

October 2009

---

# The economic crisis and its humanitarian impact on Europe

---

Testimonies from the Red Cross Red Crescent



REUTERS/Kevin Coombs



International Federation  
of Red Cross and Red Crescent Societies

## Introduction

---

Things must be bad when increasing numbers of people go to their local Red Cross or Red Crescent Society for help with the basic necessities of life – including some who would never normally think of seeking assistance from a charitable body. National Society branches, with their unique grass-roots reach in all countries, are an invaluable socio-economic barometer of the times.

This study recognizes the weakness of statistical data on how the economic crisis has affected households in the 52 countries of the International Federation’s “European” administrative region – including Central Asia and the Caucasus, and does not seek to fill the gap. What it does try to do, is provide a window on the experience and perceptions of Red Cross and Red Crescent Societies, which are very well placed to detect changes in vulnerability and the needs of households – possibly faster than they can be precisely measured by rigorous statistical methods.

The study is based on a series of detailed interviews with National Society staff and volunteers in nearly every country in the region, who say that large populations across the whole continent are suffering serious consequences, and that their branches are struggling to keep up with demand for new assistance, at a time when their own resources are also under pressure.

While governments are to be commended for committing trillions of dollars to rescuing banks and financial structures, there is little evidence of the same commitment to the social crisis – such as expanding welfare safety nets, initiating new safeguards, adapting existing programmes to meet the new vulnerability, or even just increased allocation in the sector.

The crisis has pushed millions out of work: the Eurostat agency estimates that 21.8 million men and women in the EU are now unemployed. Youth in particular are increasingly vulnerable and desperate as they fail to access employment opportunities. Many more have lost their jobs in the EU “borderlands” and beyond. Even as economies across Europe are showing signs of recovery, past experience suggests a lag before employment picks up and the social consequences of the crisis fade.

### **While trillions are committed to rescuing banks, there is little evidence of the same commitment to the social crisis**

It can be reasonably assumed that if the dependents of the unemployed are counted, up to 50 million citizens in the EU alone are currently vulnerable due to unemployment; and this does not take into account those who are not looking for work.

The situation places a great strain on social and economic models, and carries the danger that gains made during periods of growth will be lost. If action is not taken before the (at the time of writing) imminent winter months, the possibility exists that social tensions will rise.

The Red Cross Red Crescent does not believe, however, that this calls for the introduction of new programmes or approaches, but argues that much can be achieved by modifying inclusion criteria for beneficiaries, to ensure newly vulnerable groups become eligible for assistance. Adding supplementary capacity might enable new categories of vulnerable people to access support and services – not necessarily delivered by governments themselves, but with official support nevertheless, and possibly also involving international aid partners.

It is argued in several countries on a bipartisan basis that the “voluntary sector”, of which the Red Cross Red Crescent is a part, is key to helping communities get back on their feet after the ravages of recession.



## The Red Cross Red Crescent and the economic crisis

The Red Cross Red Crescent, while not being part of the financial sector, has gone to great lengths to gain a solid understanding of the origins of the crisis and has done its best to respond appropriately.

The efforts of governments have focused primarily on nursing the *financial* sector and stabilizing the macroeconomic situation. Much less attention has been paid to the consequences of the crisis on, what the Red Cross Red Crescent traditionally calls “the vulnerable”, who – from the testimony of the National Societies – bear a disproportionate share of the effects of the economic contraction.

Little has been done, so far, to expand social safety nets and other safeguards, let alone adapting existing ones, to meet new and deepening vulnerabilities.

This is particularly serious for individuals and households in parts of eastern Europe where, in spite of generally good economic times over the past decade or so, people tended to have less of a cushion of savings and other assets, and public safety nets are weaker.

These countries may be on the immediate external border of the EU or further afield, yet many actual EU members face some or all of the same problems. National Red Cross and Red Crescent Societies are responding to the needs they see through a variety of means, but they themselves face declining revenue combined with increasing demand.

In this context, it is clear that in order to avoid a situation in which social distress becomes entrenched, Europe needs to do more to help its citizens.

National Societies give the distinct impression that they fear new vulnerabilities (unemployment, debt, marginalization) will not easily be cured in the short term, and if neglected, they may harden into semi-permanent conditions of social disadvantage.

