



# Children and Poverty

## FEATURE ARTICLES

**Escaping Poverty Cycles**

**Direct Policies Against Child Poverty**

## COUNTRY FOCUS

**Stunted Lives**  
Ethiopia, Peru  
and Vietnam

## IN REVIEW

**Measuring Child Poverty and Deprivation**  
**Economic Returns to Eliminating Child Labor**

# FROM THE EDITOR

*In Focus* is an online bulletin of the **UNDP International Poverty Centre (IPC)**. Its purpose is to present succinctly the results of recent research on poverty and inequality in the developing world.

Based in Brazil, IPC joins the Oslo Governance Centre (Norway) and the Drylands Development Centre (Kenya) as the newest global thematic facility of UNDP. IPC is designed to facilitate, promote, and disseminate knowledge and experiences that may lead to tangible improvements in the lives of poor people in developing countries. A basic goal of IPC is to improve global understanding about the causes of poverty and inequality – a first step for devising policies and programs to tackle them. IPC's activities are aligned with UNDP's key objective of supporting the Millennium Development Goals, as unanimously adopted during the United Nations Millennium Summit in 2000.

IPC Director

**Nanak Kakwani**

Editor

**Alejandro Grinspun**

Assistant Editors

**Craig Fagan, Suzana G. Haddad**

Design

**Design Genuíno**

**Bernardo Lac, Maria de Oliveira**

Front-page photo

**Mangueira de Botafogo, Rio de Janeiro, 2000 / Tiago Quiroga**

**Special thanks** to David Gordon (University of Bristol), Nicola Jones (SCF-UK), Alberto Minujin (UNICEF) and Dorothy Rosenberg (UNDP).

**United Nations Development Programme**

International Poverty Centre (IPC)

SBS - Ed. BNDES, 10º Andar

70076 900 Brasília DF Brazil

[www.undp.org/povertycentre](http://www.undp.org/povertycentre)  
[povertycentre@undp.org](mailto:povertycentre@undp.org)

*The content of this publication does not necessarily reflect the official views of the UNDP. For comments and feedback, please contact [povertycentre@undp.org](mailto:povertycentre@undp.org).*

**A**s like some endless war, poverty is destroying innocent lives. Among its most hapless victims are millions upon millions of children who are born into poverty or become impoverished during childhood owing to events outside their control.

It is not just that children find their own fate being shaped by life's chances rather than themselves. Children also are poverty's innocent victims because their voice is rarely counted and, too often, discounted. Children cannot vote. They cannot form assemblies or petition authorities for programs that could alleviate some of the conditions they are suffering. In the official statistics of most countries, children often are not even included.

Children's virtual absence from policy debates on poverty is particularly poignant considering that they typically are over-represented among the poor. When a family is poor, for every deprived adult there may be two or more children suffering the ill consequences of poverty. In poor households, parents may try everything to meet their children's basic survival needs, often at their own expense. But among better-off families, children may surprisingly suffer from want because they are not receiving their corresponding share of resources.

Apart from compromising one's childhood — a time to be filled with play, exploration, and discovery of one's self and others — poverty at this early stage in life has enduring consequences for those who survive into adulthood. It condemns them to recurrent poverty spells or even a life full of hardship, increasing the chances of passing their poverty onto the next generation.

It is difficult to imagine how poverty cycles can be broken without severing the ties that transmit disadvantage over time — over a person's lifespan as well as between generations. At the same time, the fact that poverty during childhood has such harmful and lasting effects suggests that well-conceived and timely interventions in early childhood could go far to address or prevent destitution later in life. It should be no surprise that the Millennium Development Goals (MDG) agenda has placed heavy emphasis on promoting policies that improve the lot of children living in the world's poorest countries.

UNDP has always advocated a broader understanding of poverty beyond the traditional focus on income deprivation of most poverty literature. Income deprivation is but one aspect of being poor, which also implies lacking the basic capabilities that enable people to function effectively in society. As a minimum, people should be able to avoid preventable morbidity, undernourishment and illiteracy — conditions that can severely constrain one's choices and opportunities to lead a long and productive life, and enjoy a decent standard of living.

Such conditions affect children more than anyone else. For this reason, we are devoting this issue of *In Focus* to understanding what childhood poverty entails and how to effectively address it. Caroline Harper from the University of Manchester discusses why it is essential to tackle child poverty, and how. Three country cases from Ethiopia, Peru and Vietnam illustrate the extent to which multiple deprivations can curtail children's opportunities, particularly in rural areas of the developing world. Peter Townsend from the London School of Economics questions current anti-poverty strategies and calls for a bold new initiative, a Tobin-style currency transactions tax to finance a universal child benefit. Finally, we review two recent seminal reports — one commissioned by UNICEF on the appalling extent of child poverty and deprivation in developing countries and another by the ILO that calculates the costs and benefits from eliminating child labor from the face of the earth.

Every human being has the right to a decent standard of living and to adequate health and education services, states the Universal Declaration of Human Rights of 1948. Let these principles start with our children.

*Alejandro Grinspun*

by Caroline Harper,  
Childhood Poverty Research  
and Policy Centre, UK

# Escaping Poverty Cycles

---

**The imperative to address childhood poverty now is clear. Severe disadvantage during an individual's first years can cause irreparable damage, leading to lifelong poverty for the present generation as well as perpetuating poverty cycles across time.**

**There is not one 'magic bullet' for reversing the adverse conditions so many children experience during the early stages of their lives. But adequate livelihoods, basic services and social protection are clearly essential, as are the macro policies that may enable or inhibit them.**

**By the time** we are five, cognitive scientists believe we have laid our mental groundwork (perceptions, emotions, desires and feelings) for how we essentially will be 20 or 30 years later. By the time we are ten, our capacity for basic learning (particularly for language competence) has been determined. By the time we are 15, our body size, reproductive potential and general health have been profoundly influenced by what has happened in our lives until then.

Since everything from brain connection to employment potential is laid down within these formative years, investing in children's well-being seems not only an obvious social and moral imperative but also a logical — and economically sound — investment strategy for the future. Children cannot reverse stunting. They cannot recover from preventable disabilities. Nor can they reclaim those 15 valuable years of growth and development later in life. As a result, tackling *childhood* poverty and the transmission mechanisms that operate between generations and over a lifetime would seem an effective strategy for addressing the persistent or *chronic* poverty that affects individuals young and old.

Undoubtedly some gains have been made in recent years toward improving children's well-being. Important indicators (e.g. infant mortality) have shown considerable progress globally. Yet the picture is complicated by some alarming trends, including increases in child morbidity that suggest children may survive infancy but experience a low quality of life with frequent sickness. There also have been reversals in child well-being indicators in some countries, including all countries in conflict and many experiencing economic crisis. Childhood poverty figures are cause for

concern even in countries where economies are growing.

