

Category: Innovation

Year: 2010

MTSP Focus Area or Cross-Cutting Strategy: *Social and economic policy and advocacy*

Country: *Burkina Faso*

Title: *Assessing and advocating on the impacts of the economic crisis.*

Summary:

Protecting children, women and poor families during financial and economic crises requires a clear understanding of the channels of “crisis transmission”- how these translate into child well-being and how these could be mitigated through different policies. The recent crises presented a greater challenge to understanding a complex interaction across two major aggregated shocks that came one after the other: the international food price shock in 2008 and the global financial crisis that erupted in 2009.

In order to help provide timely and evidence-based analyses of the potential economic and human costs of the crises, a series of rapid simulations on the impact of the global economic crisis on child poverty were conducted in three countries in Africa. The main objective was to assess the impacts of the crisis on children as well as potential policy options to blunt the adverse effects of the crisis, and to provide information to policymakers in order to prompt them to timely and effective policy responses. The key analytical tools used were macro-micro simulations, an innovative methodology which is not just in the empirical literature but also in the social and economic policy practice in the countries involved in the study.

This write-up focuses on the case in Burkina Faso highlighting innovative approaches. It analyses country-specific experiences on how the study fed into the ongoing national policy dialogue and follow-up process, and how it demonstrated the potential for UNICEF to help advance child rights through strong evidence-based policy advocacy.

Issue:

Burkina Faso has seen its recent gains in economic growth worn away as the recent global economic crisis began to unfold in 2009; GDP growth declined from 5.1% in 2008 to 3.5% in 2009. Given that demographic growth is about 3.1% per annum, such a decline in national economic growth is likely to have an important impact on people’s lives as average per capita incomes may tend to stagnate. However, prior to UNICEF’s simulation work, little assessment had been made of the effects of the crisis on the country’s economic and human development, making it difficult to judge local impacts and the required policy responses.

In addition, UNICEF Burkina’s role and positioning in national policy debate was in the process of being strengthened and prioritized within the programme. This is particularly important in a country that receives substantial proportions of aid as budget support, yet has high levels of poverty. As a result, UNICEF Burkina, as a part of the regional policy research initiative, carried out an analysis of the impacts of the economic crisis on child well-being and assessed the effects of a range of policy responses. The aim was to feed the results from the analysis into national policy work, including the on-going process of drafting the third Poverty Reduction Strategy Paper (PRSP) and sectoral policy reforms in Health, Education, Gender, and Social Protection.

Innovation:

The study and the accompanying process was innovative for the following reasons:

- The study is the first micro-macro analysis in Burkina Faso, developing a computable general equilibrium (CGE) model that ties together macroeconomic (aggregate national) data with microeconomic (household survey) data. The objective of the

study was to determine how an aggregate shock such as a global economic slowdown will transmit itself onto the economy and in turn translate into actual impacts on households and children's lives.

- The study results led to important contributions to the national development policy, by strengthening the evidence base for advocacy on vulnerability of children in the face of the economic crisis. Through facilitating the study and other initiatives in the country, UNICEF Burkina was able to open up a channel to discuss policy options with government partners, primarily with the Ministry of Finance. This discussion has since led to the inclusion of Social Protection in the new National Action Plan to tackle the effects of the economic crisis.
- It cross-fertilized UNICEF's programming and advocacy efforts related to reaching vulnerable groups. For example, by underlining the impact of the crisis UNICEF significantly strengthened its arguments and advocacy on social protection.
- The partnership underpinning the study was also innovative in several ways: a) it involved close collaboration across different levels of the organization, offering a chance to tap expertise in economic analysis, monitoring, advocacy and social policy formulation across different parts of the organization; and b) it also involved work with a network of Southern researchers and institutions, i.e. the PEP Network (<http://www.pep-net.org/>) which thus offered a chance to build longer-term and more sustainable partnerships with academics and policy researchers in these countries.

Potential application:

The initiative itself is conceived as a demonstrative model and the same analytical tool and a similar collaborative model can be used in other regions and/or on other topics. A key challenge in replicating such an initiative in another context might be how to successfully ensure effective collaboration and advocacy so as to positively influence the policy-makers. In this sense, learning from the Burkina Faso experience is useful in terms of understanding resources needed, strategies used for engaging partners, and potential challenges in the actual technical analyses and in bringing the results from the analyses into the policy process.

Strategy and Implementation:

Partnership and Collaboration: The broader collaboration for the multi-country analyses involved the Innocenti Research Center, UNICEF-NY and -WCARO and the three country offices in the region (Burkina Faso, Cameroon, and Ghana). For Burkina Faso, the study was carried out in a close partnership with Laval University and Ouagadougou University. UNICEF Burkina Faso promoted a dialogue with the Ministry of Finance throughout the study. The MOF in turn facilitated contact and debate with a range of government partners, particularly those ministries in the social sectors.

