapest biscuits and dipping these in tea, but the baby was still hungry. Another woman said they cut out *tabeekh* (vegetable stew) and cheese, and were mainly living on roti bread, made from the cheapest wheat.

Expenditure on other items had also declined. Men reported consuming less *qat* than before, with some young men saying that while they used to chew all the time, they now only chewed on Thursdays and Fridays. Women were also still chewing *qat*, but many felt this was acceptable as it helped people cope by suppressing appetites. Spending on wedding celebrations had also declined. One woman had hosted what was in her view a lavish three-day celebration for the marriage of her son three or four years ago. In 2010, when marrying off her younger son, she had to go into debt for a far smaller one-day event. She joined a rotating credit scheme, borrowed from a relative and sold her gold to finance the event, but is still YR 400,000 in debt.

Many women reported that they cried a lot, indicating the high levels of stress and distress the economic situation was resulting in. One said ‘I cover myself with the blanket, and cry and cry’, and another: ‘When I don’t have anything in the house and I am upset, I beat up the children’. Another woman in Noukem was angry that although conditions were getting worse, her husband would leave them without any money for food, and take the money and go to buy *qat*. Men said they would take *qat*, walk in the streets, and pray and read the Quran.
A striking impact indicator was reports in Sana’a of increasing numbers of women in paid work, in this staunchly traditional Islamic society. Some women explained how the crisis had encouraged them to take on embroidery piecework. They were being paid only YR 500-700 for each piece taking three to four weeks to complete, because they sell via a middlewoman; shop-owners require collateral (e.g., gold) as a guarantee that they will return the embroidered item, and merchants prefer not to deal with them because they are only tenants (i.e., are poor). While home-working may be relatively acceptable, there was wide consensus that in Sana’a, more men were permitting their wives to go out to work, previously seen as a violation of their honour. Educated women have always had more leeway with respect to professional work; but for less educated women to be allowed to work is a new development. Jobs that women were reported to have taken up recently included janitorial and hospital work, domestic service, and within the police and armed forces. While increasing education levels may explain part of this, women tended to argue that the economic situation was driving the shift, out of necessity. One woman described it as:

like being in a room with no windows and no doors and you are suffocating, you have got to do something to get out of it.

Men gave clear indications of discomfort with this new situation. One woman told how her diploma-holding brother had competed with a woman for a job and lost, on grounds that women were preferred ‘because they work harder than men’. One man denied that women in his family were working because this was a matter of shame (although it seemed that several were in fact working). A young woman who had been doing henna work had got into trouble with her family for returning home late, and said her brother objected to her working. The view that women’s paid work had increased recently was supported by a woman community leader and NGO credit programme worker, who had seen more evidence that women were being drawn into paid work.

There were also reports of increasing levels of child labour, particularly begging and vending at traffic lights in Sana’a. While poor women gave examples from their own households of children working, the dominant message was that parents everywhere were trying hard to keep children in school. In practice, children were attending less regularly, sometimes not going when they were hungry, or, in one household of six children, because they were taking it in turns to wear the only pair of shoes owned by the household. But across the Sana’a community, there was an impressive emphasis on trying to ensure children were receiving some schooling. In Omran, many people thought that more children had been removed from school to work, for example by selling qat. This seemed to relate mainly to the rising direct costs of school. In one focus group, the rise in schooling costs such as stationery was the most significant change noted in the previous two years. In addition, by custom, parents are expected to bear teacher’s expenses, such as meals and transport; these had become increasingly unaffordable.

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28 Some people hinted that sending girls out to beg was equivalent to sending them out to do sex work.
Credit was an important means of getting by under these conditions. New NGO activity in the form of microfinance programmes had started up in some of these locations, but some felt the interest rate was too high for it to be useful. Assistance in the form of loans was widely sought, but typically from kin and neighbours. Increased indebtedness was reported, as well as some instances of women selling or pawning gold items.

### 5.4. Protection that protects

The WFP survey in 2008 found that around one-third of surveyed households had received some form of cash or food assistance in the previous six months (WFP 2008). The Social Fund for Development (SFD) established labour intensive works schemes in areas most affected by the food price crisis and the drought, intended to develop public services and infrastructure (for example, water supply and road maintenance), as well as to provide temporary employment. Established in December 2008, this scheme was designed to reach 6,700 families at a cost of just under US$10 million (SFD 2008). Pre-dating the crisis is the Social Welfare Fund (SWF), the Government’s main cash transfer programme, which was reaching nearly one million people in 2006, including 14 per cent of the extreme poor (although with high leakage to the non-poor) (Government of Yemen 2007).

There was considerable awareness of the SWF, including its designated target groups. Many people who were not receiving official assistance felt that those in receipt of the SWF were particularly badly off – in one woman’s view, because the amounts were derisory, and ‘they don’t always get the assistance that is distributed in the alleys in Ramadan. All they can do is go out and beg’. A blind beggar who was receiving the Social Welfare Fund told that he received YR12000 every three months, and that he did not, as a result, get the Ramadan assistance. Other official sources of assistance appeared to have declined or been withdrawn: soldiers’ wives complained that their husbands were no longer receiving any non-cash benefits with their jobs. Youths complained that promised employment schemes had not materialised. However, some local chiefs were mentioned as having helped local people access official benefits, such as pensions or the SWF.

From the field research it was clear that some individuals were receiving official assistance, but that many of the very needy were excluded. The most commonly cited source of assistance in the Sana’a site was during Ramadan or at Eid, when the chief of the alley distributed food items, typically 10 kg of wheat, rice, flour and sugar. This originates with the local councils, and is therefore an official source, sometimes described as from the ‘Conference party’ in reference to the fact that it is distributed at the time of the ruling party’s annual conference during Ramadan. However, many people felt that the distribution of this food often went not towards those most in need, but to those the chief wanted to help. Another complaint was that even the Ramadan assistance was distributed to households or dwellings rather than to families, thereby penalising the poorest families, who were sharing accommodation. And some felt that

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29 Possibly as a result of the recent 50 per cent cut in non-salary public spending.
the amounts had reduced in the most recent round. In Omran, the local council had not provided any assistance to the community.

