



# GFC-induced decline in key welfare and economic indices seen in rural households in Nigeria\*

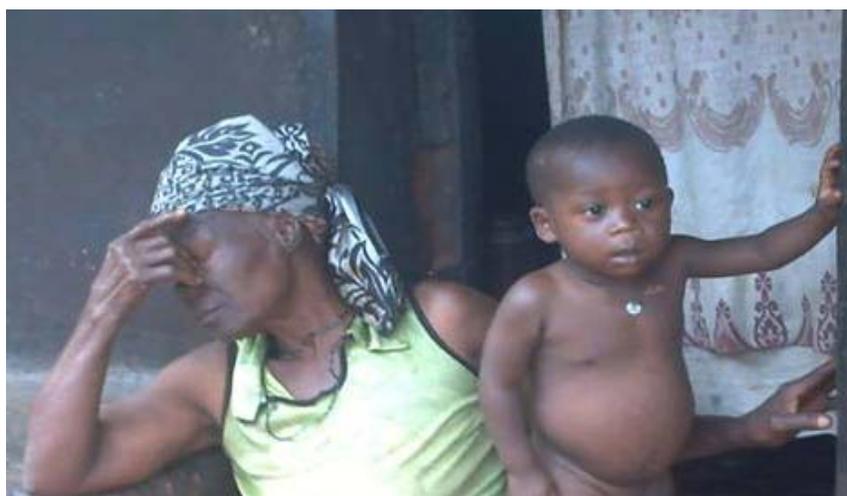
Anthonia I. Achike and Hyacinth E. Ichoku\*\*

### Editor's Note:

The recent global financial and economic crisis which started in the United States and expanded to other developed countries has, to some extent, affected developing countries as well. Given the vulnerability of most developing countries, it is important to monitor the impact of this global crisis on poverty. In response, the CBMS Network started the initiative titled "Monitoring and Mitigating the Impact on Poverty of the Global Financial Crisis" which aims to monitor the impact of the global financial crisis on poverty in selected developing countries in Asia, Africa and South America. The results of this initiative would serve as inputs for policymakers in prioritizing mitigation measures that would address the impact of the crisis.

The project involves an analysis of the impact of the global financial crisis on poverty. Selected countries in Asia and Africa serve as poverty observatories or sentinels in monitoring the impact. The CBMS Teams involved in the project conducted studies in their respective countries using the standard CBMS core indicators as well as additional indicators that were identified based on the relevant key transmission channels for each of the participating countries. These include outcome and impact indicators. Indicators of coping mechanisms are also being monitored to determine the coping mechanisms used by households in response to the crisis.

The preliminary results from the sentinel sites in Nigeria are presented in this article.



A household head and child in the rural community of Edem, Nsukka LGA, Enugu state, Nigeria. (Source: CBMS-Nigeria Project Team)

### Introduction

The recent global financial crisis (GFC) has had different impacts on various economic groups of different economies. Households and individuals have also developed different strategies in response to the new social and economic situation brought about by the crisis. In Nigeria, the different economic units, especially the households, had their feel of the impact and devised their respective adjustment mechanisms. The resulting international and national spill-over has given Nigeria's economic planners critical

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\*This paper was first presented during the 8<sup>th</sup> Poverty and Economic Policy (PEP) Research Network General Meeting held in Dakar, Senegal on June 12-18, 2010.

\*\*CBMS-Nigeria Project Director/Team Leader and Research Team Member, respectively.

challenges because the crisis came just at the verge of economic recovery. For instance, prior to the crisis, the Nigerian economy recorded an average growth of more than 6.0 percent per annum and witnessed the growth of the non-oil sector, particularly agriculture, and an overall improving macroeconomic picture. The positive picture was brought about mainly by increasing oil prices and better performance of the non-oil sector due to structural reforms and improvements in government policies as can be seen in Table 1.

**Table 1. Growth Rate of Non-Oil Sector GDP in Nigeria**

Year	Non-Oil GDP Growth Rate (%)
2004	7.8
2005	8.6
2006	9.4
2007	9.6

Source: National Planning Commission (2008)

This picture of improved economic performance, however, was overturned by the GFC whose impact could be viewed at both the macro and micro levels.