The sources of vulnerability identified by the National Societies are closely aligned with the consequences of economic contraction: primarily unemployment and the attendant loss of income at household level. Other major sources identified are the loss of remittances from migrant labour and the vulnerability of migrants themselves, especially undocumented ones, as well as specific groups such as the elderly, national minorities or young people who risk being locked out of the labour market for the long term.

A general, but vaguely defined, financial *insecurity* contributes to increasing mental-health issues, alcohol abuse, and other health problems amid declining government allocations for health and social services and other social safety nets.

The downturn in economic activity thus carries the risk of widening and entrenching poverty, vulnerability and social exclusion, and in that context, a loss of development gains made in past decades.

**Vulnerabilities may become entrenched and put a strain on social cohesion**

*A homeless man sleeps under the window of an upmarket boutique in Kiev April 22, 2009. Ukrainians have been badly hit by the crisis, which has sent the hryvnia currency tumbling and cut jobs in export industries.*



# “Our future is a vacuum”



Jolanta, 30, and her two children, Elmars Janis, 9, and Kristians Deins, 2, are among the thousands of Latvian families living in the suburbs of the capital, Riga. Like many other families today, they have reached a point where they do not know how they are going to survive.

In May, Jolanta's husband Raimonds, 35, lost his job at a construction materials company, where he had worked for several years. In spring, the company's business plummeted, leading to most of the 30-strong staff being laid off – Raimonds was one of them.

In 2009, his wife, Jolanta, looked everywhere for work after one year's maternity leave with their younger child – there were no jobs to be found. Her previous job as a data processor in a big company had not been kept open for her. Nor could she find another job during the critical time, when so many industries were closing down or making workers redundant.

The family's only income these days is the children's allowance they get from the state – about 70 Latvian Lati (100 EUR) per month. Raimonds has applied for unemployment support and hopes to start receiving it soon. Even so, social benefits can only cover a small part of their monthly expenses.

“The Red Cross is trying to help, providing clothes and some food for the family,” says Eva Ikauniece from the Latvian Red Cross, “but none of the relief organizations in Latvia are able to cover the wide range of needs so many people are facing these days.”

Economic activity in Latvia remains far below pre-crisis level. By the end of August 2009, the state had spent LVL 1.11 billion of the LVL 2.08 billion international loan funds received. The loan is being used to cover the government debt, the budget deficit and to promote stability in the financial sector, while social welfare and healthcare systems can hardly respond to the growing needs of the Latvian people.

“It is so sad that in this difficult situation the state cannot find a way to help people who have lost their only source of income,” says Jolanta. “It is mainly relatives or friends who we can ask for support these days. In this environment, we are losing trust; we feel useless and let down by everyone. And things seem to be getting worse,” she says.

“We can only see a vacuum in the future. We don't know what will happen tomorrow – we can't plan anything,” Jolanta continues, voicing the problems of many of her peers.

“I cannot explain to the children why we are not able to afford simple things anymore,” says Jolanta. She struggles with her negative emotions and tries to remain positive, thinking of those people who are in an even worse situation. However her worries about the future and about the children take over.

In mid-October, Raimonds will leave his family in search of a job in the U.K. If he succeeds, Jolanta and the children plan to join him in 2010.

The groups identified by European National Societies clearly demonstrate that the effects of the economic crisis are unevenly distributed across social classes, ethnic groups and, in some cases, geographical areas of individual countries. Pre-existing vulnerabilities associated with poverty, age, ethnicity or being a migrant exacerbate the impact of the current situation.

Insofar as that impact differs for different social groups, there is a risk that without special measures to ensure minimal dignity, these vulnerabilities may become entrenched in the socio-economic structures of individual countries and subregions, and put a strain on social cohesion between classes and ethnic groups across Europe.

Many of the “new” needs mentioned by National Societies can be met through traditional social welfare, including Red Cross and Red Crescent activities. Many societies, however, emphasize the need to get *cash* into the hands of those affected – perhaps just to get their gas and electricity reconnected.