Although many people reported borrowing from each other to get by, on the whole, there was a sense that informal social support had started to decline. The sense that the impacts of the economic crisis had spread throughout these communities came through powerfully. Perspectives on the decline of local reciprocity included the following:

- People used to be able to help, but not anymore because they too have nothing to give. Now if your child is sick, you can go ask in the whole alley, but you would not find someone to help you. The only person you can borrow from is the grocery shop owner, as we buy from him on credit and then repay him later.

- A couple or so years ago, I used to cook *tabeekh* and bake and cook and people used to drop by and nobody left my kitchen hungry. Now I don’t have enough to eat just bread and drink tea. I now rely on my children’s wives to help me with the food. I am constantly borrowing money in order to make ends meet until the beginning of the month.

In Omran, people could identify no source of assistance through private charity, NGOs or mosque support.

### 5.5. Harms that persist

The worst of the economic shocks may not yet be over in Yemen, and it remains to be seen how the handling of the fiscal deficit will impact on public services, particularly social protection. Evidence from the community-level research indicated several areas in which coping strategies were likely to result in longer-term harms. One was increased reliance on *qat* to cope with food insecurity, which despite reports of declining affordability, may have longer-term physiological and psychological consequences. In one case, the mother of an infant explained that her breastmilk had dried up because of her *qat* consumption, suggesting direct consequences for the health of future generations (see also Government of Yemen 2007; FAO 2009). In Omran, it seemed that *qat* production in a time of drought was effectively squeezing out subsistence farming; there women complained that their men retained half of the *qat* they grew for their own consumption, further limiting household earnings from agriculture.

While efforts to retain children in school are promising, suggesting a strength of commitment to education, the direct costs of schooling have risen, testing that commitment in practice. Reports from Noukem that attendance had become more intermittent, to limit the daily costs of attendance and because of hunger, suggests that there are likely to be significant longer terms costs in terms of the quality of education being received. By contrast in Omran, it seemed clear that the last two years had seen rising dropout rates.
Concerns in Noukem about rising crime, including theft and sexual violence, resulting from increased economic strain also suggest that the effects of economic shocks may have enduring impacts on society.
6. Community case studies: Zambia

Research was conducted in February-March 2010 in Kabwata, Lusaka, and Chikwanda, Mpika district in the Northern Province. Kabwata is a medium to densely populated area, where livelihoods are concentrated in petty trading and local services. Chikwanda community located 12km from the district centre of Mpika acts as a transport hub and business trading area for Zambia –Tanzania cross border traders, but livelihoods are predominantly dependent on agriculture.

6.1. Signs of recovery – but not at the local level

The crisis hit Zambia at a time when it had been enjoying strong economic growth, averaging 5.7 per cent between 2003-8, largely due to a surge in investment following mine privatisation in 2000. Zambia is highly dependent on copper and cobalt exports, and so was particularly vulnerable to the commodity price collapse of the second half of 2008. Copper prices also affect households, through their effects on the exchange rate. Large inflows of FDI and foreign exchange earnings from mineral exports had led to an appreciation of the exchange rate and through to downward pressure on inflation. The dramatic decline in the copper price in mid-2008, followed by the onset of the financial crisis, led to a 40 per cent depreciation of the kwacha between October 2008 and April 2009, and strong upward pressure on inflation (Ndulo et al 2010).

Table 7 Growth and inflation, Zambia, 2005-10

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP (% change)</td>
<td>5.3</td>
<td>6.2</td>
<td>6.2</td>
<td>5.7</td>
<td>4.3*6.3</td>
<td>4.9*6.8</td>
</tr>
<tr>
<td>Annual inflation rate</td>
<td>15</td>
<td>8.2</td>
<td>8.7</td>
<td>16</td>
<td>12</td>
<td>9.6</td>
</tr>
</tbody>
</table>


Zambia has recovered fast from the global financial crisis, partly due to what observers view as prudent macroeconomic management before and in response to the shock. By end 2009, the current account balance and balance of payments had moved into surplus, and growth was projected to recover to pre-shock rates, despite the dramatic drop in the global price of copper and depreciation of the kwacha in 2008; see Table 7; Ndulo et al 2010).30 Global economic stimulus rather than domestic reforms enabled Zambia to cope with the crisis, and the shock meant a lost opportunity for the policies needed to generate the level of growth necessary to tackle poverty (Ndulo et al 2010). Critically, the impacts of the financial crisis have included lost opportunities for generating revenues for public investment in development and social protection, resulting mainly from the scrapping of the ‘windfall tax’ on copper in January 2009 (Green 2009).

30 Copper accounts for around 75 per cent of Zambian exports. A timeline of the crisis is in Figure 1, pp. 4.
There are no indications that poor people have benefited directly from the recovery, mainly because food staple prices have continued to rise. By February 2010, maize prices were still above their US dollar equivalent levels of two years ago, despite the 2009 bumper harvests (FAO 2010; FAO 2009; Figure 1, pp. 4). Observers note that for the poor, the impacts of the financial crisis should be seen in terms of lost opportunities for generating revenues for public investment in development and social protection, resulting mainly from the scrapping of the ‘windfall tax’ on copper in January 2009 (Green 2009). Ndulo et al note that global economic stimulus rather than domestic reforms enabled Zambia to cope with the crisis, and 7 per cent growth is necessary to tackle poverty: ‘[a]s the global recession recedes, the country has lost an opportunity to generate major policies that can support and enhance the growth process’ (2010: 25).

**Kabwata: increased competition in the informal economy**
The recovery had no notable direct impacts on the local economy in Kabwata, Lusaka. Trading and fruit and vegetable-sales remained the most common occupation, requiring little capital outlay and with potential for regular income. A significant change was the increasing number of informal sector workers. This included new entrants moving from the formal sector because of low pay, no stability or lay-offs. In addition, more women were involved in informal activities for survival, often because husbands’ incomes had stagnated while essential commodities continued to increase in price. Informal sector competition in the informal sector has increased, so that traders and food vendors reported that some markets were saturated and they were finding it hard to survive commercially against others who had additional incomes. This had driven down profits, and encouraged further diversification (see Box 2).