Numerous economic, political, environmental, and social factors matter for poverty and its transmission from adults to children. They span the microenvironment, where individual volition and social context are vitally important, to the macroenvironment, where states and other actors must create the right conditions for child development.

At the micro level, norms and practices that deprive individuals or wider groups of social, political and economic opportunities can have broad implications for poverty transmission. They may range from discriminatory attitudes, such as towards girls' education, to deeply embedded prejudices that serve to deny basic rights to individuals or minorities because of class, race, ethnicity or caste. It is vital to combat such deprivation through legal and educational means, including literacy programs that enhance an individual's education and social connectedness beyond the family or local community.

Child development outcomes have proven positive when social connectedness is strong and societal norms and practices are enabling. These features of social life make it possible to better care for, protect, and nurture a child — creating the conditions that will enable him or her to discover and take advantage of opportunities later in life in a manner that helps prevent, or provides escape from, poverty cycles. Yet social connectedness may weaken under economic duress. 'Time poverty' or migration resulting from financial necessity can prevent connections being made or maintained, or may even destroy them altogether.

Despite the importance of societal norms and practices in breaking poverty cycles, changing them clearly is not easy. Some other areas are more responsive to policy. They include food security, shelter, and water and sanitation, all of which are essential to enhancing children's well-being.

Nutrition, in particular, is one of the most vital 'inputs' to child survival and early development. Damage in early childhood can have deleterious long-term effects on an individual's well-being and that of the next generation. When children's cognitive development is impaired, particularly before the age of two, the effects may be irreversible. Such children find learning more difficult. They can fail to obtain crucial skills thereby constraining their future employment opportunities. Undernourished girls face higher risks of maternal and child mortality. They also have a greater probability of low birth-weight and stunting of their own children, problems that are compounded by an earlier start to childbearing among poor women.

Despite these facts, an estimated 30 million children continue to be born each year with impaired growth due to poor nutrition during fetal life. In 2000, over 150 million pre-school children were estimated to be underweight and over 200 million children stunted. These figures imply that a shocking number of adults will suffer from ill health by 2020. Ensuring food security through food supplementation and income support clearly deserves priority attention, as does encouraging later marriage practice and birth spacing.

Child survival, however, is not "just" a case of clean water and food availability. A child's development to full potential requires emotional support and guidance, encouragement, and love from family and the broader community as well as protection against danger, including conflict. Informal education to develop life skills and a quality formal education to widen horizons and employment opportunities are also critically important. There is a high correlation between years of schooling and increased life-long income, suggesting that education provides a

means for escaping poverty. And while the schooling of parents is strongly associated with that of their offspring, there is also evidence that investing in parental education can help remove many children from a situation of poverty and save their lives. Each additional year spent by mothers in primary school lowers the risk of premature child death by about 8%. Since attendance at a poor quality school may have little effect in reducing poverty outcomes, quality schooling is of great consequence too.

*Child policy must be a cornerstone in efforts to arrest chronic poverty*

Yet one of the biggest obstacles to a child's education is family finance. Work during childhood may enable an individual to engage in study. It may also be essential for basic survival. Overall, however, the evidence suggests that child labor plays a role in perpetuating poverty cycles, in the most extreme cases through bonded labor but also by hurting child health and trapping children in low-skill work. It is therefore important to treat blanket policies regarding child work with caution. If child labor that is neither hazardous nor exploitative offers a way out of poverty or into school, then simply enforcing a ban may not be a practical solution for the present generation. Worthy as it may be in theory, the goal of eradicating child labor must be moderated to fit varied local realities.

Family livelihoods are obviously vital in breaking poverty cycles. Apart from its direct impact on nutrition and survival, low income or production reduces parental capacity to nurture children and increases the prevalence of child work. Yet policy interventions that help raise income and production may also increase 'time poverty', suggesting that gains are made at the cost of parental care for children. There is good evidence that income support and transfers are some of the most critical interventions to reduce childhood poverty.

It is one thing to know the policy areas that are important for addressing childhood poverty and intergenerational transmissions. Acting on that knowledge, however, appears more difficult. The way in which mainstream policy may lead to or entrench childhood poverty is virtually ignored. For instance, the importance of maintaining funding for education, improving childcare or providing comprehensive income support during periods of economic austerity has not been consistently recognized. Basic services remain severely under-funded even though we know about the significance of adequate levels of provision for children. Apart from failing to prioritize interventions whose impact is well proven, specific policies for children have generally been marginalized. They are often equated with marginal aspects of social policy, rather than seen as an essential element of combating chronic poverty.

More difficult to address is the fact that no single policy can be considered in isolation. This does not just mean that health policy is dependent on water and sanitation and education. It also means that economic policy has a profound impact on children, and is as important as child-specific policies in addressing childhood poverty.

Breaking or maintaining poverty cycles involves *transfers*, throughout an individual's life and across generations. These transfers may include tangible assets such as land — or debt; human capital such as nutritional care and education — or disease; and attitudes and values such as caring — or gender bias. The context in which such transfers take place may enable or inhibit them. Those who can influence this context — governments, donors, civil actors, or individuals — are duty bound to recognize how such transfers can trap or release people from poverty. Armed with that knowledge, they must act, via policy or programs, to enable individuals — and indeed a generation — to break free from poverty.

■  
Caroline Harper, Rachel Marcus and Karen Moore, "Enduring Poverty and the Conditions of Childhood", *World Development* (31:3), 2003. [www.childhoodpoverty.org](http://www.childhoodpoverty.org)

## COUNTRY FOCUS

# Stunted Lives: Child Poverty in Ethiopia, Peru and Vietnam

**Official statistics typically exclude children, who are often merely counted as members of households or students in schools. Little is known about their lives and specific needs. Particularly missing are cohort studies tracking changes in children's well-being over time.**

**The *Young Lives Project*, a longitudinal panel survey that follows nearly 12,000 children and their families over 15 years in four countries, seeks to fill those gaps and improve our understanding of the causes and consequences of childhood poverty.**

### Ethiopia

With 44% of its population living in absolute poverty, Ethiopia ranks among the world's poorest countries. Health and education indicators are low even by Sub-Saharan African standards. Infant mortality in 2001 was 116 deaths per 1,000 live births compared with a regional average of 107. Only 34% of children aged 7-12 were enrolled in primary school in 2000 despite the fact that close to half the population is younger than 15 years of age. Most of these children also suffer from hunger, malnutrition and disease.

Valuable baseline information about the causes of child poverty in Ethiopia has been yielded by the first phase of a longitudinal study designed to track 2,000 children and their households over a 15-year period. Here we report on the main results from the first-round panel, which began in July 2001.

#### Access to basic services

A limited number of Ethiopian households have access to electricity, safe drinking water and toilet facilities. Only 3% of urban and 1% of rural households have access to waterborne toilet facilities. Water piped into dwellings is almost exclusively found in urban areas, where 29% of sampled households were connected to a safe water source.