In Hungary, the Hungarian Red Cross is distributing much greater quantities of food to meet the growing demand for food aid. More and more people are asking for money – to pay debts or electricity bills. The Hungarian Red Cross is working with electricity companies to reconnect homes cut off due to unpaid bills.

Psychosocial support programming, including advisory services, is mentioned by many National Societies as a developing need.

Unemployment has a disproportionate impact on young people in Finland. Forty-four health and welfare centres have been set up to offer counselling to long-term unemployed on health and broader welfare issues.

National Societies across Europe, in the majority of cases, rely primarily on established programmes to deliver additional services and assistance or to take on additional beneficiaries. These programmes are often well established, and even more importantly, well known to beneficiaries and to actual and potential partners, and are therefore likely to be more sustainable than new and untested initiatives. Yet in spite of the constraints imposed by their own financial and resource position, a number of National Societies are trying to develop new approaches to a new situation.

Of the more than 40 National Societies included in our survey, the majority are reasonably confident about their capacity to respond operationally to the needs emerging from the economic crisis. There are variations: some are more confident than others; some see no need to act – a possible reflection of a government line that, in effect, claims there is no real problem: and a couple of countries have genuinely escaped any significant adverse effects (so far).

The primary constraint on these National Societies is that there is insufficient financial support available for increasing assistance and services delivered by the Red Cross Red Crescent. The *machinery* to deliver, according to National Societies themselves, seems to be there, but the humanitarian “product” has to be financed – and that is the main challenge.



## Overall situation

Practically all countries in the European zone have been affected by the crisis. At least 75 per cent of National Societies are witnessing the significant social impact of the economic crisis on the most vulnerable people in their respective countries.

## Response

80 per cent of National Societies who are witnessing the significant impact of the financial crisis, are making serious efforts to respond

## Vulnerable Groups and Sources of Vulnerability:

- Just under one-third of National Societies report that children and young people are especially vulnerable
- 30 per cent identify the elderly as a vulnerable group
- 95 per cent say that the unemployed are a vulnerable group
- More than one-third identify migrants – returned or not – and their families as a vulnerable group
- 20 per cent say that refugees and asylum seekers are vulnerable
- Over 60 per cent refer to pre-existing vulnerabilities as being exacerbated due to the crisis

## Resources

- Among those National Societies that responded to a question about the impact of the crisis on their situation as organizations, 95 per cent reported some level of decline in income, and around two-thirds noted a serious decline.
- 50 per cent mentioned a fall-off in corporate donations
- About a quarter noted a significant decline in government support
- More than a third reported a decrease in international support
- With regard to income from individuals, the picture is mixed: more than half report that individual donations have declined, but mostly say the decrease has not been dramatic – five actually report improvements in this regard. Five National Societies report that income from membership fees is weakening, because of non-payment and as a result of fewer new members.

The data indicates that in many cases institutional sources of support are failing the Red Cross and the most vulnerable but interestingly, some of the slack is being taken up by the generosity of individuals trying to help others.

# Iceland

Unemployment started increasing in Iceland in 2008 and this brought a proportionate rise in social disruption. The Icelandic Red Cross went into emergency-response mode as the entire country became a casualty of the global economic crisis. There were demonstrations and social unrest as individuals became confused and angry – reacting first with disbelief and then with anger.

Every ordinary home was affected in some way and people who had never before approached the National Society were now asking for its help. In response, the Red Cross scaled up its psychosocial programme, including a 24-hour hotline, working with social-welfare institutions, which people could call in full confidenti-

ality. Individual support was also given such as clothing and food.

The changed financial landscape made it difficult for the Icelandic Red Cross to meet its international commitments and the National Societies of Norway, Sweden, Finland and Denmark helped it to meet its international obligations. The success of the Icelandic National Society was undoubtedly due to the commitment of its volunteers and leaders. It lived up to its role as a provider of last resort when other systems failed. It took its domestic responsibility seriously, worked closely with the government, and accepted support from the Red Cross Red Crescent network.

Paradoxically, the Icelandic Red Cross will still have to scale down its activities for the coming months because of lack of funding due to the financial crisis.