**Box 2 A former fruit and vegetable vendor**
I used to sell fruits and vegetables by the roadside. I am a mother of eight children and have been a widow since 2004. My husband was a domestic worker in New Kasama and we had accommodation where he was working. Our children were staying in rural areas with my in-laws. When my husband became ill and was unable to work, we had to go to my husband’s village where he eventually died, leaving me responsible for the family. I came back to the city and continued selling fruit and vegetables but I stopped because I was not getting much profit. I had no money for the bus as I had to travel for longer distances. The police were harassing us and taking away our vegetables because we had no trading licence. I tried making scones at home but there was always need for cash in the home. I was not getting much out of scones. I noticed that women were crushing stones in Kalingalinga in order to make gravel which they sold. I also decided to try my luck. I started pounding stones and my children helped me to collect the stones and we would sell them. We have been making good money, as much as K600,000 a month. In the past few months, I have noticed more people have joined in the trade. I know I will no longer make as much money as I used to do. Life has not been easy ... Life has become expensive and it is difficult to survive, especially with a big family such as mine and the situation is even worse because I look after the family single-handed.
Some traders had stopped activities in the last year as profits dipped due to fierce competition, and many believed that more people had been driven out of business than in the previous year, some because they were unable to raise capital for their activities.

Source: Interview conducted in February 2010

Compared to 2008, when livelihood diversification was stimulated by the food price crisis, the numbers of traders starting new activities remained low. Some people seemed hesitant to experiment in the current economic environment. The few who had started new activities were under pressure to generate more income to meet basic costs, and had to be vigilant about what was in demand at any particular time:

The situation is very tricky. Some of the activities that we diversify into may even be for a day or a week only. You can be involved in one deal that can earn you thousands of Kwacha at one go
(Interview with a trader, February 2010).

Low profits and the continuing lack of capital were reasons offered as to why few of those involved in informal sector trade since the previous year had not succeeded in expanding their activities. Traders commented that: ‘competition is too high’; ‘there are less customers’; ‘goods are becoming more and more expensive’; ‘people do not have money any more’; ‘where they used to buy three tomatoes, they are now buying one’. Informal sector trading activities remained substantially about day-to-day survival, and those interviewed continued to live from hand to mouth, as they had done a year ago. Although a few traders seemed satisfied with their operations now compared to a year ago, most felt their activities had declined, and that that they were working harder. This was of particular concern to women, who felt this compromised their domestic roles.

Box 3 Diversifying into vegetable production

I used to grow vegetables but only enough for household consumption. But now I have increased my production so that I can earn some income. During the last harvest season, I had a very low maize yield. I could not sell anything from what I harvested. I started thinking of what I could do to earn an income and it’s at that point that I decided to go full time into vegetable production.

I get up in the morning at about 4.00 am. I run to my garden to pluck fresh vegetables (leaf, tomatoes and onions). I put the vegetables in a sack and carry it on my bicycle and take them to Mpika main market. The buyers arrive at about 6am so I have to be there to sell my produce. There are few people engaged in vegetable production, so I price my vegetables high, customers of course negotiate for lower prices but I only go down when I want to quickly sell off the produce. I also sell some vegetables within the community. I have even constructed a small shed to protect the vegetables from the heat. There is high consumption of leafy vegetables and so I grow more of these now than a year ago.

Source: Interview conducted in February 2010
**Chikwanda: diversification amidst high agricultural input costs**

In Chikwanda there were no notable changes in local occupations. Most people were still engaged in agriculture and vegetable production, with a few making handicrafts or collecting and processing forest products. Those involved in agricultural production reported that production levels had declined compared to the last farming season.\(^3^1\) Farmers calculated that the average land under cultivation per household in Chikwanda had reduced from 2 limas (\(\frac{1}{2}\) hectare) the 2008/09 farming season to only 1 lima (\(\frac{1}{4}\) hectare) in 2009/10. This was attributed to the high cost farm inputs and inadequate extension services. Maize remained the most common crop grown by most households, followed by groundnuts, sweet potatoes, cassava, beans and soya beans. Lack of access to farm inputs had encouraged some farmers to cultivate cassava, millet and sorghum – crops that do not require fertilizer - in place of maize. One area of change was the increase in the number of households involved in vegetable gardening. Chikwanda has a water furrow, and the good rainfall experienced over the last year had encouraged a large number of people to diversify into vegetable production than previously (see Box 3).

### 6.2. Resilience and coping

**Income and earnings**

Rural livelihoods remain extremely vulnerable, and people in Chikwanda see current agricultural input supply shocks as a major determinant of this increased vulnerability. People reported that agricultural activity had stagnated, real wages fallen, and more people have moved into petty activities. Farmers who were producing for the market have effectively reverted to subsistence production, with 80 to 90 per cent of what is grown consumed by the household, in a context of persistently high maize prices. Among the few research participants who grew surplus for sale, the mean net income generated from maize crop (after deducting costs of production) was almost K154,000. The biggest income generating crops have been maize, followed by groundnuts and beans. But when crops were ranked according to income obtained by actual growers, the crops with the highest returns turned out to be beans, groundnuts and then maize. Households engaged in vegetable production were said to be doing better, with returns on vegetable cultivation averaging K 215,000 per household in the last year.

Low income from agricultural production is closely related to access to agricultural inputs and formal credit. More affluent Chikwanda farmers had productivity levels per land area of between three and four times those of the poorest farmers. However, over the last year even those considered well off saw their productivity levels decline. Household economic differentiation in Chikwanda has increased over the last year. Some households were said to be

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\(^3^1\) Although nationally, the FAO was estimating that more maize cultivation would result from the higher prices and favourable rainfall conditions (FAO 2010).
chronically vulnerable, needing support on a routine basis, while others experienced transitory vulnerability.

In the urban context of Kabwata, there were signs of a trend towards increasing financial responsibility being assumed by women. Even in situations where husbands were present and earning, women’s cash contributions through their informal sector activities were increasingly visible. The need for additional incomes was stressed more than in the February 2009 research. Kabwata men’s incomes were said to have stagnated over the last year, while the cost of essentials had risen. It is worth noting that average monthly take-home pay (nominal wages) for formal sector employees increased fairly significantly between 2007 and 2010. By contrast, nominal wages for ‘blue collar’ workers such as guards in security farms and informal workers such as daily piece-rate based workers stagnated or changed very slightly (Table 8).

