

POLICY BRIEF

Shocks and the changing profiles of children living in poverty

The cases of Georgia and Uganda

MAY 2024

I. Introduction

In a world increasingly characterized by fragility and shocks, it is important to evaluate and understand the changing profiles of children living in poverty, to expand UNICEF's and partners awareness and understanding of these changing patterns and to explore the critical implications in terms of policy and programmatic responses, including through social protection.

Using the example of a global shock, the COVID-19 pandemic, and research conducted by UNICEF Innocenti- Global Office of Research and Foresight^{1,2}, this policy brief examines the changing profiles of children living in poverty in two country contexts, Georgia and Uganda, and assesses the broader policy implications.

Globally, prior to the pandemic, the profiles of children and their families living in poverty showed that in general they are most likely to live in rural settings³, in countries/territories affected by conflict and fragility and in households where the head had little or no education and/or is engaged in agriculture. In addition, extreme child poverty has been increasingly concentrated in Sub-Saharan Africa, and in terms of absolute numbers of children, most children living in extreme poverty live in lower middle-income countries.⁴

However, the combined impacts of COVID-19, conflict and climate change led to an unprecedented increase in child poverty at the height of pandemic, reversing progress that had been made in recent years, and to changes to long-established profiles of the characteristics of children living in poverty. These changed profiles of children living in poverty are explored in this policy brief. While the focus of the analysis is on the pandemic, the policy lessons are relevant to a wide range of socio-economic shocks.

The 'new poor'

The COVID-19 pandemic was a global shock with major impacts on child poverty and inequalities. For example, the World Bank and UNICEF estimated that at the onset of the pandemic 76 per cent of households with many (three or more) children reported experiencing total income loss, versus 55 per cent of households with no children, and 24 per cent of households with many children reported an adult member who went without eating for the whole day due to lack of money or other resources.⁵ Recent data found that the extreme child poverty estimate in 2022 (15.9 per cent) was on par with the child poverty rate in 2019, indicating approximately three years of lost progress.⁶

¹ UNICEF Innocenti - Global Office of Research and Foresight, 'The social effects of the COVID-19 Pandemic: Who are the new poor in Georgia?', *Discussion Paper*, Florence, Italy, forthcoming 2024.

² UNICEF Innocenti - Global Office of Research and Foresight, 'Changing profiles of poverty in humanitarian settings: the case of Uganda refugees and hosts', *Discussion Paper*, Florence, Italy, forthcoming 2024.

³ Noting though that there is a lack of data often informal settlements in many countries and that some areas are administratively still considered rural but are in fact highly urbanized.

⁴ Salmeron-Gomez, D., S. Engilbertsdottir, J.A. Cuesta Leiva, D. Newhouse and D. Stewart, 'Global Trends in Child Monetary Poverty According to International Poverty Lines', *Policy Research Discussion Paper 10525*, World Bank, Washington, DC, 2023. <<https://www.unicef.org/documents/child-poverty-trends>>

⁵ World Bank and UNICEF, *The Impact of COVID-19 on the Welfare of Households with Children*, Washington, DC, 2022. <<https://www.unicef.org/reports/impact-covid-19-welfare-households-children>>

⁶ Salmeron-Gomez et al., 'Global Trends in Child Monetary Poverty According to International Poverty Lines', 2023.

Further, UNICEF estimated that in 2021, approximately 100 million additional children were living in multidimensional poverty – without access to essential services – due to the pandemic.⁷ This was further exacerbated by the war in Ukraine and the subsequent food, fuel, and living cost crisis. For example, in Europe and Central Asia, UNICEF analysis showed that child poverty soared in 2022, with a 19 per cent increase since 2021.⁸

While poor households tend to be particularly vulnerable to the impacts of covariate shocks, previously non-poor households may also become impoverished when their capacity to cope with the impact is overwhelmed. Like poor households, the near-poor (those just above the poverty line) and non-poor households struggle to cope with such impacts, while poor households may be pushed further into poverty.