The study was overseen by the Director of Macroeconomic Forecasting in the Ministry of Finance who was also leading the development of the government's National Action Plan for Tackling the Economic Crisis. This enabled the CO to have a direct, evidence-based input into a new national development policy during its drafting, which, as described below, led to concrete improvements in the equity of national policy.

Methodology: The study involved a macro-micro analysis, using a Computable General Equilibrium (CGE) model ¹ to complete a macroeconomic ex-ante analysis of the impacts of the crisis on trade, aid, transfers, and investment. The macroeconomic analysis was then linked to a microeconomic analysis of household behaviour. The results presented an overview of the likely impact of the crisis on children's wellbeing, specifically on their monetary poverty, nutrition, education, health, and child labour status.

In addition, the study team consulted with the Ministry of Finance on a range of potential policy options that could be put in place to address the estimated impacts. These policy options looked at the possible impact of two different food subsidies and three different cash transfer schemes.

Dissemination and advocacy: The Director of Macroeconomic Forecasting chaired a steering committee made up of Directors from a wide range of ministries, including other Directors from the Ministry of Finance. The timing of cross-governmental discussions on the study findings, facilitated by the steering committee, coincided with the government's drafting of their new action plan to tackle the economic crisis. In addition, UNICEF Burkina Faso followed up the inter-ministerial discussions using the preliminary results of the study as an entry point for dialogue on the action plan.

Following governmental discussion of the study's preliminary findings, the results were widely presented outside of Burkina on invitations (twice in Dakar, in Nairobi, and in London). This contributed to global advocacy and evidence on the impacts of and response to the crisis. The feedback provided elsewhere during the dissemination of the preliminary results helped the finalization of the study report, which will be presented in Burkina Faso along with a recently completed study of UNDP with a similar objective.

As parallel to the development of the action plan, UNICEF Burkina Faso has positioned itself as the focal partner on Social Protection, coordinating bi-monthly meetings with all partners, technically and financially supporting the establishment of the national Interministerial Committee on Social Protection, and organising the national workshop on Social Protection. With the Ministry of Finance, these supports led to a development a roadmap and a decision on elaborating a national policy on Social Protection.

Progress and Results:

Key findings from the analysis include: child poverty will increase by estimated 4.7 percentage points in 2010, which is equivalent to more than a quarter of a million additional children being pushed into poverty. It also found that the crisis could have an important impact on pulling several thousand children out of school and requiring them to go to work.

Key advocacy results from this initiative, aside from wide discussion and contribution to the global debate on the crisis, is its eventual impact on integrating poverty and vulnerability into the national development policy. The Ministry of Finance's National Action Plan for Tackling the Economic Crisis was initially expected to focus solely on financial and economic policy aimed at managing the impact at a macroeconomic level. However, the final version of the national policy contained three sections: one indeed on economic policy and the second section on financial policy, and an additional section on Social Protection.

¹ A CGE model is a multi-market economic model of a country's economy put together using the available economic data in order to produce equations that simulate the behavior of actors in the economy and their impacts. These models are generally then used to estimate the impact of specific shocks or policy changes.

The new section on Social Protection covers a substantial range of proposed actions to reduce vulnerability and poverty arising from the crisis by strengthening this area, particularly through improving access to social services and improving nutrition. More specifically, the new section brought together a number of initiatives that are in place across the sectors, clarifying their importance within the national policy, not just as a sectorial mean. For example, the section highlighted initiatives like obstetrical subsidies and school canteens, as well as proposed new policy options, such as a provision of free pre-natal consultations.

Some of the new policy options proposed in the section are potentially complex and still vague, such as a statement regarding food price regulation. Key factors that hinder this challenge include a current lack of adequate funding to implement all recommendations, inadequate understanding of social safety nets, and limited dialogue between ministries to ensure that government-wide views and considerations are taken into account.

Next steps:

Following the finalization of the study report, results will be presented to a wider audience within Burkina Faso to further develop the national debate about the impact of the crisis and the required steps. This will be done in collaboration with other development partners, particularly with the UNDP which has recently completed a complementary study of the crisis impacts. Such a national dialogue is increasingly important due to on-going policy developments such as new PRSP and a National Social Protection Policy. There is a need to further develop and promote evidence-based policy advocacy to improve the impact of national policy in a country like Burkina Faso where its efficiency, effectiveness and equity dimensions continue to be substantial challenges.

Related links: first case from BF (posted on the In Practice database)

<http://intranet.unicef.org/PD/InPractice.nsf/0/476695DD40ADDB988525773E0064A00B>

Contact person:

Sarah Hague: shague@unicef.org; +226 76181977
Social Policy Specialist (Head of Section)