### Impact of the GFC at the Macro Level in Nigeria

Nigeria currently exhibits the features of a mono-product economy, deriving more than 70 percent of her revenue from oil sales. Oil prices, which reached a peak of US\$147/barrel in 2008, started to decline to less than US\$50/barrel by December 2008. This brought Nigeria's oil revenue down from a monthly average of US\$2.2 billion in 2008 to US\$1 billion in January 2009. There was also a decline in the market indices of the Nigerian stock exchange – all share indices declined by 36.9 percent in the first quarter of 2009. The stock market turnover volume and value fell by 72.3 percent and 89.2 percent, respectively, in the first quarter of 2009. Indeed, the Nigerian stock market recorded an average loss of more

than half the wealth invested. Total foreign exchange inflow in the second half of 2009 declined by 31.8 percent and 52.0 percent, respectively, from the levels in the preceding quarter and corresponding period of 2008. Total outflow of foreign exchange increased from US\$3.50 billion in September 2008 to US\$7.07 billion in October 2008. This was attributed to divestments from portfolio assets and dividend repatriations by foreign investors. This down and upswings of foreign exchange inflows and outflows resulted in a depreciation of the exchange rate by 6.9 percent and 13.5 percent in the official and alternative markets, respectively. At the same time, there was also a decline of total external reserves from US\$65 billion in December 2008 to US\$43 billion in June 2009.

### Impact of the GFC at the Micro/Household Level

Since macro level dynamics can exert impacts on the micro level, CBMS-Nigeria looked at the effects of these global financial crisis-induced conditions on households in rural Nigeria, using Edem in Nsukka LGA of Enugu state as the project site. The result of the study showed a general decline in household welfare and economic indices. Many households, in response to this, devised different coping mechanisms to adjust to their declining economic well-being. For instance, children were withdrawn from schools or transferred from high quality but more expensive private schools to public schools that were relatively cheaper but lacked the necessary facilities and manpower required to deliver quality education and learning. Details of these are shown in the Survey Results section of this report.



**Enumerators administering the CBMS survey instrument.**

(Source: CBMS-Nigeria Project Team)

### Methodology of the Study

This involved a census/enumeration of 4,720 households in the Edem community of Nsukka LGA, Enugu state wherein a questionnaire was administered to elicit the impact of the GFC and the status of selected socioeconomic indicators. Some of these indicators include - education, health, employment, occupation, remittances, income and savings, among others. A total of about 22,000 individuals in 4,720 households were enumerated in this first phase of the survey. These households will be interviewed again in 2011 for panel data information.

### Household-Level Survey Results

Generally, the household level results indicated that the macro level impacts of the GFC were transmitted to the micro level/households, leading to the adoption of various adjustment/coping mechanisms. The relevant transmission channels identified for Nigeria include: trade in oil and export earnings, stock markets, foreign exchange reserves, remittances, exchange rate, foreign direct investment, official development assistance and foreign credit.

The major results are presented below.

#### *Effects on Employment*

On occupation and employment, it was found that household members in 0.31 percent of the surveyed households lost their jobs in the last six months preceding

**Table 2. Job Losses by Industry**

Industry	No.	Percentage
Mining & Quarrying	17	56.7
Real Estate	5	16.7
Manufacturing	3	10.0
Agriculture	1	3.3
Construction	1	3.3
Finance	1	3.3
Education/Health Services	1	3.3
Community & Social Services	1	3.3

Source: CBMS-Nigeria Field Survey, 2009-2010

the survey for different reasons, including low pay (59%), sickness (32%) or inability of firms to pay (6%). Only one household reported loss of job because of the folding up of the firm. As shown in Table 2, the industry that reported the most number of loss of jobs was the mining industry. Since the community had no mining industry, this therefore likely refers to employees in the coal mining industry in Enugu which is the state capital. Although the mining industry in the state is contracting and almost folding up, this may be associated more with the emphasis on the oil sector rather than on any other sector in the economy. Some household heads in the Edem study site were retrenched coal miners who are yet to get alternative sources of livelihood. Some were involved in petty quarrying, extracting rocks and stones for the construction industry. The decline in construction work has thereupon led to the lay-off of many people employed in this industry.

Table 2 also shows other reported cases of loss of jobs in the manufacturing industry (10% of all reported cases). Finance (3.3%), real estate (17%) and health/education services (3.3%). In addition to outright job losses, some workers in the community also reported pay cuts in the 6 months preceding the interview. About 13 workers reported experiencing pay cuts. Again, the highest percentage of pay cut occurred in the

mining industry (56%), real estate (16%) and manufacturing sectors (10%). Industries such as wholesale and retail trade, transport, ICT and utilities did not report any pay cuts. The major industry reason for the pay cuts was the slowing down of business.

Another survival strategy employed by firms during periods of economic downturn is delay in payment of workers' salaries and

wages as industries began to experience cash flow problems. This study reports 68 cases of workers experiencing pay delays in the six months preceding the interview. Again, the mining industry recorded the highest percentage (38%) of people experiencing pay delay. About 29 percent of reported cases of pay delay, on the other hand, came from the real estate industry while the wholesale and retail trade industry reported only one case of pay delay.