### Table 8 Monthly ‘Take Home Pay’, selected occupations 2007-10

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Jan-07</th>
<th>Jan-08</th>
<th>Jan-09</th>
<th>Jan-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurse</td>
<td>748,000 to 2,105,000</td>
<td>936,000 to 2,624,000</td>
<td>1,121,000 to 2,624,000</td>
<td>1,221,000 to 2,874,000</td>
</tr>
<tr>
<td>Teacher</td>
<td>672,000 to 1,193,000</td>
<td>841,000 to 1,485,000</td>
<td>1,145,300 to 1,631,600</td>
<td>1,145,300 to 1,831,600</td>
</tr>
<tr>
<td>Secretary in Civil Service</td>
<td>653,000 to 1,190,000</td>
<td>817,000 to 1,480,000</td>
<td>915,000 to 1,480,000</td>
<td>780,000 to 1,520,127</td>
</tr>
<tr>
<td>Security guard</td>
<td>250,000 to 750,000</td>
<td>250,000 to 750,000</td>
<td>300,000 to 750,000</td>
<td>250,000 to 850,000</td>
</tr>
<tr>
<td>Farm Pieceworker (daily rate)</td>
<td>3,000 to 15,000</td>
<td>3,000 to 15,000</td>
<td>3,000 to 15,000</td>
<td>5,000 to 15,000</td>
</tr>
</tbody>
</table>

Source: Jesuit Centre for Theological Reflection

### Health and education

There was little change in health seeking behaviour since February 2009. The earlier observation made was that despite the hardships, people still sought medical treatment at the health centre in the case of Chikwanda and the public clinic in the case of Kabwata. In Chikwanda, the health centre had been the main source of healthcare since the fee-waiver, but the reduction in health centre budgets since fees were waived had also meant less supply of drugs. This meant that people resort to home remedies or traditional healers if they are unable to afford the drugs they are prescribed. Some people felt that resorting to traditional remedies and self-medication had increased over the last year. For the Kabwata community, the public clinic remained the most important source of healthcare (see Table 9). Reasons offered included its convenient location and reasonable charges, with a K5, 000 fee for a three-month scheme.

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32 The Social Conditions Programme of the Jesuit Centre for Theological Reflection conducts a monthly ‘cost of living’ and “living wage” survey. The living wage is calculated based on employees’ payslips.
Table 9 Changes in health-seeking behaviour in Chikwanda and Kabwata

<table>
<thead>
<tr>
<th>Health provider</th>
<th>Kabwata (urban)</th>
<th>Chikwanda (rural)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Feb 2009</td>
<td>Feb 2010</td>
</tr>
<tr>
<td>Public clinic/health centre</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Traditional healer</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Private clinic</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Home remedies</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Pharmacies/drug stores</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Church</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Key: 1= most likely, 5= least likely. Source: FGDs in February 2009 and 2010

There were few significant changes in school enrolment and attendance, although slightly more cases dropout were reported in Chikwanda, particularly at secondary, and slightly fewer in Kabwata in February 2010 compared to a year ago. Again, the main factor behind school dropout emerged as the direct costs of schooling (see Table 10). Secondary school costs, including tuition and examination fees, rose from K 500,000 per year in January 2009 to K 700,000 in January 2010. In Kabwata, people attributed the lower dropout to families making additional sacrifices to ensure their children go to school. In efforts to ensure that their children get an education. The findings thus suggest that the majority of people are still sending their children to school in spite of the hardships associated with the high school costs.

Table 10 Ranking of reasons for school dropout in Chikwanda and Kabwata

<table>
<thead>
<tr>
<th>Reason</th>
<th>Child needed to help at home</th>
<th>School too far away</th>
<th>School too expensive</th>
<th>Lack of support</th>
<th>Lack of interest</th>
<th>Injury/illness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kabwata (urban)</td>
<td>Men</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Chikwanda (rural)</td>
<td>Men</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: FGDs in February 2010. Note: 1=most important reason, 6=least important reason

Local food prices
The retail price of a 25kg bag of mealie meal in Kabwata had increased from K35,000 in January 2009 to K60,000 in January 2010, while the average price of 4kg of meat increased from K16,000 to K22,000. Other price changes for food items such as vegetables, and tomatoes and Kapenta responded according to the season, a factor which bears upon how much is available on the market. The most recent Basic Needs Basket survey for Lusaka in February 2010 by the Jesuit Centre for Theological Reflection (JCTR) reported that the monthly cost of food rose from K 860,250 from K 774,250 in February 2009 (JCTR (2010). The main challenge for Kabwata households was food affordability. As a coping mechanism, all research participants noted that most households still ate on average twice a day, but about half of households were eating smaller quantities. Compared to a year ago, some households were said to be cutting down on food expenses rather than on health and education. A few people had stopped eating more
expensive items (particularly bread and meat), but most had reduced the quantity of more costly food items, rather than cutting these out entirely. As one woman explained it:

Gone are the days when we used to fill our plate with food. Eating meat is now a luxury because it has become very expensive. We now have to count the number of pieces that each individual will have (Focus group participant).

By contrast, one of the challenges facing the rural community in Chikwanda was food availability. The current situation is said not to have improved from a year ago, which is indicative of the chronic food insecurity facing many rural households, conditions shaped by local production levels and productivity, as well as income and market prices. The majority of households in Chikwanda were said to have experienced food shortages in the last year, reasons for which perceived by respondents included low crop yields, lack of access to credit, and illness. As a result, most were reportedly managing only one meal per day, although it was anticipated this situation should improve after the harvest (in April; the research was conducted during the lean season). The number of people who could afford two meals a day had declined from a year ago, with the few known to enjoy two meals including the headman and the chief. The quality of food eaten by many people was also said to have continued to deteriorate over the last year. A fairly high number of households were reported not to have protein or vitamin sources of food at all, with main energy sources including maize, cassava and sorghum-millet, protein sources legumes (beans, cowpeas and groundnuts) and small fish. Few households had access to vitamin- and mineral-rich foods such as vegetables and fruits. On average, food supply from these crops lasted four to five months from the harvest. In coping with the food deficit, people sought farm piecework (in return for food), reduced their food intake, purchased food, and collected wild foods.