Yet most eight-year olds interviewed felt that the water people drink is good, suggesting the need to educate children about the quality of the goods and services they consume. Our findings also suggest the need for greatly improved services, particularly for rural and very poor households where the problems are more serious.

#### Primary health care and children's health

Only 40% of mothers in rural areas undertook antenatal visits, and almost all of them (96%) gave birth at home without the assistance of medically trained personnel. One in every five children had not received vaccinations against BCG and measles, and 25% of the households reported the death of a child under age five. Among one-year-old children, one out of ten had long-term health problems while more than one-third had experienced an illness in the last 24 hours before the interview. The prevalence of childhood disease is higher in rural and very poor households, which also have more limited access to medical help. By contrast, injuries to children appear to be more common among poor households in urban areas.

#### Child caring and rearing

In rural and very poor households, the proportion of one-year-olds being cared for by non-family members or siblings younger than five is higher than for urban and less poor households. The fact that wealthier households do not depend as much on others for childcare may suggest they can afford to allocate a member to this task rather than supplementing the family income. Interestingly, nearly one-third of the caregivers in our sample had had some level of depression during the 30 days prior to the survey while nine out of ten — and a similar share of household heads — had not completed primary school. Both these findings are significant given the importance of parents' education and psychological well-being for the welfare of a child.

#### Child malnutrition

Both for one-year-old and eight-year-old children, indicators of nutritional status were worse among rural and very poor

households. A large proportion of Ethiopian children show signs of chronic malnourishment (wasting and stunting), with those in rural areas and very poor households suffering more than their urban and less poor counterparts.

### Literacy and numeracy

More than half of the children in our sample could not read while 57% were unable to write. Over 40% responded correctly on the numeracy test. Educational levels among eight-year-olds were generally lower in rural areas and among children from very poor backgrounds. One-third of child respondents had not attended school prior to or during the survey year. In 30% of the cases, the reason given by caregivers was that the child was needed to help the family in various activities. The other two main reasons included distance from the nearest school (predominantly in rural areas) and the cost of schooling (mainly in urban areas).

### Child work

Child work is a problem in Ethiopia. About 9% of the eight-year-olds in our sample had worked for money or goods. Nearly half combined work and school. The need to supplement household income was the main reason given by almost three-quarters of the respondents. Some 28% of the children said they had missed school due to work. About 5% of those who worked had been seriously hurt on the job, with more work-related injuries being reported in urban areas.

### Economic diversification and indebtedness

Rural and very poor households diversify their economic activities more but they also tend to be more indebted. Most households engage in agriculture, hunting, forestry and fishing (60%). The rest are mainly divided between community, social and personal services (27%), and wholesale and retail trade (20%). A larger proportion of households in rural areas (47%) were involved in more than one sector compared to urban areas (32%). These percentages were also higher for the very poor than for the less poor. About a third

of the households reported having serious debts, but only 33% thought they would be able to repay on time.

### External shocks

The number of economic shocks suffered seemed to depend on location and poverty status. Most families faced up to five external shocks, with a higher proportion in rural areas and among very poor and poor households. Decreases in food availability and failure or theft of crops and livestock were the most common negative events for very poor households. The most frequent response to these events was “doing nothing,” often an indication of perceived helplessness and an almost complete lack of resources.

### Social capital

While people seldom joined together to address common issues or petition the local authorities about community problems, we also found relatively high levels of interpersonal trust and social harmony among our respondents. Poorer households — who had little or no financial and physical capital — displayed higher levels of social connectedness, which could be a mechanism for reducing their vulnerability. A plausible explanation is that poorer households are more aware of their dependence on others and the opportunity cost of their time is lower; hence, they find it “cheaper” to establish social ties.

Our overall findings strongly indicate that rural and very poor families suffer more severe privations than their urban and less poor counterparts. There is clearly a need to expand primary health services, especially for immunizations and birth assistance, as well as access to basic water and sanitation facilities for the very poor. At the same time, the incidence of child labor and work-related injuries, along with low levels of school attendance, literacy and numeracy, suggest the need to urgently improve access to an education that is of sufficient quality for poor Ethiopian children.

Tassew Woldehanna  
Addis Ababa University, Addis Ababa

## Peru

In the late 1980s, Peru experienced one of the worst economic crises in its modern history. Draconian measures introduced in July 1990 managed to pull the country out of its economic morass and spearheaded a period of sustained growth, averaging 7% annually from 1993 to 1997. This impressive performance was accompanied by large increases in social expenditure, which rose by more than 250% between 1990 and 1997.

Since 1997, however, the Peruvian economy has slowed down considerably and much of the social progress achieved during the early part of the decade has been erased. Poverty indicators in 2000 had climbed back to their 1994 rates, while income inequality (as measured by the Gini coefficient) had returned to its pre-crisis levels, making Peru one of Latin America’s most unequal countries.

To appraise the impact of these changes on children’s well-being, a panel data study was begun on a sample of 3,000 randomly selected children aged one and eight from across the country. Data collection took place between August and November 2002.

### Child malnutrition

There was a high prevalence of malnutrition among Peruvian children, particularly from poor backgrounds. Stunting, for instance, affected over 30% of poor children compared to 12% from better-off families. These figures are disturbing considering that four out of every five poor or very poor households in Peru were receiving some kind of food aid at the time of the survey. At the same time, obesity is emerging as a significant health problem among low-income families. Clearly more effective nutrition interventions are required, including food aid programs targeting children between six and 18 months of age as well as measures aimed at improving the overall quality of diets.

### Children’s health

Diarrhea and acute respiratory diseases, particularly wheezing disorders, were shown still to be the most significant causes of preventable morbidity among Peruvian children. To complicate matters,

the coverage of national immunization programs fell in Peru during the survey year as a result of management problems in the Ministry of Health. Not surprisingly, one in every five children in our survey had been ill in the last 24 hours prior to the interview. The strengthening of child health programs, including for the prevention of accidents, should be an obvious priority. Since soap was present in every household in our sample, it also seems important to promote proper hygiene habits such as hand-washing in order to reduce diarrhea, respiratory and skin diseases among both children and adults.

#### Maternal health

While more than 90% of mothers had received prenatal care during their pregnancies, only 20% of very poor women delivered their babies in health facilities compared with 94% of better-off women. Without substantial increases in the utilization rates of health facilities by pregnant women, maternal and perinatal mortality will remain a serious public health concern in Peru. In turn, increasing utilization rates depends on improving the quality of health care received by the poor.

#### Mental health

Almost one-third of poor or very poor mothers scored high on our mental health questionnaire, compared with less than one-fourth among better-off mothers. These results suggest that mental health problems, particularly depression, are a public health priority in Peru. Alcoholism and violence arising from substance abuse were also fairly ubiquitous, especially among poorer households. Despite these facts, mental health treatment and prevention programs are virtually non-existent, a situation that should be remedied as quickly as possible.