Meanwhile, in terms of adaptation behavior exhibited by households in times of economic downturn, the survey reported the households' mobilization or use of children (less than 16 years of age) in commercial activities. This phenomenon, otherwise known as child labor, albeit augmenting the household's income, exposes children to risks and compromises their education and future. The short-run effect of child labor is that the involved households have many school dropout children and unemployed/unskilled young adults. In the long run, this will reduce the productivity of labor and may increase the crime rate and insecurity of the environment. The survey

data, however, show that only 4 households in the community engaged in this practice in the 6 months preceding the interview.

In times of food scarcity, households adopt different kinds of coping mechanism to manage their food supply. One such method is to reduce the number of meals taken by household members per day. In the local parlance, three square meals a day is expressed as 1-1-1, with the first 1 implying that breakfast is taken (otherwise, it would be 0), the second 1 implying that lunch is taken (otherwise, again it is 0) and the third 1 implying that supper is taken or else, it is expressed as 0. The manner of coping mechanisms for the food intake generates a series of meal formulas as shown in the second column of Table 3. The survey noted that households had meal formulas for adults ranging from 1-1-1 to 0-0-1. About 46 percent of households still maintained regular 3-square meals per day whereas only 1 percent adopted the coping behavior of one meal (supper) a day. The two dominant eating habits in the community are the 1-1-1 and 1-0-1, with about 47 percent of households adopting the latter meal formula where breakfast and supper are taken without lunch.

While undernourishment is bad for adults, it can be a disaster for children as it has severe implications for their growth and development. The adaptive feeding

**Table 3. Adult and Children Food Coping Mechanism**

	Meal Formula	Children	Adult
1	1-1-1	48.4%	46.5%
2	0-1-0	6.4%	2.2%
3	1-0-1	41.2%	47.3%
4	0-1-1	1.2%	2.5%
5	1-1-0	0.1%	0.1%
6	0-0-1	1.5%	1.0%
7	1-0-0	1.1%	0.5%

Source: CBMS-Nigeria Field Survey, 2009-2010

behavior for adults is also replicated for children in most households in the community as shown also in Table 3. The study shows that in rare cases, both children and adults are unable to afford breakfast and lunch and make do with only supper at night. Another extreme coping mechanism is 1-0-0 which implies that the household takes only one formal meal, breakfast, and nothing else is available for the rest of the day. It is however difficult to say whether these adaptive mechanisms were in response to the difficult economic condition brought about by the GFC or were already being employed before the GFC. It is possible that some households were already skipping meals before the GFC but the number has probably further increased since the onset of the GFC.

Comparing the children and adult meal skipping behaviors, it seems that most households adopt uniform food adaptation methods for both adults and children. For example, while 48 percent of households adopt the 1-1-1 method for children, 46 percent of households adopt the same for adults. And while 41 percent of households adopt the 1-0-1 formula for children, 47 percent adopt the same for adults.

Other household coping mechanisms (as shown in Table 4) in the face of food shortages include the buying of food of lower quality and the preparation of food without meat or fish. The survey results show that 56 percent of households eat more *garri* which, although a staple household diet, is usually considered as not being of the same quality as other local foods in the same category.

Similarly, about 46 percent of households reported cutting down on drinks, just as 67 percent of households reported borrowing to buy food.

### *Impact of the GFC on Remittances*

Based on the results of the survey, it was found that some households in the community had relatives living abroad (outside Nigeria). Remittances have been major sources of income for some households in Nigeria, just like in many other developing countries. The migration

of relatives -- both skilled and unskilled -- for abroad is often associated with improved economic well-being since it is assumed that the migrant workers will always 'think home' and remit part of their earnings to their families. However, when people who have migrated abroad or to some other wealthier cities in the country experience economic hardships, it likewise affects their ability to remit money home for other household members and relations. In examining the impact of the global financial crisis on the regularity and volume of remittances from other countries abroad and other cities in Nigeria to family members living in Edem community, the results of the study showed that there were 8 reported cases of people living abroad who returned to the village after the difficult economic circumstances brought about by the GFC forced them to relocate back to the community.

Of the households that receive remittances from overseas, the total remittances for the 6 months preceding the interview was ₦4,530,000 (US\$30,200). For the entire community population, the overseas remittance translates to ₦216 (US\$1.44) per capita for the 6 months or about ₦432 (US\$2.88) per year. The total remittance to the residents of the community from relations and friends living in other cities in Nigeria was ₦27,331,600 (US\$182,210). This translates to about ₦1,300 (US\$8.7) per capita for the entire community for the

**Table 4. Coping with Difficulties in Meeting Household Consumption Needs**

Indicator	No.	Percentage
Borrow to buy food	2,871	67.13
Buy more inferior food items (e.g., garri)	2,609	56.52
Spend less on drinks	2,139	46.92

Source: CBMS-Nigeria Field Survey, 2009-2010

6 months under consideration, or about ₦2600 (US\$17.3) per year. The total annual remittance to the residents of the community is therefore ₦2,816 (US\$18.8) per capita.