At the height of the pandemic, a new group of those living in poverty emerged, the so-called 'new poor,' as coined by the World Bank, and defined as those who were expected to be non-poor in 2020 prior to the pandemic but became poor due to the socio-economic impacts of COVID-19.⁹ Based on projections, the World Bank emphasized that the profiles of the new poor in 2020 would differ from those who were poor in both 2019 and 2020 (considered as the chronically poor), as well as from those who remained non-poor in 2020. Further, they noted that the new poor would fall somewhere between the chronic poor and non-poor, but closer to the non-poor.

In the context of COVID-19 a separate analysis by the ILO indicated that 'new poor' children were likely to reside in households that rely on incomes from highly impacted occupations (for example, services, and retail trade, and construction) in precarious work conditions with low social protection coverage.¹⁰

As a result of restrictions on personal mobilities, which disrupted many economic activities and access to services, COVID-19 amplified existing inequalities.^{11,12} Its impacts were not evenly distributed, and children living in already disadvantaged and vulnerable households faced additional deprivations. Moreover, there is evidence emphasizing that adults and children living in vulnerable

⁷ UNICEF and Save the Children, *Technical Note: Impact of COVID-19 on children living in poverty*, New York and London, 2020. <<https://data.unicef.org/resources/children-in-monetary-poor-households-and-covid-19/>>

⁸ Richardson, D., F. Otchere and A. Musatti, *The impact of the war in Ukraine and subsequent economic downturn on child poverty in Eastern Europe and Central Asia*, UNICEF Innocenti - Global Office of Research and Foresight, Florence, Italy, 2022. <<https://www.unicef.org/eca/reports/impact-war-ukraine-and-subsequent-economic-downturn-child-poverty-eastern-europe>>

⁹ World Bank, *Profiles of the new poor due to the COVID-19 pandemic*, Washington, DC, 2020.

<<https://thedocs.worldbank.org/en/doc/767501596721696943-0090022020/original/ProfilesofthenewpoorduetotheCOVID19pandemic.pdf>>

¹⁰ ILO, 'COVID-19 and the world of work: Impact and policy responses', *ILO Monitor 1st Edition*, Geneva, 2020.

<https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_738753.pdf>

¹¹ Dempster, H., T. Ginn, J. Graham, M. Guerrero Ble, D. Jayasinghe and B. Shorey. 'Locked Down and Left Behind: The Impact of COVID-19 on Refugees' Economic Inclusion', *Policy Paper 179*, Center for Global Development and Refugees International, Washington, DC, 2020. <<https://www.cgdev.org/publication/locked-down-and-left-behind-impact-covid-19-refugees-economic-inclusion>>

¹² Josephson, A., T. Kilic and J.D. Michler, 'Socioeconomic impacts of COVID-19 in four African countries', *Policy Research Working Paper no. WPS 9466*, World Bank, Washington, DC, 2020. <<https://doi.org/10.1596/1813-9450-9466>>

settings, such as humanitarian and forced displacement settings, were more vulnerable than their peers living in host communities.^{13,14}

The pandemic, unfortunately, was a precursor for the immediate future, where the global landscape is likely to be characterized by multiple, combined and increasingly harming shocks, with impacts directly affecting the lives of children. Several reports by the World Bank¹⁵ as well as UNICEF and Save the Children^{16,17,18} highlighted how, in an increasingly interconnected world, shocks like the COVID-19 pandemic are posing a risk to the livelihoods of millions of children, leaving no country and no context unaffected by the sweeping socio-economic impacts.

Building upon the above estimates on the impacts of COVID-19 and groups of 'new poor', this policy brief summarizes research conducted on Georgia and Uganda to better understand specific country-level trends in children in poor households, using survey data. The datasets used are the Georgia Households Incomes and Expenditures Survey (HIES) and the RIMA Uganda Refugee and Host Communities Panel Survey.¹⁹ These diverse country contexts provide us with a useful roadmap and prompt us to analyse the changing profiles of children and their families living in poverty or vulnerable to falling into poverty to reach these children with necessary services to mitigate the impact of the crisis – including through necessary social protection measures.