#### Access to basic services

Public services are distributed very unequally in Peru, reinforcing existing disparities based on wealth or income. Virtually all of the better-off households in our sample had access to electricity, piped water and latrine or toilet facilities in their homes. The corresponding figures for the poorest households were 9%, 41% and 47%, respectively. Our preliminary analysis indicates that access to more than

one public service has a proportionally greater impact on key development outcomes, such as a child's nutritional status. This finding would suggest that public services (including health and education) should be implemented together rather than independently.

#### Literacy and numeracy

Peru has achieved universal primary-school enrollment. However, simple performance tests administered to eight-year-olds in our survey revealed the presence of vast disparities in the country's public school system: more than 80% among better-off children were able to answer correctly a simple numeracy test while this passage rate was less than one-third among the very poor. Furthermore, these results showed a strong correlation with a child's overall cognitive development. Apart from inequalities in schooling, another serious problem reported by our respondents was the high level of beatings and bullying they faced at school, not only from other students but also from teachers. Public policy needs to give greater emphasis to improving the quality of public education in the country's poorer areas as an essential component of a poverty-reduction strategy.

#### Economic shocks

A recent job loss, an episode of sickness and the arrival of a new family member were the events reported to have the greatest negative impact on a household's economic status among both the very poor and better-off in the survey. Understanding how economic shocks affect families as well as how informal networks and social safety programs could be strengthened constitute an important area for further research.

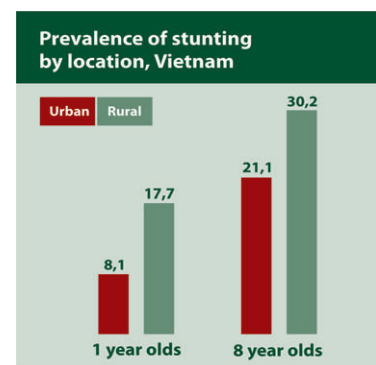
The first phase of our longitudinal study revealed huge inequalities in terms of both access to essential public services and development outcomes. Not surprisingly, these inequalities are related to a family's socioeconomic status and serve to reinforce existing wealth disparities. There is an urgent need to expand and improve existing government programs as well as develop new strategies that will offer prospects for a brighter future to all Peruvian children.

**Claudio Lanata**  
Instituto de Investigación Nutricional, Lima

## Vietnam

Vietnam is going through a period of rapid economic change. Its achievement in halving poverty rates from 58% in 1993 to 29% in 2002 has been considered one of the great country success stories of "growth with equity." However, the income and consumption gap between the poorest and the richest quintile of the population has been widening ever since market-based economic reforms began a decade ago. This change is evident in the rise of the country's Gini coefficient from 32.9 in 1992-93 to 35.2 in 1997-98. Health-related inequalities also increased during this period. The incidence of infant mortality was 27% higher among the poor than non-poor in 1998, up from a difference of 14% in 1992.

Data collected from 3,000 children from 20 sentinel sites across Vietnam in 2002 confirms that poor rural children are lagging behind and should become a priority for government policies.



#### Child malnutrition

Child malnutrition remains a public health concern in Vietnam. Prevalence of acute and chronic malnutrition is at high and moderate levels, respectively. But to control child malnutrition, the focus should be on the rural areas. The prevalence of underweight children was 50% (among eight-year-olds) to 80% (among one-year-olds) higher in rural areas than in urban ones. Rates of stunting for the same cohorts were equally higher for rural children, at 40% and 120%, respectively. Moreover, children from the poorest rural households have a 1.6 to three times greater prevalence of acute malnutrition as do children from better-off households.

### Literacy and numeracy

Although primary school enrollment is high in Vietnam (99%), schools in poor rural areas are failing to provide quality services for their pupils. Rural literacy and numeracy rates among eight-year-olds are about 10% lower than in urban areas, and less than half of the poorest children are able to write at the level expected for their age. Cognitive development is also lower among poor and rural children.

### Maternal health care

The majority of mothers (83%) made at least one antenatal care visit, but only 59% of the poorest sought care as compared to 98% among the better-off. Rural women also were less likely to receive care (80%) than urban women (95%). One-fifth of children were born without any medical assistance from a health care facility. Most of these cases were among the rural poor, with 45% of mothers from the poorest households delivering their children at home.

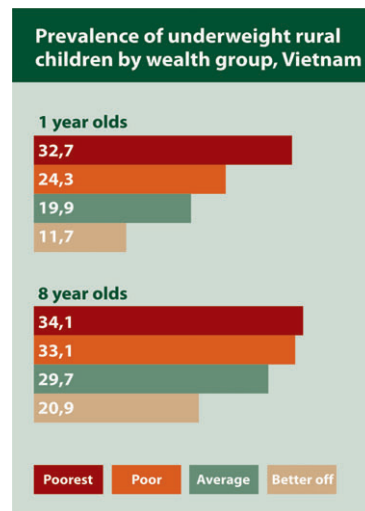
### Access to basic services

On average, 85% of households use electricity, ranging from 81% in rural areas to 100% in urban areas. However, only 43% of the poorest use electricity compared with 100% among the better-off. Approximately 85% of children from the poorest households live in dwellings with mud floors, and 68% use unsafe sources of drinking water. Clearly, these figures suggest the expansion of basic services to the poor remains a priority in Vietnam.

### Economic diversification and protection during crises

Economic shocks and associated coping strategies can greatly influence a household's well-being. In particular, diversification of economic activity serves as a buffer against shocks and forms an important part of people's livelihoods. Our findings corroborate that wealthier households — in terms of housing conditions, possession of consumer durables and access to basic services and infrastructure — diversify more their economic activities (78% among better-off families *versus* 59% among the poorest). Despite being less prepared, poorer and rural households suffer a higher occurrence of shocks. About 43%

of households mentioned events that decreased their economic welfare during the last three years but those in rural areas had experienced slightly more shocks than their urban counterparts (46% and 33%, respectively), and so had the poorest households (46%) as compared with the better-off (23%). In the face of economic shocks, only 3% of households received help from the government or charity organizations. For instance, very little support was available in response to crop failure, despite it being ranked second among the causes of economic shocks.



### Social capital and children's health

Social capital — the quality and quantity of social relationships in a given community — has been shown to have an independent effect on various economic and other welfare indicators, including physical and mental health. Overall, we have found low levels of active membership in formal and informal groups in our sample communities, especially among poorer women, but a high level of interpersonal trust, sense of belonging, and social harmony. The association between maternal social capital and child health appears stronger among children aged one than among eight-year-olds. One-year-old children of mothers with higher social capital had better nutrition and health outcomes.

