



***The Global Financial Crisis:  
Assessing Vulnerability for Women and Children, Identifying  
Policy Responses<sup>1</sup>***

The current global financial crisis, on top of recent food price increases (which, while down from their peak last year continue to affect the poor in developing countries), will have serious *gender specific* consequences for women in poor countries and their children. While women (and men) in most developing countries are vulnerable to increased risk of poverty and hardship, exposure to gender-specific negative impacts are particularly high in a subset of countries. These are countries where pre-existing high infant mortality rates and/or low rates of female schooling, combined with decelerating growth rates, substantially raise the vulnerability of women and girls to the deleterious effects of the crisis. Their situation is even more precarious in the sub-set of countries where limited fiscal resources constrain governments' ability to cushion human impacts.

If left unchecked, these crisis consequences on women will reverse progress in gender equality and women's empowerment (and in meeting the MDGs), increase current poverty and imperil

It is worth emphasizing that in poor countries with pre-existing high infant and child mortality rates the fall in household incomes is likely to further increase child deaths. This increased mortality of infants and children is concerning in its own right, but also worrying is the disproportionate burden it places on women and girls. Specifically, it exposes women to the multiple costs of additional infant deaths and increases the probability that these deaths will

### *Women losing income and joining the work force*

The experience of past crises suggests gender-specific first and second round impacts of the current crisis on women's income and their work choices. First round impacts include the fall in women's income in developing countries as result of employment losses in export oriented industries, tightening micro-finance lending, and/or drop in remittances. Second round impacts are part of households coping strategies and result in women joining the work force to help poor families weather drops in family income.

While some women in developing countries may be 'protected' from the short term impacts of the financial crisis because they do not have access to global markets (and are solely involved in subsistence or home production), other women who dominate employment in export manufacturing (for instance, Nicaragua, Bangladesh, and the Philippines) and high value agriculture (for instance, Uganda, Thailand, Ecuador) are likely to suffer direct employment losses from the contraction in industrial countries' demand for developing country exports. The banking crisis and formal credit squeeze should have a larger direct impact on men, who are the majority of users of financial services and formal sector borrowers, than women. However, women are the majority of clients of micro finance institutions (85 per cent of the poorest 93 million clients of microfinance institutions in 2006)<sup>9</sup> and as credit dries out their earnings from micro-businesses will drop—this should be especially true in Latin America and Eastern Europe and Central Asia, where micro finance institutions obtain a significant portion of their lending



women's incomes, especially in those countries when women and girls are most vulnerable to the effects of the crisis.