While the GFC may have adversely affected the level of remittances from both overseas and local sources, three important observations should hereupon be noted:

- The magnitude of remittance is a function of the level of earnings of the people who migrated abroad or overseas. This in turn is a function of the level of market skill they have acquired. Low-skilled workers either overseas or in other local cities tend to earn little and therefore may not remit large sums.
- The level of remittance also depends on the extent of family ties the migrant workers have with those whom they have left behind. Strong family ties which often depends on culture would lead to increased concern for people left behind and would therefore mean a

**Table 5. Reasons for Decline in Remittances**

Indicator	No.	Percentage
Does not make as much as before	461	63.0
Earning was cut	155	21.2
Sender lost job	81	11.1
Other reasons	35	4.9

Source: CBMS-Nigeria Field Survey, 2009-2010

higher level of remittance even if the sender bears some reasonable inconvenience.

- It is also to be noted that much of the remittances in the cultural area under study are used for household capital projects such as building houses, or doing repairs of existing ones, and digging boreholes or waterholes. Much of the remittances, however, also go to human capital development such as paying school fees for siblings and other relations or paying hospital bills or defraying burial expenses.

Of the households that reported receiving remittances in the 6 months preceding the interview, 29 percent reported declines in the amount they used to receive prior to the GFC. Some of the reasons given for the decline, as shown in Table 5, include: the sender's loss of job (11%), cuts in earnings (21%), decline in income of the sender (63%), and others (4.9%).

*Impact of the GFC on Income-Savings & Wealth and Household Coping Mechanisms*  
All the households reported decline in income and savings as a result of the apparent economic downturn partly attributed to the GFC. Adaptive behavior among the households in the community are shown in Table 6 which include: dis-saving, selling or pawning of household durable assets, borrowing from banks and thrift societies, living on charity, government assistance, and cutting down on other household expenditures.

Table 6 shows that an important coping mechanism adopted by some households in the community is dis-saving. At least 30 percent of households in the community reported doing this in the last 6 months prior to the interview. Households are drawing down their savings account, eating up their business capital and their food reserves without replenishing them. How long this will last is still uncertain as the financial crisis continues to deepen and resonate in the remotest communities. Households,

**Table 6. Some Households' Adaptive Behavior to Impact of GFC**

Indicator	No.	Percentage
Borrow from thrift neighbors and thrift society	2,414	57.2
New economic activity	162	45.5
Dis-save	1,384	30.4
Asset sale	151	7.3
Borrow from bank	249	5.9
Receive charity	261	5.7
Asset pawn	178	4.5
Receive government assistance	86	2.5

Source: CBMS-Nigeria Field Survey, 2009-2010

however, are not only dis-saving their cash income; some are also taking extreme survival measures by selling their durable assets. At least 7 percent of households interviewed reported selling their durable assets to finance household consumption. Similarly, 4.5 percent of households reported pawning their assets in order to obtain household consumption goods. Some are also borrowing. The survey results show that 57 percent of the households have had to borrow from thrift societies or groups and individuals while about 5 percent reported borrowing from banks in order to finance the hard economic times. Another 6 percent reported having received charity to cope with economic difficulties while a few others (2.5%) reported having received government assistance.

Another coping mechanism reported in the study was cutting down on certain household needs in order to cope with the difficult times. More than 80 percent of households had to cut down on one household need or another. Majority of the households involved (65%) in this adjustment behavior had to cut down spending on clothing. About 15 percent reported cutting down on transportation

while 3 percent, 2 percent and 4 percent reported cutting down on water, fuel and communication expenses, respectively.

These adjustment behaviors in a community, most members of whom are already living in poverty, mean that the future health profile of the population is expected to worsen. There is therefore a

need for critical intervention programs to ameliorate the living conditions of the community. The difficult question is where shall help come from? Enugu state and Nsukka local governments which have primary responsibilities for the community are already severely resource-constrained. However, greater efficiency and more equitable distribution of resources, particularly in balancing between urban development needs and rural welfare, would perhaps imply freeing greater resources from the urban to rural communities.

**Table 7. Children Withdrawn from School**

Indicator	No.	Percentage
Cut school expenditure	1,168	26.8
Children withdrawn from school	242	5.4
Transfer from private to public school	143	3.3

Source: CBMS-Nigeria Field Survey, 2009-2010

*Effects of the GFC on Children's Education*

Table 7 shows that a total of 242 school children in Edem were withdrawn from school by their parents in response to increasing financial difficulties in the 6 months preceding the survey. Of this number, about 109 (or 45%) were girls while the rest were boys. Also within this time frame witnessed about 143 children, representing 3.3 percent of school-aged children, transferred from private to public schools. This adjustment behavior

## Research Results

is mainly in response to increased school fees and is also predicated on the fact that private schools usually charge more fees than public schools. Thus, part of a household cost-saving measure may be to transfer children from the high fee-paying private schools to the low fee-paying public schools. The main other reasons offered by the households interviewed in withdrawing their children from school ranged from inability to cope with school demands (49%) to declining family income (27%) as seen in Table 8. While school fees may not have increased dramatically as a result of the GFC, it is possible that many households that are experiencing the adverse effects of the crisis are increasingly finding it difficult to retain their children in school.