6.3. Protection that protects

The February 2009 research found that Chikwanda and Kabwata people had benefited very little from government social protection or development programmes. The new Citizens’ Economic Empowerment Fund (CEEF) which had been set up to assist those in the informal sector with credit facilities had benefitted no traders in Kabwata to date, apparently because they felt unable to access it. Kabwata traders claimed they knew of CEEF through the mass media, but had not applied because they ‘did not know the procedure’, ‘did not think I qualified’, and felt the ‘procedure was too cumbersome’.

In Chikwanda, the only official source of support other than free health centre services was the Farmers’ Input Support Programme (FISP). FISP is a government subsidy to make fertilizer and maize seed more accessible to small-scale farmers, with the objectives of increasing farm productivity, food security and reducing poverty. FISP replaced the Fertilizer Support Programme in 2009, focusing more on achieving food security by doubling the number of beneficiaries to over 500,000 each year. However, rather than representing increased expenditure on poor farmers and towards achieving food security, this expansion has been achieved by halving the amount of fertilizer available to each beneficiary household from eight
to four 50kg bags each, and limiting the amount of maize seed available (FAO 2010). Farmers in Chikwanda could only identify 33 farmers who had received support from FISP, and argued that the level of inputs provided under the FISP were too minimal to have any impact on their production levels.  

Local analysis of gross margins values and budgets per lima indicates that no profit can be derived from the inputs. Only 1 lima (¼ hectare) can be cultivated with current inputs, with maize production costs per lima in excess of K 300,000; the gross margin per lima of maize at current output prices is K 148,280. If a farmer sells their maize output at the price of K 36,000 per 50kg bag, they would earn less than the total investment costs of producing maize on such a small scale. This analysis suggests that the food security objectives of FISP are not being achieved. A family of six needs 24 x 50 kg bags of maize per year, assuming two meals per day (Social Cash Transfer for AIDS, 2nd Report, August 2003). Yet average maize production from 1 lima is just over half that amount, at 13.5 x 50 kg.

Borrowing money from friends, relatives or neighbours was the main source of informal support in Kawabata, while in Chikwanda, people identified relatives and neighbours as a source of food for those without. In neither community did people feel that informal social support was an important source of support, mainly because of the long-term decline in people’s livelihoods and increase in poverty. In the rural community, the stigma of HIV/AIDS had forced affected families to cope on their own: at funerals AIDS is not mentioned as the cause of death, and families suffer in silence with a deepening sense of shame and fear. Assistance from family and friends is less welcome now as it implies reciprocity, which would deepen the household’s vulnerability.

Church groups were said to have continued playing their important role in the spiritual and socio-economic wellbeing of individuals in both Kabwata and Chikwanda. In Kabwata church going has risen significantly over the years and many churches have mushroomed, particularly Pentecostal churches. In Chikwanda the church is said to be taking over functions previously performed by the extended family, such as visiting/caring for the sick and providing moral and spiritual support to those in need (see Box 4).

**Box 4 The support of the church in Chikwanda**

*I lost my 30 year old son last year. Before that time, I used to go to church irregularly. My child died after a long illness (about one year). During that time, other church members used to visit him at home and at hospital in Mpika boma, when he was admitted. I have family members who live within the community. They would come but not often to the hospital because they could not afford the transport fare, which has gone up considerably. When my son died, my colleagues from the church were with me until after the burial. They contributed money and food for the funeral. They prayed and I do not know how I would have managed had they not been there. From that time, I go to church regularly.*

Source: interviews in February 2010.
Focus group participants in Chikwanda argued that they needed long-term solutions rather than free ‘manna from heaven’, and that the vulnerable can only get out of their situation with assistance which would help them to stand on their own. An example of this is credit to enable them start businesses, like selling second hand clothes. Those in the urban site expressed the need to empower those in the informal sector, for example by extending existing formal mechanisms to the informal sector or supporting informal mechanisms – this would provide a shock absorber to prevent people from falling into poverty. It was also stated that government needs to value informal employment more highly, for example by providing better infrastructure and access to resources to informal businesses in order to increase their productivity.

6.4. Harms that persist

Social cohesion
Along measures of social cohesion such as participation in community activities and levels of trust and community cooperation between different groups, in both the rural and the urban community site it was reported that social cohesion was weaker than previously.

Sources of conflict and illicit or illegal behaviour observed over the previous 12 months included prostitution and domestic violence in the urban site, and drunkenness from illicit brews and conflict between neighbours in the rural site. In Kabwata, between three and five households – slightly more than in the previous year - were seriously affected by domestic violence, in the view of local respondents because of drunkenness, lack of income, gambling, and jealousy. Although there are local mechanisms for resolving domestic violence, there were no examples of victims reporting abuses to the authorities. Research participants explained that it was usually left to the household to resolve, although in some cases parents-in-law and neighbours were also reported to be involved in resolution. Some focus group discussants thought that sex work was on the rise since the recession, for reasons that included poverty, unemployment and lack of skills and homelessness, all of which had been exacerbated for some groups in the past year.

In rural Chikwanda, illicit brews and drunkenness were reported to have increased, mainly among youths. It was reported that groups of youths come from other communities and fight with youths from the Chikwanda community, which often starts during drinking. Conflict between neighbours was cited but neither appeared to be a significant problem nor to have shown signs of increasing compared to last year. It was reported that it was ‘not happening much’, ‘if it does happen it is not acute’; and ‘has not been serious’. The main causes of conflict between neighbours suggested are speaking badly about other families, livestock eating vegetables/crops, and land disputes. All conflicts appear to be resolved either by both parties or with the support of the chief or headman, especially in the case of land disputes.
7. Lessons
This section draws together findings from across the five country community-level case studies, and in light of ongoing debates about the longer-term impacts of the crisis, considers some of the lessons from the research.

7.1. The recovery is being felt by people on the ground
The good news is the signs that the recovery is being felt in some people’s everyday lives. This was most notable in local economies that had been hit most directly by the downturn, particularly the export manufacturing sector-dependent communities in Dhaka and Jakarta. The experience of export sector recovery is in the first instance one of returning job opportunities where these had declined in the second and third quarters of 2009. This has translated rapidly, or so this research indicates, into some positive knock-on effects within local economies, particularly local services. The recovery of the price of wet rubber had a profound impact on the rural rubber-producing community in South Kalimantan. Compared to the first quarter of 2009, people in many of these communities on the frontline of the global economy were more optimistic, less stressed, more secure in their livelihoods, and materially better-off than a year ago.