II. Case study 1: Georgia

In Georgia, an upper-middle-income country, research focusing on the impact of the pandemic on child outcomes and wellbeing is limited. Many people in Georgia live just above the poverty line and are, hence, at risk of being pushed below the poverty line when a major shock hits. To analyse the profiles of the 'new poor' (those who fell below the poverty line due to the pandemic) in Georgia, the Households Incomes and Expenditures Survey (HIES), a quarterly representative rotating panel survey, was used. To understand the evolution of the characteristics of the new poor, the analysis used HIES data from 2017-2021 interviewing between 3,000 to 6,000 households annually from rural and urban areas across the country.²⁰ The methodology used for calculating the poverty rates

¹³ Dempster et al., 'Locked Down and Left Behind: The Impact of COVID-19 on Refugees' Economic Inclusion', 2020.

¹⁴ Vintar, M., T.P. Beltramo, A. J. S. Delius, D.T. Egger and U.J. Pape, 'Impact of COVID-19 on Labor Market Outcomes of Refugees and Nationals in Kenya'. *Policy Research Working Paper no. WPS 9960*, World Bank, Washington, DC, 2022. <<http://documents.worldbank.org/curated/en/839821646670068778/Impact-of-COVID-19-on-Labor-Market-Outcomes-of-Refugees-and-Nationals-in-Kenya>>

¹⁵ Mahler, D.G., C. Lakner, A. Castaneda Aguilar and H. Wu, "Updated Estimates of the Impact of COVID-19 on Global Poverty", World Bank, 8 June 2020. <<https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty>>

¹⁶ UNICEF Eastern and Southern Africa and UNICEF West and Central Africa, *COVID-19: A Catastrophe for Children in Sub-Saharan Africa Cash Transfers and a Marshall Plan Can Help*, Nairobi, Kenya and Dakar, Senegal, 2020. <<https://www.unicef.org/wca/documents/covid-19-catastrophe-children-sub-saharan-africa>>

¹⁷ UNICEF and Save the Children, *Technical Note: Impact of COVID-19 on children living in poverty*, 2020.

¹⁸ UNICEF Innocenti, *Prospects for Children in the Polycrisis: A 2023 Global Outlook*, Florence, Italy, 2023. <<https://www.unicef.org/innocenti/reports/prospects-children-polycrisis-2023-global-outlook>>

¹⁹ The criteria for selection in the analysis encompassed the availability of data both before and after the pandemic. These two countries not only fulfilled this data requirement, but also provided a unique opportunity to contrast distinct contexts, including one with a more humanitarian focus.

²⁰ UNICEF Innocenti - Global Office of Research and Foresight, 'The social effects of the COVID-19 Pandemic: Who are the new poor in Georgia?', 2024.

presented in this brief is different from the one used by the National Statistics Office (NSO) in Georgia, which can lead to some differences in results.²¹

Key Findings from Georgia

The analysis showed that overall, households with children, children living in urban households, in households composed mostly of working-age women, and in households without pensions were, on average, more at risk of falling into poverty.

- Households with children were hit harder by the pandemic than those without, and despite an economic rebound in the last quarter of 2020, these effects may have lasted longer

Using the methodology mentioned above, 20.4 per cent of families without children were living below the poverty line in 2020, compared to 21.7 per cent of families with one or two children (the overall poverty headcount in 2020 was 20.4 per cent). Poverty levels peaked in quarters 2 and 3 of 2020, and then decreased in quarter 4, suggesting a transitory nature of the income shock. This is due to the combined effect of the relaxation of restrictions and the seasonality of incomes, especially agricultural incomes, which peak in the last part of the year. Although the overall poverty pattern showed a steady decline in 2021, households with children remained poorer than those without. In 2021, 14.5 per cent of households without children were living below the poverty line, compared to 16.9 per cent of households with one or two children and 15.1 per cent of households with more than two children.