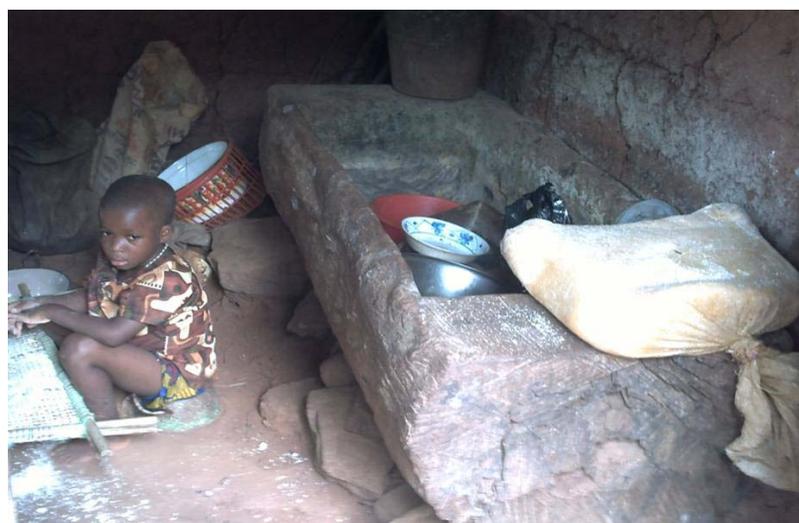
### *Impact of the GFC on the Health of the Community*

This study also looked at some specific health indicators in order to assess the impact of the GFC on the health of the community.

These indicators include: the number of people in the household who reported that they were sick but could not seek medical attention; and as also indicated in Table 9, the number of pregnant women who failed to get antenatal care; the reported number of women who died in child-birth; and the number of children who died in the 6 months preceding the interview.

While it is acknowledged that there is an absence of strong benchmarks for assessing these indicators prior to the study, the indicators nevertheless suggest the extent of deprivation the community suffers in terms of lack of access to social and health services which could have reduced the incidence of the selected indicators.

Of the total 4325 households that responded to the question on the indicator of reported ill health, 1053, representing 24.4 percent, reported having untreated ill health during the 6 months preceding the interview. This high rate of unreported ill health indicates the harsh social economic condition in which the households live. Unreported or



**Economic activities in the community of Edem often involve child labor.**

(Source: CBMS-Nigeria Project Team)

delayed reported ill health could lead to serious complications with possible fatal consequences. Similarly, 99 women in the community, as shown in Table 9, reported inability to seek antenatal care for reasons not unconnected with financial difficulties. Again, lack of antenatal attendance has been reported by several studies as leading to complications at child birth. Likewise, Table 9 also shows that 25 women and 30 babies in about 4,503 households were reported to have died in birth-related circumstances during the period under consideration. It is possible that these high incidences are not all due to the effects of the GFC since the community has been living in poor circumstances even before the crisis, but the effect of the GFC may not also be ruled out. The next wave of household survey in the community will help to establish this fact.

### **Policy Implications/Recommendations**

This study has used several indicators to capture the impact of the GFC on the

**Table 8. Reasons Why Children were Withdrawn from School**

Reasons	No.	Percentage
Could not cope with school demands (e.g., extra fees)	118	49.2
Family income declined	64	26.7
No reason provided	39	16.3
School fees increased	12	5.0
Other reasons	7	2.9

Source: CBMS-Nigeria Field Survey, 2009-2010

welfare of rural populations in Nigeria. The effect has permeated to the remote communities through several channels, including remittances, income and wealth, and other social and macroeconomic variables. These effects have been felt most especially in increased food and financial insecurity, and reduced access to quality education and health services. While the federal and state governments in Nigeria have increased public spending leading to declines in external reserves and 'excess crude account' which have been accumulated over the years, the impact of these fiscal expansions on the remote rural communities and the population in general had not been altogether



**A woman tending goats in the rural community of Edem.**

(Source: CBMS-Nigeria Project Team)

**Table 9. Mother and Child Welfare**

Indicator	No.	Percentage
Children withdrawn from school	242	5.4
Pregnant mothers who could not get antenatal care	99	2.3
Under 5- year old children who died	30	0.7
Women who died in child birth	25	0.6

Source: CBMS-Nigeria Field Survey, 2009-2010

discernible. For example, recent reports show that savings, which have resulted from international oil prices rising above the budgetary benchmark in the past years, had declined from US\$20 billion in 2008 to a mere US\$1.35 billion as of June 2010. Similarly, external reserves have declined from US\$60 billion in 2008 to about US\$35 billion as of June 2010 (see reports in THISDAY Newspaper September 2010). While there is need for a follow-up study to ascertain the structure and patterns of fiscal expansion in the country in response to the GFC, the immediate challenge though is how to address the increased economic and social insecurity and exposure brought about by the GFC. It is possible that fiscal expansion has been channeled to public investments with long-

term gestation period or to projects without immediate relevance to the majority of the population while projects and programs with an immediate impact on the population have been neglected.