In communities less directly affected by either the global financial crisis or the global economic recovery, slight signs of economic recovery could also be seen. The tourist trade was evidently picking up around the Lango Baya area in Kenya, with potential although not yet realised positive impacts on livelihoods there. Compared to the year before, there were slight indications of increased prosperity and stability having effects on the slum communities in Nairobi and Lusaka, the latter very likely the result of resurgent copper prices.

7.2. ‘Crisis’ as normal
Yet for many participants of this research, it has proven difficult to distinguish the effects of ‘the crisis’ from the everyday crisis of poverty. This was particularly true of this latter round of research. In the earlier round, in 2009, there was a palpable sense of shock from the experience of the food price spike of 2008, even among people used to episodes of acute food insecurity. This sense of shock had receded by the time of the 2010 research reported on here. One reason for this less diminished sense of a shock is likely to have been the early signs of recovery, as noted above. A second and more widespread explanation is that a process of adaptation has occurred in the intervening period, such that the situation in 2010 was less of an emergency to which urgent short-term responses were required than it had been a year before. ‘Crisis’ had been normalised over the preceding year; in 2010 we witnessed a gradual process of adjusting expectations and habits downward. A third may be that from the perspective of many of the participants in this research, the Great Recession, as it has become known in rich countries, did not feel so very different from the localised and idiosyncratic shocks characteristic of lives lived in poverty.
Yet ‘crisis as normal’ does not mean the effects of the global downturn are less important for the developing country poor. It is plain that the shocks have exacerbated poverty and inequality, and that people have fewer resources with which to pursue their wellbeing, even in countries where the impacts at a macroeconomic level were relatively light. And the final effects of recent global economic shocks are not yet known. At the time of writing, in May 2010, observers still fear a ‘double dip’ recession in the wake of the sovereign debt crisis in the Eurozone; others anticipate further commodity price spikes, while noting that food and fuel prices remain high and volatile. Whether governments recover the fiscal space with which to put public spending back on to their pre-crisis tracks, and whether people gain or regain capacities to invest in future generations depend on the levels – and importantly, the kinds – of growth in the recovery period.

7.3. Food prices remain high, and wage adjustments do not compensate

Amidst cautious optimism about the global recovery, the food and fuel price crisis is stale news. Yet high food and (once again) fuel prices remained a concern in all the locations in the first quarter of 2010. Prices had dropped in Bangladesh, Indonesia and Yemen, compared to their 2008 peak level, but remained high relative to 2007. But in Kenya and Zambia, they remained close to the level they were at during our first research visit, in February 2009. Seasonality was a factor, particularly in Bangladesh, where rice prices had recently and sharply risen in the first part of 2010 (possibly also due to speculation). In Kenya, the ongoing drought contributed to the long-running food security emergency.

Wages had risen to some extent by 2010; this had not been the case a year ago. Public sector workers were most likely to have seen their wages rises, but this is a group under-represented in the poor communities in which the research was undertaken. Yemeni soldiers in Sana’a had had a pay rise in March 2008 that amounted to about a four per cent increase in nominal terms. Other formal sector workers also saw nominal wage rises – export manufacturing sector workers in both Dhaka and Jakarta had seen basic wage rates increase. Some – but not all – informal sector workers also reported wage increases. A comparison of take-home-pay levels in Zambia showed that gains had been most marked for the formal sector, whereas increases for daily wage labourers were likely to have been proportionally smaller (see Table 8, pp. 45). In some locations, mainly those where the economic recovery had been accompanied by food prices stabilising at a lower level than the 2008 peak, informal sector workers had seen greater increases: in Dhaka, domestic servants reported significant wage increases in the last year, while rickshaw-pullers noted that fares had risen fairly sharply. Daily wage labourers in Yemen and rural Bangladesh had seen rates increase, but whereas in Sana’a construction workers reported fewer days of work available than previously, the reverse was true for agricultural workers in Naogaon.

The critical finding was that food remained unaffordable for most. Household economies were being squeezed at both ends: food and fuel prices were higher and returns on work were lower than in the recent past. Even where wages had increased, this had not been enough to
compensate for inflation. There was a strong sense from many of those who were doing best in these communities that increased earnings in the last year were enabling them to stand still, rather than to advance.

At this stage it is worth reiterating a point made in the Introduction, which is that snapshot macroeconomic indicators misread the lived experience of inflation. Global food prices are indeed lower than at their 2008 peak, but inflation has had cumulative impacts in terms of its erosion of real income and household resilience since 2007. There have also been qualitative impacts in terms of uncertainty and instability in agricultural and related markets. People are paying more – in some cases dramatically more - for their food in 2010 than they did in 2007, and they have been doing so for two or three years. It is for this reason that efforts to analyse economic crisis impacts on the poor are meaningless if they fail to take into account how food price inflation is likely to have undercut capacities to cope over a period of time, rendering the ‘resilience’ of poor people, on which so much hope is pinned, a far thinner and weaker bulwark against catastrophe than may have been assumed.

7.4. No return to the status quo: social and political change

A wide range of ‘harms that persist’ emerge from or are associated with the recent economic shocks. These include nutritional impacts, particularly on infants and children, and the associated future effects on health, cognitive capacities and education. This report documents signs that social cohesion has weakened, although the evidence in 2010 presents a more mixed picture than in 2009, highlighting the relative severity of the food crisis compared to the global financial crisis for poor communities. In some places, particularly those where the recovery is relatively strong, there are signs that damage to social cohesion is being repaired. In others, notably in Kenya, where food security remains a serious concern, social fragmentation, including family breakdown, appeared to have worsened over the last year.

Crisis inevitably reshapes some power relations. The politics of economic crisis can involve a renegotiation of the terms of engagement between state and economy, as seems to have happened during this crisis. Some groups will emerge stronger, and some weaker. These shifts occur at high levels of power, but they also shape lives in communities like those studied here. One of the best examples is in Zambia, where the mining sector succeeded in having copper taxes dropped as the copper price collapsed. The impact on the Zambian poor is through the lost opportunities for investment in much-needed public services (Green 2009).