- For the first time, members of households living in urban areas were more likely to become poor, yet overall, poverty levels in rural areas remained higher

Many models predicted the economic effect of the pandemic to be worse in urban areas than in rural areas, as restrictions were projected to be more stringent in urban areas. While the poverty levels decreased from 2017 to 2019 for households in both urban (from 17 per cent to 16.7 per cent) and rural areas (from 27.3 per cent to 23.4 per cent), **for the first time since 2017, poverty levels in urban areas increased in 2020 compared to the previous year** (to 18.9 per cent). In rural areas poverty levels still decreased compared to the previous year (to 22.7 per cent), but at a slower pace compared to the years between 2017 and 2019. Overall, in both rural and urban areas, the impact is larger for households with children than for those without.

²¹ The differences in methodology include: 1) The NSO uses expenditure while in the UNICEF paper income was used to calculate the poverty rates. 2) The UNICEF paper uses a relative poverty line (computed by using the 60 per cent of the median income in the country), whereas the NSO uses an absolute poverty line. 3) The paper uses a different equivalence scale than the NSO. Equivalence scales are used to account for the fact that while the requirements of a household increase with more members, the growth is usually not directly proportional due to economies of scale in consumption. For example, a household with three members will not need three times the amount of housing space, electricity, and so on, compared to a single person. To factor this in, equivalence scales are utilized to assign a value to each household type based on their respective needs. A variety of equivalence scales exist. For the paper the 'square root scale' is used, meaning that the household income is divided by the square root of the household size. The NSO uses a different equivalence scale.

- **Children living in households relying on self-employment for income were more at risk of falling into poverty, and those receiving a more stable income were more protected**

Overall, children living in households mostly relying on self-employment wages had a higher risk of becoming poor than in the past, while those relying mostly on hired employment were more protected. Households with access to pensions/scholarships/assistance showed a lower risk of falling into poverty, indicating the protective effect that stable money inflows can have. A similar outcome was found for those whose income depends on the sale of agricultural products, which can partially be explained by the fact that the pandemic affected other sectors, such as wholesale or retail, comparatively more than the agricultural sector in Georgia.²²

- **Children living in households composed mostly of working-age women were more at risk of becoming poor**

The analysis also shows that in 2020, for the first time, households composed of a high number of working-age women were at greater risk of falling into poverty than before. Interestingly, the opposite is the case for women of retirement age: Households with women of retirement age were slightly less likely to fall into poverty. A possible (although not testable) explanation for this is that women in retirement age may have acted as childcare support, compensating for the work that parents would otherwise have to do and allowing them, to the extent possible, to work (and gain income to protect them against poverty).

III. Case Study 2: Uganda

Globally, refugees often face challenges accessing basic social services, including healthcare or education, as well as encountering restricted rights to work due to their legal status and exclusion from government social protection programs. This means that they are particularly vulnerable to the impacts of shocks. At the height of the COVID-19 pandemic, with the closure of public spaces, business restrictions, and the closure of refugee camps to the outside world, most of the few remaining economic opportunities available to refugees disappeared. Many households were left without any income-earning activity.²³

The majority of refugees globally reside in low- and middle-income countries. Uganda hosts the largest refugee population in Africa, with more than 1.5 million refugees coming from South Sudan, DRC (Democratic Republic of the Congo), Somalia, Burundi, and Eritrea (in that order).²⁴

To better understand the impact of the pandemic on refugee households, the analysis focused on the characteristics of those who have fallen into poverty as a consequence of the COVID-19 pandemic, comparing both refugee and host-community households in Uganda.²⁵ The role of social assistance in mitigating the negative effects of the crisis was also analysed. The analysis was based on a

²² Khorbaladze, K., *The Covid-19 pandemic and its impact on Georgia's economy regional analysis*, EECMD, USAID, EPRC, Tbilisi, Georgia, 2020. <https://eecmd.org/wp-content/uploads/2021/02/Policy-Paper_Economic-Development_Regions.pdf>

²³ Vintar et al., 'Impact of COVID-19 on Labor Market Outcomes of Refugees and Nationals in Kenya'.