### Mental health

Child mental illness is potentially a problem in Vietnam, as indicated by our results that show 20% of eight-year-olds

had abnormal mental health test scores. We also have found a 20% rate of depression among caregivers. Mothers prone to depression receive significantly less support from formal (governmental or non-governmental) agencies and informal networks (relatives, friends, neighbors) than do mothers without such health problems. They also reveal lower levels of interpersonal trust, social harmony, and sense of belonging. Consequently, maternal mental health seems a good predictor for levels of social capital.

### Environmental and health education

Nearly all of our eight-year-old respondents perceived the water they consumed as 'good,' despite our finding that 68% of households lacked potable water. This underlines the urgent need to educate children about the potential health risks of environmental contamination.

On the positive side, we have found that poorer children do not have higher rates of morbidity than better-off children; girls are not suffering from higher malnutrition than boys; and neither location nor wealth are of great consequence for determining the prevalence of mental illness among children or depression among mothers. More importantly, most Vietnamese children are cared directly by their biological parents — especially those from poorer backgrounds, who typically spend more time with their parents than do children from wealthier families.

What our research suggests is that poor rural children should receive priority in policy interventions seeking to reduce poverty. Children in rural areas lack access to basic services and are at considerably higher risk for malnutrition. There is a pressing need for immediate actions to improve child health and education, expand basic services to the poor and diversify income generating activities in order to bolster the economic status of poor households. There is an equally urgent need for setting up flexible, rapid action programs to improve institutional responses to support the poor in times of crisis.

**Tran Tuan**  
Research and Training Center  
for Community Development, Hanoi



by Peter Townsend,  
London School of Economics  
and Political Science, UK

# Fighting Child Poverty Through Direct Policies

**There is growing anxiety that child poverty will not be greatly reduced by 2015. This is because the policies advocated by international agencies and national governments do not have much edge. The policies are largely indirect, not precisely devised, and tend to favor the wealthier segments of the population.**

**Children and families experiencing multiple severe deprivations benefit neither directly nor immediately from such policies. They need to be re-cast.**

**One alternative would be to introduce an accountable system of direct benefits for children in cash or kind, financed 50:50 by an international children's fund and participating governments through a Tobin-style currency transactions tax.**

**In a significant** new statement, the President of the World Bank, James Wolfensohn, and the UK Chancellor of the Exchequer, Gordon Brown, have said that, on current trends, the Millennium Development Goals will not be reached by 2015. Some may not even be met by 2165. "Without greatly increased growth," not one of the developing regions except for Asia "will see their poverty halved." Changing this situation is now imperative, as they have noted, "not only because it is morally right, but because it is now essential for stability and security."

Yet their joint statement continues to press for indirect measures. It argues that development in the poorest countries is supposed to happen predominantly through policies of economic growth, overseas aid, and relief from unmanageable debts in the Heavily Indebted Poor Countries (HIPC). More recently conceded has been the reduction of agricultural protectionism in the rich countries.

However, these four measures are all indirect policies. Benefits for the poor are assumed, rather than identified precisely and delivered. For those living in extreme poverty — overwhelmingly children and women — such indirect policy actions will not help them.

The problem is a structural one, which has been deepened by global market trends making the living standards of the rich and poor rapidly more unequal. The benefits of economic growth no longer filter down, while rights to social security and basic social services continue to be largely denied to the poor of the developing world.

## **Human rights and poverty**

Early national constitutions did not protect economic, social, and cultural

rights. A partial breakthrough came via the Indian Constitution of 1950. The "Directive Principles of State Policy" were included as goals to which each country could be committed. According to the Indian Constitution, it was "the duty of the State to apply these principles in making laws." Other Commonwealth statutes were framed to follow suit, including Ghana, Uganda, Sri Lanka, and, most recently, South Africa, with valuable use of the principle of "progressive realisation."

Yet in practice, human rights and the fulfillment of basic needs have not been guaranteed or provided. Mounting public demands for human rights and continuing reports of their violation serve to expose the weaknesses of the world's current anti-poverty policies.

Extreme deprivation among children seems more widespread and severe than supposed, as a recent report commissioned by UNICEF\* confirms. In 2002, UN High Commissioner for Human Rights Mary Robinson declared that "the most serious form of human rights violation in the world today is extreme poverty." Clearly, the connection between poverty and human rights has to be strengthened. Rights are universal, not selective.

The lack of resources — income in cash and kind, including assets equivalent to income — leaves families unable to obtain sufficient food, clothing, shelter and warmth, and to fulfill the social obligations of work, the upbringing of their children, and the care of their elderly and disabled. Their predicament is compounded by the difficulties such families face in accessing the public services and facilities that could enable them to mitigate or overcome their resource obstacles.

\* For a review of this report, see pages 12-13 on this issue of *In Focus*.

In this sense, poverty is first about lack of resources, and only secondly about its consequences for human deprivation. Exceptional displays of skill and management can allow some families, who would otherwise face multiple deprivations, to escape the worst effects from a shortage of resources. But we must avoid the error of supposing that more than a minority will ever be able to do the same. Escape from poverty does not depend primarily on shrewd individual calculations and effort. There are structural inequalities from birth that require a variety of public or “universal” institutions in each nation to promote stability and social cohesion.

#### **Child rights and anti-poverty policy**

Children are proportionally more vulnerable to extreme poverty than adults and their claim on public attention must have priority. The question is how can policies be directed more effectively towards their benefit.

The fundamental rights to social security and an adequate standard of living are spelled out in various human rights declarations, including Articles 26 and 27 of the Convention on the Rights of the Child. Article 27 outlines for all children “the right to a standard of living adequate for the child’s physical, mental, spiritual, moral and social development.” But while the rich countries have elaborate systems of social security directed at children, the poorest countries are remarkable in their near or complete absence of such measures.

Originally colonial authorities had introduced a semblance of a system in most of Asia, Africa, and the Caribbean. Rights to social protection were extended in the first instance to civil servants and employees of large enterprises, and included benefits such as health care, maternity leave, disability allowances, and pensions. In Latin America, some countries introduced social security schemes before World War II, and others followed suit afterwards.

More recently, new social insurance schemes have been introduced in parts of Africa, for example a maternity and sickness scheme in Namibia and a cash

*Extreme deprivation among children seems more widespread and severe than was supposed.*

grant transfer in South Africa. However, benefits typically have been limited in range and coverage, and resources have remained scarce.

Not surprisingly, developing countries today exhibit a checkered array of social security systems. The ILO estimates that in the least developed countries, less than 10% of the working population is covered by social security. Even in middle-income countries the figure ranges between only 20% and 60%.

In the future, social security benefits have to be greatly extended and non-contributory schemes — or schemes with minimal contributions — are needed in the informal sector of the economy. Some governments have made a good start in introducing policies directed at children, such as the *Bolsa Escola* program in Brazil. But wider non-contributory schemes for children are urgently needed everywhere — preferably schemes that are categorical and not means-tested.