The situation therefore requires the tiers of government reordering their priorities, scaling down projects that benefit only a few privileged citizens and expanding social investments that affect the poor and those excluded from benefits. Direct interventions need to be articulated to halt further declines in access to social services, including health and education services that are increasingly difficult for the poor to access. For example, increased subsidies for education and health could be more targeted to enable the poor and the vulnerable to access them. Furthermore, there is need for a review of the country's

social risk protection policy inherited from the colonial periods. The extant inherited colonial social risk protection policy has been directed toward those who are employed, particularly in the civil service and public sector. They are paid sickness allowances, children allowances, transport allowance, retirement and other forms of benefits which are not available to the rest of the population, particularly the unemployed, and those employed in the informal and private sectors. Such a review should aim at protecting the general population from all forms of exposure to social risks especially relating to health and nutrition. Increased spending on social risks protection will increase access to health services, the lack of which leads to worsening indicators such as maternal and child mortalities, reduced nutritional intake, withdrawal of children from school and so on. It is when the state fails in this respect that households resort to extreme measures for survival such as outright sale or pawning of durable assets which in turn exposes them to further slide into poverty, as this study has clearly shown.

The question that arises from the foregoing is how best the tiers of government should channel their intervention to reduce the adverse effects of the GFC on the population. Several intervention programs have been proven to be effective in ameliorating social distress. Some of these include work-for-food programs, social health insurance, and conditional cash transfers. Conditional cash transfer is currently being experimented by Nigeria's government agency for poverty reduction. While it has been found to be an effective tool for social protection, the agency is severely resource-constrained that its efforts make little impact on the general population. Scaling up these activities at the state and local government levels could go a long way in alleviating the impact of the GFC on communities. Work-for-food programs enable the unemployed to undertake public works projects in return for food and stipends. Such programs would invariably have a direct effect on the target populations and help them tide over the difficult economic period imposed by the GFC. Meanwhile, long-term economic and social reforms ensure the country's long-term adjustments to overcome these effects. \*

# DESCO conducts second technical workshop on CBMS-GRB



Laura Soria, chief of DESCO's Urban Program, presents some initial recommendations on how Villa El Salvador can formulate gender-responsive budgets. (Source: CBMS-Peru Project Team)

Presenters included Antonio Paredes, Manager for Citizen Participation of Villa El Salvador; Laura Soria and Jorge Meneses of DESCO's Urban Program; Bertha Jaúregui of the Women Political Agenda of South Lima; John Barrena of the Civil Defense Office of Villa El Salvador; Celia M. Reyes of PEP-CBMS Network; and Ramanjeet Sohal of UNIFEM New York.

After holding its data collection activity early this year, DESCO is now gearing up for data processing, consolidation of the database and analysis. A series of workshops on data validation and community consultation have also been lined up. These workshops will involve local actors (municipal authorities, women's organizations and neighborhood organizations, among others), with the goal of prioritizing the topics for analysis and of formulating programs, projects and activities as well as budgets focused on the main problems identified through the CBMS and community consultation processes. \*

The Centro de Estudios y Promoción del Desarrollo (DESCO) held its second technical workshop on how the Community-Based Monitoring System (CBMS) can be galvanized to facilitate gender-responsive budgeting (GRB) at the local level from August 9 to 13, 2010 in Villa El Salvador, Lima, Peru.

Held in collaboration with the United Nations Development Fund for Women (UNIFEM) and the CBMS Network, the workshop aimed to provide inputs for the next set of activities of the CBMS-Gender Responsive Budgeting (GRB) project in the Metropolitan Park of the Villa El Salvador district.

The five-day workshop was specifically designed to facilitate discussion on the following: (i) possibilities for broadening the database analysis generated so far by introducing preliminary results obtained from the Household Profile

Questionnaires; (ii) types of information and products that have to be created as tools to facilitate local budgeting formulation focused on reducing gender inequalities; (iii) local capacities for recovery when facing natural disasters and the impacts of climate change; (iv) impact and recovery potential of local populations facing the Global Financial Crisis; and (v) possibilities for the use of the CBMS-GRB methodology in other areas and among diverse social actors.