²⁴ UNHCR, "Uganda Comprehensive Refugee Response", last updated 30 Apr 2023. <<https://data.unhcr.org/en/country/uga>>

²⁵ UNICEF's Office of Research and Foresight – Innocenti, 'Changing profiles of poverty in humanitarian settings: the case of Uganda refugees and hosts', 2024.

longitudinal survey representative of refugee and host communities in Uganda²⁶ and compares the poverty status of 2,963 households in 11 districts between 2019 and 2020.

Key findings from Uganda in refugee and host-community households

Poverty remained higher among refugee households, but the difference in poverty rates between them and host-community households decreased. Family structure (i.e., number of children) and occupation type (i.e., income from wage labour) were stronger predictors of falling into poverty for refugee households than for host-community households. Moreover, social transfers were only partially effective in shielding households with children from the likelihood of falling into poverty.

- **Poverty remained higher among refugee households, but the difference in poverty rates between refugee and host-community households decreased in 2020**

In 2020, 38 per cent of all refugee households were living below the poverty line²⁷ compared to 19 per cent of host-community households. Although host-community households were still less likely to become poor, the difference between the two decreased in 2020 compared to the previous year.

- **Refugee households with more children were more likely to move into poverty**

While in 2019, refugee households with more children were no more likely to move into poverty than smaller households, the opposite was the case in the year after. In 2020, the probability for refugee households to fall into poverty increased with the number of children in the household. This was not the case for households in host communities.

- **Poverty is more volatile among refugee households and more chronic among host-community households**

More refugee households with children fell **into poverty** in 2020 than host-community households (19 per cent vs 16 per cent). However, more refugee households (in the aggregate) also moved **out** of poverty compared to households in host communities (21 per cent vs 8 per cent), resulting in a **net effect of minus two percentage points for refugees and plus eight percentage points for households in host communities** (meaning that in total the number of refugee households in poverty decreased in 2020, while for host-community households it increased).

The report estimates that these patterns might have been due to the cash transfers received in response to the COVID-19 crisis and the higher share of transfers of refugees' total income compared to that of households in host communities. In fact, while refugees relied more on transfers for their income (also due to difficulty in engaging in paid work in many cases), the incomes of host-community households were more diversified and included agriculture and wage employment as sources, sectors which were heavily affected by the pandemic (see also next point).

²⁶ RIMA Uganda Refugee and Host Communities Panel Survey, a four-round longitudinal survey representative of refugee and host communities in the country, implemented by the Uganda Office of Prime Minister, the Uganda Bureau of Statistics, FAO, WFP and UNICEF.

²⁷ The authors used a relative poverty line based on expenditure (equal to half the median of per capita daily expenditure distribution in 2019, i.e. USD 0.13 in 2011 PPP).

The percentage of households that moved in and out of poverty suggests that there is a higher volatility in the poverty transition among refugees compared to households in host communities, and it could also mean that many refugee households hover around the poverty line. In comparison, there are fewer poor households in host communities compared to refugees, but once they fall into poverty, they are less likely to move out again, suggesting a potential chronic poverty condition.

- **Working in wage employment and agriculture increased the likelihood of households in host communities falling into poverty compared to other sources of income**

Households in host communities that retrieve a higher share of their income from wage employment and- to some extent- from agriculture were more likely to fall into poverty compared to households relying on other income sources, such as self-employed non-agricultural businesses. Wages were the income source most affected by the crisis, due to the job losses caused, for example, by the closure of shops and businesses. Income from agriculture also decreased due to disruptions to the food supply chain.

- **Additional cash assistance was not sufficient to prevent households with more children from falling into poverty**

In response to the COVID-19 crisis, the Government of Uganda and international partners reinforced the social assistance provided, including to refugees. The research shows that although additional cash transfers slightly reduced the probability of refugee households with children falling into poverty in 2020, they were still more likely to move into poverty than households without children. This suggests that the additional cash assistance implemented was not sufficient to reduce the likelihood of households with children, and especially of those with five children or more, falling into poverty.