Luckily, there is already a model existing for such policies. The ILO Social Security Convention of 1955 laid down minimum income requirements per child — either 3% of the ordinary manual laborer’s wage for the economically active or 1.5% of that wage for all other families. For an employed family with four children, benefits would have reached 12%, or 6% in cases with no working members. The ILO Convention came into force upon its signing by 40 countries, including Mauritius, Niger and Senegal. If international financial institutions had enforced the Convention rather than preached their standard anti-poverty strategy to countries in the developing world, it might have led to a dramatic fall in world poverty.

Instead, global economic doctrines in vogue during the 1980s favored cutbacks in taxation and public expenditure and

the privatization of public services. The aftermath of these policies was a major overhaul of the welfare state in many countries. In some of them, programs were abandoned; in others, the level and range of benefits were diluted because of alleged welfare abuses and the harmful effects on domestic savings and investment from high rates of taxation.

Wholesale abandonment of programs also became common after the break-up of the Soviet Union. That abandonment, like restraints on public expenditure built into structural adjustment programs, were implacably urged by the IMF and the World Bank at the same time that the virtues of the private market in providing social protection were exaggerated. It seems the time is now ripe for exploring bold new initiatives.

#### **A universal child benefit**

Instituting an accountable system of direct benefits for children would be one such initiative. The great virtue of an international child benefit is that it has a direct effect once put administratively in place. Means-tested benefits or tax credits are difficult to set up, and tend to be incomplete in coverage and administratively far more costly or wasteful. Meanwhile, overseas aid or debt relief as well as gains from economic growth may take years to filter through to the low-income population, and even then may fail to reach the most needy families.

The implementation of a new child benefit should take a variety of forms to recognize each country’s unique and differing circumstances. The benefit could be a weekly cash allowance for children under a given age — say ten, or five, or infants under two. A low birth-weight baby allowance is another example of a scheme that could be applied in rich and poor countries alike. Depending on available resources, the policy could be slowly phased in, perhaps starting with infants, as long as it is introduced country- or district-wide.

Benefits also could be given for severely disabled children. The market does not recognize this form of dependency even

though the costs of caring for a severely disabled child often account for family poverty, irrespective of whether parents are in paid employment or not. While some forms of congenital or disabling long-term illnesses may be declining, other conditions have emerged over the last two decades from problems such as AIDS, oil spills, nuclear or chemical pollution, and armed conflict, including limb loss from landmines.

### **An international children's fund**

How would a new child benefit be financed? The UN could set up an international investment fund for children, with grants to governments conditional on co-payments by each country at a ratio of one to one. A representative UN committee as well as individual governments would be responsible for monitoring such a scheme and certifying evidence of payments.

All monies for the fund would be generated from the proceeds of an international currency transactions tax. James Tobin put forward the idea of such a tax first in 1972 and then in the UNDP *Human Development Report 1994*. The recommended rate was to be in the range of 0.1% to 0.5% of currency transactions. If a tax of only 0.1% were to be implemented today, it would raise an estimated US\$500 billion a year.

Support for such a tax has grown rapidly since its most recent proposal in 1994. A 2002 report from the German Ministry of Economic Cooperation and Development explained that the measure was feasible and could even be introduced right away by the OECD or EC countries.

In that same year, the General Assembly of the UN considered a report prepared at the recommendation of Kofi Annan, the UN Secretary-General, for the President of the General Assembly. The object of the Zedillo Report was to "recommend strategies for the mobilisation of resources required to accelerate equitable and sustainable growth in developing countries as well as economies in transition, and to fulfill the poverty

*A universal child benefit backed by a currency transactions tax could ensure that the fundamental rights to social security and an adequate standard of living are enforced for children.*

and development commitments enshrined in the UN Millennium Declaration."

Surprisingly, the Zedillo panel made no attempt to consider alternative, more practical models of the Tobin tax or to deal with the difficulties said to be involved in implementing it. They did not compare its merits with other methods of raising funds for overseas development. The uses to which such a tax might be put or what social benefits might be derived were not discussed.

After an international conference on Financing for Development in June 2003, the panel recommended setting up an International Tax Organization within the UN but did not focus on a currency transactions tax and its social uses. The panel is due to report shortly in 2004, but has been diverted into making recommendations primarily on how multinational businesses might promote strong domestic private sectors in the developing world.

Diversion from the task of recommending direct financial measures to benefit desperately poor children would be an abdication by the UN of its responsibility for achieving the Millennium Development Goals. A universal benefit for children, in cash or in kind, would attract worldwide support. A currency transactions tax could provide the necessary means for such a scheme. It could prove to be not just a salvation for the world's children, but also a means for the international agencies to regain wide public support.

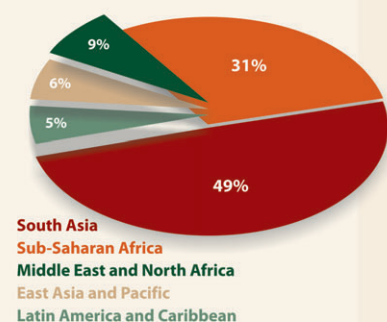


## IN REVIEW

**A new report commissioned by UNICEF details the extent and distribution of severe deprivation and absolute poverty among children in the developing world.**

**The report states that lack of investment in quality education, health care, and other public services is as significant a cause of child poverty in developing countries as are low family incomes. It also urges governments and donors to give greater attention to the problems of shelter, water and sanitation, particularly in rural areas where the gaps in quality and provision are most severe.**

**Distribution of absolute poverty among children, by region**



# Measuring Child Poverty and Deprivation

**Almost 700 million** children in developing countries are living in absolute poverty and over one billion children are severely deprived, according to a report released in October 2003 that proposes an operational measure of absolute poverty for children.

The report is part of a large research project funded by UNICEF, which seeks to fill a gap in knowledge about children's well-being in developing countries. Few such studies exist at present, despite extraordinary advances during the 1990s in the collection of high quality data on the world's children and their families. Aside from basic health and education indicators, most "knowledge" about children actually is derived from statistics that depict the situation of the child's family or main caregiver. However, this can be problematic when trying to estimate poverty levels because household-based measures typically assume an equal sharing of resources among members — an assumption that may not hold true for many families, rich and poor alike.

The study argues that the most commonly used poverty measures — including the World Bank's consumption-based poverty line — are inappropriate for estimating child poverty since so little is known about the income or consumption needs of children and how these may vary by age, gender and location. Young children, for instance, have low food requirements but numerous other basic needs that require expenditure. Particularly in developing countries, whether a child lives in poverty does not only depend on family income but also on access to public goods and services such as a safe water supply, roads, health care, and education. Thus, child poverty is measured best using *outcome* indicators (i.e. data that reflect the impact on children from both low family income and inadequate service provision) rather than *indirect* measures based on arbitrary thresholds for income or consumption.