An instructive contrast is between the changes in working conditions in the export sectors in Dhaka and Jakarta. Labour unrest in Bangladesh, at least partly a response to food price inflation in a context of low wages, may have elicited some response from the industry. There are both stronger efforts to police the sector and quash nascent labour activism as well as, workers said, more conciliatory measures and better compliance with labour regulation than before the crisis. The combination of the food price crisis and the global economic downturn appeared to have forced this situation, which culminated in explosive protests and extreme violence at the peak of the downturn. Workers think they have succeeded in renegotiating the
relationship, to some extent. It remains to be seen whether or not they are correct; the fact that demand for Bangladeshi garments is rising may help explain careful treatment of labour. By contrast in Jakarta, the economic crisis appears to have had the affect of accelerating an ongoing process of labour flexibilisation. While the flexibility of the labour force undoubtedly helped protect many firms from closure, and is therefore by no means an unmitigated bad, the present focus here on poor people’s experiences of the crisis requires attention to their perspectives on this matter. It is clear that workers feel they are the losers in this case, and there has been some local union activity around these issues (see also Miller-Dawkins et al 2009).

7.5. The politics of social protection in an era of global crises and public deficits

A global perspective on social protection at this time confirms the importance of pre-existing social protection regimes that respond automatically to shocks of these kinds. Where these have been in place, and the political commitment and fiscal space have existed to drive and finance a response, poor people have been better protected, both compared to previous crises, and to countries in which these were not available (World Bank 2010d). The community-level research reported on here supports this general position. The micro focus used here meant it was impossible to evaluate the impacts of these responses on any scale. Where social protection interventions were available, were reaching some of those who needed them, and were aligned with what people were themselves doing to cope, they were making a positive difference. The best example identified in this research was that of school feeding programmes. Given the importance of high food prices in most of these settings, the interventions with more material impacts may have been those undertaken in foodgrain markets, not all of which are visible at the local level. There are also familiar problems of targeting and exclusion errors (not necessarily the poorest who receive assistance; many of the poorest are excluded), and of programmes that are misaligned with people’s own needs and strategies (such as food-for-works schemes that require excessive labour of poorly nourished people; food subsidies that depend on extra exertion by time-poor women).

The research also offered an opportunity to access assessments of the political response by citizens who were living through the shocks. The recent shocks – and perhaps particularly the wave of protests across the world during the peak of the 2008 food price crisis - may have made governments sensitive to the need to appear to be taking action (Hossain 2009). As the preceding sections have documented, the crisis elicited ample official commitments to act to extend and expand social protection, as well as to invest in sectors important to the livelihoods of the poor (particularly agriculture). The domestic importance of visible responses reflects expectations by citizens that their states should – and by implication have the power to – act in response to crises that are global in origin. In the Bangladesh communities, people linked improvements in their wellbeing to the responsiveness of their newly-elected government. There is some basis to belief, particularly in agriculture. The political history of famine in Bangladesh certainly created additional urgency for government to take action, and to be seen
to be taking action, to improve food security. Everywhere, the fiscal space for intervention by developing country governments in the wake of the global economic downturn has undoubtedly narrowed. Yet expectations of or demands on governments may well rise during crises, precisely at the moments the limitations on their resources and power to act are becoming most clear. This creates a potent political challenge for governments, and one which seems unlikely to go away.

This research during the mature phase of the downturn, in early 2010, also highlights the gap in social protection for workers in the informal sector. Growing reliance on the informal sector was part of the ‘resilience’ with which poor people – and those impoverished by the crisis – were managing in the downturn. The growing importance of the informal sector in the latter part of the crisis emerges forcefully from both the research reported on here as well as from other ground-level qualitative research (ADB 2009; Green et al 2009; Horn 2009; Turk 2009). Yet as the WIEGO research demonstrated, the informal sector was not so much cushioning the blow as it was concealing it, in the unmeasured world of informal work (Horn 2009). The significance of the informal economy in this crisis has once again highlighted the urgency of developing social protection systems for workers in the informal economy, mostly women, overwhelmingly poor and vulnerable, and ultimately responsible for provisioning, caring for, and investing in future generations (Kabeer 2008).

7.6. People-centred analysis continues to make sense

A concluding lesson from this research is that it continues to make sense to complement the macro analyses of crisis with micro perspectives on how life is changing. Reasons for doing so include drawing attention to those who may not show up in more panoramic assessments. National household surveys in Indonesia are likely to exclude many migrant workers, for instance, the very group affected most directly by declining export sector demand. On-the-ground assessments also highlight sectors – particularly informal sectors – that do not show up in big sectoral analyses. A sector that has been hit hard and which is likely to be a major employer of poor people, particularly the urban poor, is the waste recycling sector (see also Horn 2009). Looking closely at the impacts on everyday life also enables insights into some of its gender dimensions. Women’s adaptations to household economy absorb and cushion against shocks, and emerge as vital sources of resilience. But these are often at considerable and very likely enduring costs to women and to gender relations. Yet micro analysis is rarely enough for policy purposes. This crisis has also highlighted the critical factors that conventional macroeconomic measures of its impact are presently missing: much of the informal economy, all of the unpaid work that makes up household ‘resilience’, many gender- and age-differentiated impacts, and much of the lasting social damage to people’s wellbeing and societies.