IV. Key Policy Lessons

Policy lessons – highlights:

- The poverty profiles of children and their families can change rapidly in diverse ways during and following shocks. The Georgia and Uganda examples show that the new poor (i.e., those who became at least temporarily poor due to the pandemic) are increasingly urban, work in unstable employment, and have more children.
- While the focus of this brief is on the impacts of the pandemic, in the past years, other issues have exacerbated the situation of children living in/vulnerable to poverty, including the cost-of-living crisis, increased conflicts and the climate crisis.
- In light of this, it is important for governments, UNICEF and partners to quickly identify the changing profiles of children living in poverty and to reach them with the necessary policies and programs, especially through **inclusive social protection systems that have high coverage, are responsive to shocks and provide adequate benefits which are not capped according to the number of children.**

Policy lessons from Georgia and Uganda

While the two case studies, Georgia and Uganda, are from fundamentally different contexts, they both provide important policy lessons for child poverty reduction efforts that could be applied to similar contexts, especially as we live in a world of increasing protracted crises:

- Both case studies show that **households with children were more at risk of falling into poverty** than those without (in the case of Uganda, this finding only applied to refugees). This analysis reinforces the current and expanding evidence that children as a group are the most likely to be in poverty, or vulnerable to falling into poverty.
- The **coverage of social assistance programmes** needs to be expanded, especially among households with children. Moreover, the **level of transfers** should be adapted to the size of the households with higher transfers for households with more children. This has already been done in Georgia over recent years²⁸. The Uganda case study indicates that transfers were only partially effective in protecting refugee households with many children from falling into poverty, which can be partially explained by the cap of assistance by the number of children. More generally, in countries such as Uganda, where only 2.8 per cent of the population is covered by a social protection benefit²⁹, it is paramount to expand social protection floors, with or without shocks.
- Both case studies highlight the importance of **labour market policies** to complement social assistance. The Uganda case, in particular, stressed that labour-related interventions alongside cash transfers can be beneficial. In Georgia, the vulnerability of the agricultural sector and those working in self-employment highlights the need for other measures, such as shock-responsive social protection measures, including unemployment insurance, which cover non-formal workers.
- Finally, the Georgia example emphasizes the gendered impacts of crises: households composed mostly of **working-age women were at increased risk** of falling into poverty. Across the world, women were more likely to drop out of the labour force during the pandemic (due to less secure jobs to start with), the devastating impact of the pandemic on highly feminized sectors, which are often low-paid, such as hospitality, tourism and retail and an increased childcare burden due to school closures, etc.³⁰ The pandemic highlighted how caregiving responsibilities disproportionately burden women due to societal expectations and gender norms. The pandemic underscored the need for policies that address the gendered nature of the care crisis, including through income support for caretakers and comprehensive care and support services.

²⁸ The Government of Georgia doubled the monthly child cash benefit for vulnerable families (provided per child) in July 2021 and then increased it again by 50 per cent in July 2022. More recently, it announced another increase for the child benefit, planned to start in July 2023.

²⁹ ILO, "World Social Protection Dashboard", accessed 6 June 2023. <<https://www.social-protection.org/gimi/WSPDB.action?id=13>>

³⁰ UN Women, 'Addressing the economic fallout of COVID-19: Pathways and policy options for a gender-responsive recovery', *Policy Brief* no. 15, New York, 2020. <<https://www.unwomen.org/en/digital-library/publications/2020/06/policy-brief-addressing-the-economic-fallout-of-covid-19>>

The global response – reaching the new poor with support

Beyond the important lessons from Georgia and Uganda, there are crucial global learnings emerging from other countries – on how countries fared in reaching those in chronic poverty or new to poverty with social protection programs. The World Bank notes in its latest 2022 Poverty and Shared Prosperity report that at the height of the COVID-19 pandemic, it was challenging to target the new poor for support. Examining the extent to which countries reached individuals and firms who reported income or employment losses, or who reduced their workforce or wages, they note that generally³¹:

- Countries implemented more broad-based support (universal transfers or subsidies) than targeted support during COVID-19 (great uncertainty surrounded how the pandemic would evolve and affect households, resulting in broader coverage of support rather than attempting to anticipate losses and targeting those vulnerable to poverty).
- When countries provided universal support to households, subsidies were favoured over universal transfers – in particular in low-income countries (more than three quarters of countries implemented subsidies or waivers related to housing rents, water, electricity, heating and telecommunications).
- Governments tended to use existing administrative systems to support households (for example suspension of tax and utility payments and subsidies in countries with limited social assistance delivery systems). Countries with stronger digital infrastructure, including ID and payment systems and social registries, were generally able to implement and disburse emergency assistance programs more rapidly than those without these assets.
- The types of households that were more likely to receive support were generally more likely to have characteristics associated with being structurally/chronically poor, such as having a higher dependency ratio and lower levels of education.

An important lesson from the COVID-19 crisis is the fact that Governments tended to use existing systems to support households, highlighting the need to rethink social protection during and in the wake of crises. **Reaching the new poor through administrative systems which are designed to reach the existing poor is a clear challenge.** There are, for example, lessons emerging from India, indicating that the likelihood of urban residents being covered by cash transfers during the pandemic was 8 percentage points lower than among rural dwellers.³² There was a clear challenge in reaching the new urban poor with cash transfers, as they were not included in existing programs in India. Experiences from other countries show a similar story, support to households generally reached those in chronic poverty, but there were challenges in reaching informal workers and middle-class households facing large losses and vulnerable to falling into poverty.

³¹ World Bank, *Poverty and Shared Prosperity 2022: Correcting Course*, Washington, DC, 2022. <https://doi.org/10.1596/978-1-4648-1893-6>

³²Choudhuri, P., S. Desai and S. Pramanik, "Urban exclusion: Rethinking social protection in India in the wake of Covid-19", National Council of Applied Economic Research, 13 June 2022. <https://www.ncaer.org/news/urban-exclusion-rethinking-social-protection-in-india-in-the-wake-of-covid-19>

Implications for poverty monitoring and social protection going forward

Poverty monitoring

The research from Uganda and Georgia shows that the profiles of the new poor (those who became poor due to a crisis) and the 'near poor' prior to a crisis can be quite different. Shocks can affect various categories of people in different ways, depending on their nature and the new poor are not necessarily those who were on the brink before the shock. It is therefore important to understand the dynamism of poverty profiles, especially of those living close to the edge of poverty before a shock and comparing them with those who fall into poverty afterward. Real-time and rapid data collection can be useful here, but they have proven not to be reliable, requiring researchers and policy makers to think about alternative tools. Predictive modelling for different types of shocks, for instance, can help in anticipating which groups might be at risk, allowing for more proactive measures.

Yet, it is also important to note that even before the COVID-19 crisis, the profile of the poor was changing due to increasing urbanization. It is expected that by 2050, about 70 per cent of the world's population will be living in urban areas (compared with around 56 per cent today).³³ While the urban-rural poverty divide persists (the latest UNICEF/World Bank estimates show that 22.4 per cent of children in rural areas live in extreme poverty versus 6.5 per cent of children in urban areas³⁴), sharp inequities exist within urban areas, and this is particularly the case for countries with high social and income inequality.

In short, poverty profiles are changing and expanding. Policy makers and the international community, including UNICEF and partners, need to be agile to identify and reach new groups of children living in poverty. This will require innovation to understand the best ways to respond to transient poverty, particularly in the context of a polycrisis. Yet, it also remains of utmost importance **not to lose sight of those children and families living in chronic poverty**, who are often characterized by living in rural settings, in large households with many young children, engaged in agricultural activities, and with low educational attainment.

Social protection

The practical lessons from Georgia, Uganda and other countries (see box above) on the mixed rollout of social protection during the COVID-19 crisis can provide us with useful evidence to inform social protection reforms to reach not only the chronically poor but also the 'new poor.' Several countries have already made changes to their social protection policies and legislation, following lessons learned from the COVID-19 crisis. In Senegal, for example, where the pandemic exposed the vulnerabilities of those in the informal economy (the main source of employment in Senegal) and their lack of access to social protection, especially those in urban areas – the Government started exploring

³³ World Bank, "Urban Development", World Bank, Last Updated 3 April 2023.