As an alternative to standard money-metric measures, the UNICEF study defines absolute poverty as "a condition characterised by severe deprivation of basic human needs." Threshold levels are identified for each of seven 'basic human needs': food, safe drinking water, sanitation facilities, health, shelter, education, and information. The study assumes that a child is living in absolute poverty *only* if he or she suffers from multiple deprivations — two or more severe deprivations of basic human need. The use of a 'needs' threshold to define poverty aims to denote circumstances in which children are so severely deprived as to endanger their health, well-being and long-term development.

The threshold measures use a stricter baseline for poor living conditions than is usually adopted by UN agencies. For instance, the study uses 'no schooling' instead of 'non-completion of primary school' for education, 'no sanitation facilities in or near dwelling' instead of 'unimproved sanitation facilities' for sanitation, and 'no immunizations of any kind' instead of 'incomplete immunization against common diseases' for health, among its indicators to measure severe deprivation.

Even with such stringent criteria, the extent of child poverty and deprivation in developing countries is found to be shocking. Drawing on the largest, most accurate survey sample of children ever assembled (covering 1.2 million children from 46 countries), UNICEF shows that over half of the children in developing countries are

severely deprived — suffering from one or more deprivations of basic human need — and over one-third are living in absolute poverty. Rates of absolute poverty are highest in Sub-Saharan Africa (65%) and South Asia (59%). The presence of severe deprivation is also greatest in these two regions, with levels surpassing 80%.

African children, in particular, have the highest incidence of severe deprivation with respect to four of the seven indicators. More than half of African children are using unsafe water sources or have more than a 15-minute walk to water, while an equal amount live in dwellings with mud floors or more than five people per room. These children also face high levels of deprivation in education (30%) and health (27%). In turn, South Asian children are the most severely deprived with regard to food, sanitation and information, with more than 60% of the region's children having no toilet facilities of any kind and another 40% lacking access to radio, television, telephone or newspapers at home.

In all five regions, rural children face much worse living conditions than those in urban areas. Of rural children in South Asia and Sub-Saharan Africa, more than 90% are severely deprived and 70% or more are entrapped in poverty. While rates are lower in the other regions, they are still 1.5 to 7 times higher for rural than urban areas. In contrast, gender disparities do not appear to be as pervasive, with the exception of education where girls are at least 60% more likely to be deprived than boys.

Such severe deprivations harm children in the short as well as the long term, and are causally related to 'poor' developmental outcomes. Unsafe water supplies, inadequate sanitation, and overcrowded housing can impair children's health and education. Children who become chronically ill as a result of those conditions cannot go to school, even if free education is available. Clearly, severe deprivations may not only arise from a family's lack of resources but also from disease or discrimination, such as against girls' schooling.

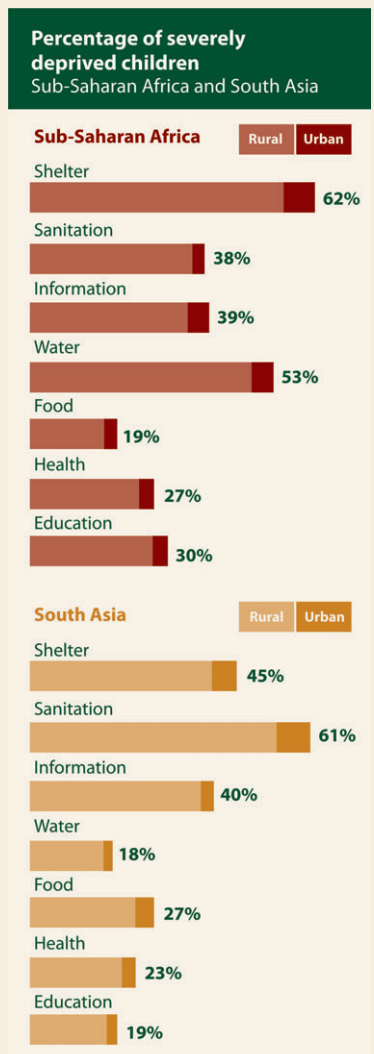
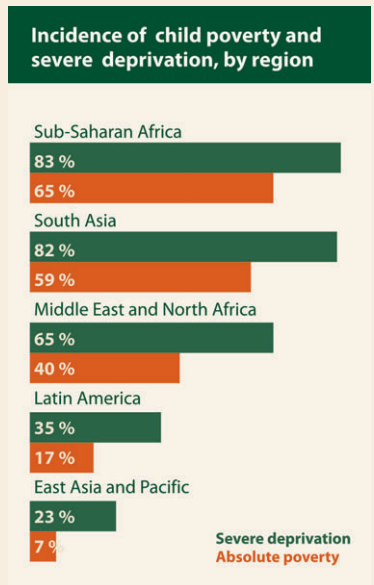
To resolve these deprivations, the study recommends tailoring anti-poverty strategies to the specific problems faced by children in each region. Efforts to tackle educational deprivation may be highly effective in reducing child poverty in North African and Middle Eastern countries, where one out of every three rural children aged 7-18 has never been to school and unschooled girls outnumber boys by three to one. But such a strategy would be much less effective in Latin America or East Asia where ending other child deprivations should be prioritized.

Overall, shelter and sanitation deserve much greater attention in policy interventions than is presently the case. Along with lack of information and safe drinking water, they affect the greatest number of children in the developing world. The private sector is extremely unlikely to play a major role in supplying water and sewage infrastructure to all of the world's poor areas. Providing adequate housing, sanitation and water facilities — prerequisites for good health and education — may thus require a more active role from international agencies and donors in campaigning for greater public investments in infrastructure, particularly for rural areas.

The report also proposes setting up an international children's investment fund under the auspices of the United Nations. Half its annual resources would go to countries with extensive child poverty and comparatively low GDP to implement (or expand) child benefit schemes, in cash or kind. The remainder would be channeled to countries investing in basic infrastructure and social services, as well as other schemes to directly benefit children.



**David Gordon, Shailen Nandy, Christina Pantazis, Simon Pemberton and Peter Townsend, *Child Poverty in the Developing World*, 2003.**



## IN REVIEW

**The net economic benefits from eliminating child labor — through greater productivity and earnings generated by more schooling and improved health — far exceed the costs, according to a new ILO report released last month.**

**Removing children from work requires overcoming social prejudice, building enough schools of sufficiently good quality, and compensating poor families for the loss of a child's income. While not insignificant, the costs of such actions represent a fraction of what developing countries currently spend on defense or servicing their debts. In return for these upfront investments, countries will receive much greater returns in the future.**

**Countries should not wait for economic development to automatically "solve" the problem of child labor. They must take immediate action to make this happen.**

# The Economic Returns From Eliminating Child Labor

**There are many** compelling reasons for eliminating child labor as a matter of urgency. Now there is a financial incentive, US\$5.1 trillion, according to a new ILO report that shows there are high economic returns from removing children from deleterious work and putting them into school.