David Sulmont (right) of the Pontificia Universidad Católica del Perú comments on the CBMS-GRB presentations while Martin Valdivia (left), director of PEP-Latin America Office listens. (Source: CBMS-Peru Project Team)

# CBMS steering committee approves research proposals from Argentina and South Africa

The CBMS steering committee has recently approved two proposals from research institutions in Argentina and South Africa which aim to pilot test the community-based monitoring system (CBMS) methodology.

This developed after the proposals submitted by the Instituto de Economía (IE), Universidad Nacional del Centro de la Provincia de Buenos Aires (UNICEN) in Argentina and the Center for Rural Development and Poverty Alleviation (CRDPA), University of Venda in South Africa successfully passed the pre-screening process and met the criteria for approval of proposals which include: (i) relevance of the system, (ii) technical feasibility, (iii) work plan, and (iv) cost of the system.

Both institutions were invited to present their proposals during the 8th Poverty and Economic Policy (PEP) Research Network



Dr. Sebastian Auguste and Dr. Grace Oloo, project leaders of CBMS projects in Argentina and South Africa, respectively.

General Meeting held in Dakar, Senegal in June 2010 where their representatives were able to learn from on-going CBMS initiatives, interact with existing network members and

its pool of resource persons, and obtain the necessary basic tools for the development of a more detailed proposal on CBMS. In its proposal, the CRDPA noted that while poverty monitoring surveys in South Africa are institutionalized at the national level, the absence of any institutional mechanism to generate poverty data at the local level, however, remains a significant constraint

in designing an effective poverty reduction agenda. The proponent institution pointed out that the CBMS can fill this gap.

Meanwhile, the IE-UNICEN proposal indicated that the outcomes from the CBMS will provide the basis for a “commune poverty monitoring report”, which will be the main tool for commune council members to better monitor and evaluate the impacts of development policies and programs undertaken in their communities, and to inform decisions on allocation of resources.

The CBMS steering committee is responsible for the detailed review and approval of proposals based on the abovementioned set of criteria. It is a recommendatory body composed of technical experts who provide the general direction in the research and advocacy work of the CBMS network. The current members of the CBMS steering committee are Mr. Tomas Africa, Dr. Grace Bediako, Dr. Nanak Kakwani and Dr. Celia Reyes. \*



Members and other stakeholders of the CBMS Network in one of the sessions during the 8th PEP Network General Meeting.

# 8th PEP Research Network General Meeting ends on a high note



PEP Network researchers and staff gather for a group photo before the close of the conference which was held at the Dakar Pullman Teranga Hotel from June 12-18, 2010.

A total of 170 researchers and other stakeholders of the Poverty and Economic Policy (PEP) Research Network from at least 50 countries converged in Dakar, Senegal for the 8th PEP Conference held at the Dakar Pullman Teranga Hotel on June 16-18, 2010.

The 3-day conference was preceded by a 3-day training and a policy conference which was held from June 12-14 and June 15, respectively.

The Policy Impact and Evaluation Research Initiative (PIERI) workshop provided an introduction to policy impact evaluation, highlighting the specificity of the approach compared to qualitative methods and other quantitative methods. The workshop presenters were Habiba Djebbari, Martin Valdivia, Maria Laura Alzua and Fabio Soares. On the other

hand, the second workshop on Poverty Measurement, Analysis and Policy Impact was facilitated by Dileni Gunewardena and Jane Mariara. Meanwhile, David Laborde and Bernard Decaluwé facilitated the third workshop on the Impacts and Policy Responses to the Global Crisis.

The policy conference dubbed as “After the Crisis: Policies for the Poor in Developing Countries” served as a venue for the presentation of five studies done by PEP researchers which monitored and analyzed the impacts of the global economic crisis on developing countries and explored policy options to aid and protect their populations in the recovery process. This was followed by a launching of three books by PEP researchers and a forum where representatives from the United Nations Development Programme (UNDP), United Nations Children’s Fund

(UNICEF) and Irish Aid tackled policies for the poor during recovery.

Meanwhile, over 60 paper presentations were delivered by PEP researchers and resource persons during the course of the parallel sessions on June 16-18, 2010. These presentations were made on various topics such as public spending, agriculture, privatization, missing dimensions of poverty and the global financial crisis.

Organized by the PEP-Africa Office, the 8th PEP Conference was supported by the Australian Agency for International Development (AusAID), Canadian International Development Agency (CIDA), International Development Research Centre (IDRC), International Food Policy Research Institute (IFPRI) and the UNICEF. ❄️

# CBMS-Philippines conducts community validation of findings on “missing dimensions” of poverty

The CBMS-Philippines Team conducted its 2-part community validation activity this month in connection with its ongoing collaboration with the Oxford Poverty and Human Development Initiative (OPHI) and the Australian Agency for International Development (AusAID) on the pilot testing of the indicators on the “five missing dimensions” of poverty. These dimensions include employment quality, shame and humiliation, empowerment, psychological and subjective well-being, and security and violence.