<https://www.worldbank.org/en/topic/urbandevelopment/overview>

³⁴ Salmeron-Gomez et al. 'Global Trends in Child Monetary Poverty According to International Poverty Lines', 2023.

options to include certain populations working in the informal economy, such as artisans, in the national social protection scheme.³⁵

Lessons from the COVID-19 crisis also include acknowledging the heavy reliance on subsidies whereas, in the future, **increased coverage of child benefits** towards universal coverage at such key crisis junctures should be promoted. These are more effective in reaching poor households, and it is less costly to provide universal transfers than universal subsidies. Moreover, universal or quasi-universal benefits can be scaled up more easily in times of large-scale shocks and thus reach a large share of the population with cash benefits relatively quickly. However, as a recent report from ILO and UNICEF shows, approximately 1.7 billion children below the age of 18 years currently have no access to social protection, highlighting the urgent need to accelerate progress towards universal coverage for children.³⁶

The case studies from Georgia and Uganda also underline the need for **more shock-responsive social protection systems**, enabling Governments to protect households, and especially those with children, from falling into poverty. However, in most countries, national systems are not sufficiently shock responsive to respond swiftly and effectively in times of shocks and crises, including for instance by adjusting benefit levels, expanding coverage, or introducing new programme components. This requires establishing policy frameworks as well as strengthening coordination mechanisms to enhance the efficiency and effectiveness of the overall response across all relevant actors. It entails reviewing and strengthening administrative and delivery systems (including household registries as well as effective and reliable forecast systems) to enable a) continuity of service delivery, and b) the potential for flexing and scaling up in response to shocks.

Governments need to be well positioned to respond to the changes that a world increasingly characterized by fragility and shocks bring about, including increasing social protection coverage and adequacy (especially in countries with very low coverage) and strengthening their shock responsiveness to reach both the chronically poor and **the 'new poor'**.

³⁵ ILO, *Building Social Protection Floors for All: ILO Global Flagship Programme, 2021-22 Report*, Geneva, 2023. https://www.developmentaid.org/api/frontend/cms/file/2023/03/wcms_873378_compressed.pdf

³⁶ ILO and UNICEF. *More than a billion reasons: The urgent need to build universal social protection for children. Second ILO–UNICEF Joint Report on Social Protection for Children*. Geneva and New York, 2023. <https://www.unicef.org/documents/urgent-need-for-universal-social-protection>

Acknowledgments

This policy brief was written by Charlotte Bilo and Sola Engilbertsdottir and is based on the working papers developed by Alessandro Carraro, Gwyther Rees, and Margherita Squarcina. We would like to thank Natalia Winder-Rossi and Jenn Yablonski for overall guidance and review. We would also like to thank Moses Muse Sichei, Tawanda Chinembiri, Ketevan Melikadze, Giorgi Kalakashvili, Nino Davitashvili, Louisa Lippi, Thomas George and Tomoo Okubo who reviewed earlier drafts of the brief, for their useful feedback.

Disclaimer: This is a working document. It has been prepared to facilitate the exchange of knowledge and to stimulate discussion. The text has not been edited to official publication standards, and UNICEF accepts no responsibility for errors. The statements in this publication are the views of the author(s) and do not necessarily reflect the policies or the views of UNICEF. The designations in this publication do not imply an opinion on the legal status of any country or territory, or of its authorities, or the delimitation of frontiers.

About us

UNICEF works in the world's toughest places to reach the most disadvantaged children and adolescents — and to protect the rights of every child, everywhere. Across 190 countries and territories, we do whatever it takes to help children survive, thrive and fulfill their potential, from early childhood through adolescence. And we never give up.

Published by

UNICEF

Social media:

@UNICEFSocPolicy

@UNICEFInnocenti on Facebook, Instagram, LinkedIn, YouTube, and X (Twitter)

Suggested citation

UNICEF, *Shocks and the Changing Profiles of Children Living in Poverty: the Cases of Georgia and Uganda*. 2024

© United Nations Children's Fund (UNICEF), May 2024

for every child, answers