The report, released in February, does not ask *whether* child labor should be eliminated — an obligation already embedded in international conventions. Instead, it asks what resources would be required to achieve this goal and sheds light on the financial burden and economic gains that can be expected from educating all children in developing and transitional countries up to lower secondary school.

Clearly, replacing harmful child work with universal education for all children aged 6 to 14 seems justified even if it did not yield positive economic returns. But the study's finding that the global benefit from eliminating child labor would be astronomical — equivalent to an internal rate of return of 43.8% and nearly seven times greater than its costs — implies that permitting child labor to continue is economically costly — and that, at least in this case, social and economic objectives need not be traded off. An important corollary from the study is that more aggressive programs against child labor are cost-effective and necessary, not only for humanitarian reasons but also to spur long-term economic development.

About 250 million children aged 5 to 17 are currently working worldwide. Of these, 180 million — one in eight — are exposed to work conditions involving hazards, sexual exploitation, trafficking and debt bondage, which endanger their physical, mental or moral well-being. Asia accounts for over 60% of all child laborers, and more than half the remainder comes from Africa. This region also has the highest incidence of child labor.

To reduce these numbers, the ILO proposes an array of interventions that would eliminate the worst forms of child labor by 2010 and ensure universal primary education by 2015 and lower secondary education by 2020. Central to the ILO proposal is a global program of income support that would compensate poor families for the loss of their children's earnings, projected at US\$250 billion in foregone income over 20 years. Modeled after successful initiatives such as *Bolsa Escola* in Brazil and similar schemes in Mexico and Bangladesh\*, the program would give poor households up to 80% of the value of a child's contribution to family income to help defray the opportunity cost for parents of moving their children out of work and into school. Contrary to many existing government programs, all poor families with school-age children would be eligible to receive the payments as long as their children remained in school.

Apart from the opportunity cost of child labor, the study cites three other factors that conspire against full-time school attendance. Either there are no schools at a reasonable distance or they are of such low quality that parents see no advantage in enrolling their children. Even if enough schools were available, parents would still need to overcome the purely economic barriers to educating their children such as direct costs of schooling (fees, books, uniforms), which can be so prohibitive for poor households that they constrain their demand for education.

\* For a review of these programs, see the article by Samuel Morley on our first issue (January 2004).

In order to provide children with a fitting alternative to full-time work, countries will have to invest heavily in improving the supply of education. Required investments include the capital and recurrent costs of expanding the capacity and upgrading the quality of schools to bring all children through age 14 into the education system. Also needed are a number of special programs targeting children who suffer from social exclusion or stigma — child refugees, *dalits*, and children engaged in hazardous work, bonded labor and prostitution — for whom income transfers alone may fail to encourage school attendance.

The overall cost of the child labor elimination program, which will be phased in over a period of 20 years, amounts to an estimated US\$760 billion at current values. This includes the combined costs of education, targeted interventions, and income transfers tied to school attendance, as well as the opportunity cost borne by households from foregoing a child's income. While admittedly a daunting figure, it represents an annual outlay of US\$95 billion — less than 10% of developing countries' debt service payments and a fifth of their defense spending.

More importantly, the anticipated returns from eliminating child labor far outweigh the costs. The bulk of benefits derive from the economic boost that most countries would experience from the added productive capacity of a more educated and healthier population. Each year of schooling up to age 14 is estimated to result in an 11% rise in annual earnings over one's lifetime. Returns from improved health are far smaller but still significant, especially considering that a child's well-being is vital in many ways that resist economic quantification.

The program of action outlined by the ILO may be seen as a "generational investment" that involves substantial up-front costs during its first years before reaping its far greater benefits. After 2020, there are no further costs expected — only the revenue gains from improved education and health, which could total US\$60 billion annually for as many as 40 additional years. While some regions would experience larger returns than others, the global net economic benefits would represent almost one-fourth of aggregate annual gross national income.

Yet, achieving these large economic gains will not be painless. There is a projected lag of nearly 15 years between the program's inception and the beginning of net economic payoffs. The front-loaded expense of supplying additional education, coupled with the administrative costs of the income transfer program, would impose a heavy financial burden on many governments — and the expectation of future gains is no guarantee that required investments are made each year.

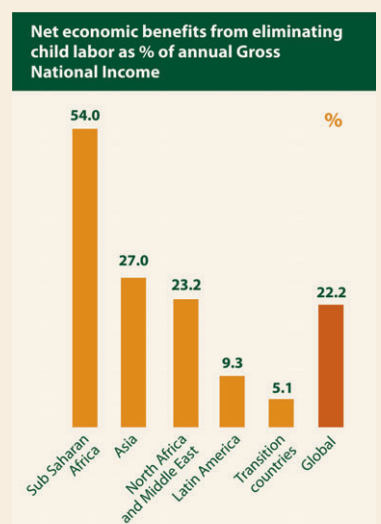
Three potential sources of funding could be considered to fill the gaps in financing: budgetary transfers, debt relief, and development assistance. Remarkably, the program's average annual cost pales in comparison with the burdens presently borne to finance debt service or fund the military — it is even small relative to current social expenditures. If one recalls that the commitment to universalize primary education is already enshrined in the UN Millennium Declaration, then the *incremental* fiscal burden of the ILO program to eliminate child labor is actually even smaller.

"Doing the right thing for children", says the ILO, is not only "an imperative derived from humanitarian values [but] is also consistent with economic criteria. The world cannot only afford to do this; it can hardly afford not to." Still, practical means will have to be arranged to finance an investment of this magnitude and duration. This is a political rather than economic question, one that involves a moral judgment and a commitment by the global community to rise up to the challenge.



**International Labour Office, *Investing in Every Child: An Economic Study of the Costs and Benefits of Eliminating Child Labour*, December 2003.**

Working children aged 5 to 14, by region			
Region	Numbers (,000)	% of cohort	Distribution (%)
Asia	110,390	18.7	60.6
Sub-Saharan Africa	37,902	25.3	20.8
Latin America	16,466	17.0	9.0
North Africa, Middle East	9,027	10.2	5.0
Transition countries	8,310	14.6	4.6
<b>Total</b>	<b>182,096</b>	<b>18.5</b>	<b>100.0</b>





**International Poverty Centre**

SBS - Ed. BNDES, 10º Andar  
70076 900 Brasilia DF  
Brazil

[povertycentre@undp.org](mailto:povertycentre@undp.org)  
[www.undp.org/povertycentre](http://www.undp.org/povertycentre)  
Telefax +55 61 315 5210