The validation activity was first conducted in Pasay City on September 6, 2010, followed by another conducted in Rosario, Batangas on September 15, 2010. Household data from one village in each of the two sites were collected last October 2009 using the standard CBMS questionnaire and the OPHI survey modules.

Municipal and village officials, staff, volunteers as well as survey respondents participated in the validation, which is a vital component in implementing a community-based monitoring system (CBMS).

Aside from being an important mechanism in ensuring that local leaders and the rest of the community members are informed of

the CBMS survey results, the validation activity also provides an avenue for verifying the accuracy of the survey findings by facilitating discussion on the possible reasons for the said findings. The results on the five dimensions of poverty that were pilot tested were presented to the community and to the local governments.

The results of the survey in these villages showed significant correlations among the different indicators. For example, the study finds that as income poverty increases, the proneness to feeling shame also tends to increase. Educational attainment was also positively correlated with psychological and subjective well-being. Significant disparities among the various population subgroups were also noted. For instance, individuals who have no formal education or only got elementary education were reported to constitute the largest proportion of workers who do not have employment benefits.



Community volunteers and survey respondents from Rosario, Batangas (top) and Pasay City (bottom) listen intently to the presentation of survey findings.

The CBMS Team will now have to shift gears and move into the second phase of the project. It will undertake a second round of data collection which will make use of the revised questionnaires adapted to local context. Based on the results, the CBMS Team will introduce selected questions from the five modules into the core CBMS modules in the Philippines and in other partner countries. \*

## Nine provincial status...from page 12

“These reports are important sources of information for planning, resource allocation and priority setting that LGUs are tasked under their mandate of effective local governance. Likewise, in the course of the preparation of the reports,

the capacity of the LGUs to collect, monitor and use the data for decision making has been greatly enhanced. The reports also show how far the Community-Based Monitoring System (CBMS) that the United Nations Development Programme (UNDP) has supported can go in terms of its use”, added Dr. Badcock.

Full copies of the reports may be downloaded from the websites of NEDA ([http://www.neda.gov.ph/econreports\\_dbs/MDGs/default.asp](http://www.neda.gov.ph/econreports_dbs/MDGs/default.asp)), UNDP ([http://www.undp.org.ph/?link=k\\_hub\\_products&page=0](http://www.undp.org.ph/?link=k_hub_products&page=0)) and PEP (<http://www.pep-net.org/programs/cbms/special-initiatives/localizing-the-mdgs/>). \*

# Nine provincial status reports on the MDGs using CBMS data launched

The Philippine government and the United Nations-Philippines Country Office formally launched the status reports on the Millennium Development Goals (MDGs) of nine partner provinces of the PEP-CBMS Network, together with the 2010 national progress report, during the Stakeholders Step-Up Campaign on the MDGs on September 8, 2010 at the Dusit Thani Hotel in Makati City.

The event was graced by President Simeon Benigno Aquino III who also gave the keynote address. The national progress report as well as the provincial reports, meanwhile, were presented by Secretary Cayetano W. Paderanga Jr. of the National Economic and Development Authority (NEDA).

The nine provincial governments which prepared their status reports using CBMS data include Agusan del Norte, Agusan del Sur, Biliran, Camarines Norte, Eastern Samar, Marinduque, Romblon, Sarangani and Siquijor.



Dr. Jacqueline Badcock, UN Resident Coordinator and UNDP Resident Representative, pointed out that these reports provide vital information to local government units (LGUs) on the status of the MDGs in their areas of influence.

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The **CBMS Network Updates** is the quarterly newsletter of the CBMS Network of the PEP Project. This work was carried out by the Angelo King Institute for Economic and Business Studies with financial support from the International Development Research Centre (IDRC), the Canadian International Development Agency (CIDA) and the Australian Agency for International Development (AusAID).

The **Updates** may be downloaded free from the Project's website:  
<http://www.pep-net.org>.

For inquiries, please write or call:  
PEP Asia & CBMS Coordinating Team  
Angelo King Institute for  
Economic and Business Studies  
De La Salle University  
10th Flr. Angelo King International Center  
Estrada cor. Arellano Sts., Malate,  
Manila 1004, Philippines  
Tel No: (632) 523-8888 loc. 274  
DL/Telefax No: (632) 526-2067  
E-mail: [cbms@dls-csb.edu.ph](mailto:cbms@dls-csb.edu.ph)  
[cbms.network@gmail.com](mailto:cbms.network@gmail.com)

## Editorial Staff

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*Researchers/Writers*

## CBMS NETWORK UPDATES

PEP Asia and CBMS Coordinating Team  
Angelo King Institute for Economic & Business Studies  
De La Salle University  
10th Flr. Angelo King International Center  
Estrada cor. Arellano Sts., Malate, Manila 1004, Philippines

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