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34 This point was first brought to our attention by Hossain Zillur Rahman of PPRC in Bangladesh. There are, however, good reasons to believe that the noted improvements in wellbeing had less to do with the visible and popular actions of the new regime (such as food subsidy programmes), and more to do with less overt efforts on the part of the preceding caretaker regime, as well as fiscal prudence in the preceding years.
The Social Impacts of Crisis

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Global food price data: www.fao.org/giews/pricetool/


### Table 1A Summary characteristics of the rural research sites

<table>
<thead>
<tr>
<th>Country</th>
<th>Bangladesh</th>
<th>Indonesia</th>
<th>Kenya</th>
<th>Yemen</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Dhamuirhat village, Naogaon district</td>
<td>Simpang Empat village, Banjar District, South Kalimantan</td>
<td>Lango Baya, Malindi</td>
<td>Omran governorate, north of Sanaa</td>
<td>Chikwanda, Mpika district, Northern Province</td>
</tr>
<tr>
<td><strong>Main economic activity</strong></td>
<td>Agriculture: mostly smallholders; increasing contract-based leases. Cross-border smuggling from India also lucrative Internal migration common</td>
<td>Rubber production; most households own rubber plantations, others tap rubber on others’ trees. In afternoons, employment as teachers, truck drivers, labourers in coal stockpile, or stallholders/traders. Some coal stockpiles, employing workers.</td>
<td>Subsistence farming, maize, charcoal, petty trading, some wildlife poaching. Soil is reportedly good, and some irrigation projects locally.</td>
<td>Agriculture. Mostly grown in qatt with some minor pockets of subsistence farming: barley, wheat, fava beans, lentils and occasionally vegetables</td>
<td>Agriculture. Only 12km from Mpika, which is a transport hub and trading area for cross border trade with Tanzania.</td>
</tr>
<tr>
<td><strong>Global economic integration</strong></td>
<td>Medium because cross-border trade significant. Some international migration.</td>
<td>Highly affected by global rubber price.</td>
<td>Low-none, although some efforts to link artisans and entertainers to the tourist trade.</td>
<td>Low. Directly connected with the market economy of Sanaa but little trade, poor roads</td>
<td>Medium, some cross-border trade.</td>
</tr>
<tr>
<td><strong>Poverty levels, social indicators</strong></td>
<td>Extremely high; one of the parts of the country with the highest concentration of extreme poor households.</td>
<td>Study in August 2008 found overall welfare increased greatly since 2005. Around one-fifth to one-quarter classified by community as destitute, around one quarter as poor, while more than half are believed to be above the poverty line.</td>
<td>Extremely high. High dependency ratio, very low social and educational indicators.</td>
<td>Extremely high. Poor access to schools and health services within the villages. High malnutrition among children.</td>
<td>High. Low education indicators, high HIV/AIDS rates, alcohol abuse, chronic malnutrition.</td>
</tr>
<tr>
<td><strong>Sources of insecurity</strong></td>
<td>Border security/police threat to smugglers. Improved since 2009, as increased fertilizer supply/low fertilizer</td>
<td>Rubber price volatility. During 1997-8 crisis rubber prices increased, people became better off. This crisis likely to</td>
<td>Drought. The rains have reportedly failed seven times in a row. Theft of crops out of starvation reported by farmers.</td>
<td>Drought for the past three years. The price of qatt, one of the principle produce is subject to seasonal price variation</td>
<td>Fertilizer prices fluctuate.</td>
</tr>
</tbody>
</table>
prices have made cross-border smuggling less lucrative.

involve declining rubber prices.

but has not increased significantly in the past two years. Heavy reliance on purchase of food from market, which is in turn affected by the high import of foods by the govt.

Complaints that coal stockpiles have led to environmental degradation.

Drought. The rains have reportedly failed seven times in a row. Poaching of wildlife reportedly rising and charcoal, wild foods and fuel sources running out.

Drought. Harsh mountainous conditions

Rains destroyed some community housing in 2008.

### Environment/climate conditions

- **Semi-arid; irrigated paddy production.**
- **Complaints about pollution from brickfields affecting cultivation and air quality.**
- **Reports of disputes over wild vegetables and fuelwood.**

### Table 12A Summary characteristics of the urban research sites

<table>
<thead>
<tr>
<th>Country</th>
<th>Bangladesh</th>
<th>Indonesia</th>
<th>Kenya</th>
<th>Yemen</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Kalyanpur, Mirpur, Dhaka</td>
<td>Gandasari, Bekasi district, Jakarta</td>
<td>Mukuru, Nairobi</td>
<td>Noukem, center of Sanaa</td>
<td>Kibwata, Lusaka</td>
</tr>
<tr>
<td>Main economic activity</td>
<td>Garments factory work, rickshaw-pulling/owning, domestic service, recycling business, small trade.</td>
<td>Export sector employment, services to migrant export sector workers.</td>
<td>Informal sector, some employed in industrial area and estates as security guards, domestic workers, teachers, taxi drivers, blacksmiths and mechanics</td>
<td>A significant proportion of soldiers in the Yemeni army, informal sector workers (taxi drivers, petty vendors, construction workers)</td>
<td>Informal sector, some formal sector</td>
</tr>
<tr>
<td>Global economic integration</td>
<td>High, particularly for garments workers, but with knock-on effects on local economy.</td>
<td>High.</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Poverty levels, social</td>
<td>High, with high rates of social deprivation and</td>
<td>Mixed. Former farmers and current landlords</td>
<td>High. Estimated 70% population under 35,</td>
<td>High. High unemployment, low</td>
<td>High. Social indicators include high levels of</td>
</tr>
<tr>
<td>The Social Impacts of Crisis</td>
<td></td>
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<tr>
<td><strong>indicators</strong></td>
<td>poor social indicators eg child labour, school enrolment.</td>
<td>benefited from renting land and accommodation to export sector. But education indicators higher for incomers than long-term residents. Pockets of chronic poverty.</td>
<td>most youth (aged 18-35) unemployed. High proportions of people living with or affected by HIV/AIDS including orphans.</td>
<td>income and increasing deprivation experienced by children and women</td>
<td>educational exclusion, alcohol abuse, sex work.</td>
</tr>
<tr>
<td><strong>Sources of insecurity</strong></td>
<td>Permanent threat of eviction (this is government land); last occurred in 2002. Many livelihoods believed to verge on the criminal, so police are a source of threat. New community policing committee set up in the last year.</td>
<td>Crime and conflict between local protection group <em>maasai</em> and <em>mungiki</em> militia group.</td>
<td>Rising crime in particular in 2009/2010. Extreme vulnerability to increases in food prices. Absence of adequate social safety nets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Climate conditions</strong></td>
<td>Most residents left southern Bangladesh because they lost lands to river erosion.</td>
<td>Public health conditions very poor</td>
<td>The community is increasingly faced with cramped living conditions as persons displaced by the war and the jobless day labourers from the villages.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>