## Findings: a summary

1. The situation in individual countries is determined by specific factors, but with only a few exceptions Red Cross and Red Crescent Societies in the International Federation's Europe zone suggest in their testimony that they consider the impact of the crisis to be "serious" for socially vulnerable people.

The Italian Red Cross reports important signals coming from local branches, especially from big cities where urban poverty is increasing and there has been an increase in demand for food aid. Towards the end of the year, it will launch a nation-wide survey of local branches (almost 1,000) to carry out a comprehensive assessment of health and social welfare.

2. Perhaps the most striking aspect of the EU National Societies' responses is that more than two-thirds of them mention *food aid* as a component of their own domestic programmes. One of them, in a country with a per capita income which is in the top ten worldwide, is actively considering engaging in food aid programmes at home.

3. There is regional variation in terms of impact. The situation is particularly difficult in parts of eastern Europe, both inside and outside the EU, where people tend to have less of a cushion of savings and assets, despite the good times of the past decade, and where safety nets are often weaker.

4. In central Asia, National Societies are witnessing not only an increase in the number of individuals approaching them for assistance to cover simple daily needs, but also in the needs of *existing beneficiaries*, like tuberculosis patients or the elderly.

5. It is believed the 2009–2010 winter may become especially difficult, in economic terms, across Europe and Central Asia, including areas where the season does not usually pose a humanitarian problem.

6. Across the EU, the impact ranges from relatively mild in two or three countries, to severe in many others, but countries normally thought of as being among the richest in the world are among those who are seeing a very serious impact.

**Eurostat indicators on employment in the EU**, released in September 2009, report a general increase in unemployment (July-2008/July-2009) in the EU27 of about 2 per cent, with dramatic increments in Spain and Ireland (+6-7 per cent) – once considered the rising economies of the EU – and in Baltic countries (+9-10 per cent).

Youth unemployment – a largely unexplored topic in the employment policies of EU member states, seems to be an even more problematic issue: during the last year, youth unemployment increased by 4.4 per cent – 2.4 percentage points higher than the overall unemployment rise. Currently, youth unemployment affects 19.8 per cent of young Europeans.

Youth unemployment is not equally distributed among EU member states: apart from the “high-unemployment” countries mentioned above, Nordic countries, surprisingly, score some of the highest youth unemployment rates. Not considering the Danish, the most emblematic case is that of Sweden : in Sweden, youth unemployment rates increased by 9.6 per cent versus a national increase in unemployment of 4 per cent. Currently Sweden, with 27.3 per cent, has the second-highest youth unemployment rate of the EU27.

Sweden has often been referred to as one of countries with best practices in youth employment and activation policies, while being one of the main “up-loaders” of EU social policy. These could be signs of a short-term phenomenon, even if since 2008 the youth unemployment rate in Sweden has begun to rise much more than in other EU countries (<http://www.ekonomifakta.se>). Moreover, Sweden does not seem to be an isolated case in the Nordic countries: in Finland, in one year, youth unemployment jumped from 16.5 per cent to 22.6 per cent.

Something seems to have changed in the capacity of Nordic welfare states to create jobs for young generations. Against all odds, the new wave of welfare reforms and activation policies that this recession is bringing about might involve also the “untouchable” Nordic countries.

### **More and more people who would not generally approach the Red Cross Red Crescent are asking for help**

7. While the situation among EU members varies considerably, the vast majority report the combination of an increase in unemployment and a fall in purchasing power, generating psychosocial difficulties. There is an increasing sense of insecurity in the EU, linked to an expectation of difficult times ahead, sometimes associated with budget cuts for public services and/or tax increases.
8. A phenomenon observed primarily in EU countries is the contribution of *indebtedness* to increased vulnerability. Many people have taken out loans to purchase homes or cars and when they lose their jobs and are unable to service mortgages, a fear of losing the family home contributes to a lack of confidence in the future.
9. Several EU National Societies note the crisis tends to disproportionately affect the elderly and those who are already poor, weak or marginalized.
10. Several EU National Societies have reported an increase in the number of requests they receive for assistance in *cash* – to pay off debts or cover electricity and other utility bills.
11. National Societies in south-east Europe report sharply increasing prices for basic

# Life Under the Stands

Dane Eror, 38, considered himself very lucky a month ago, when he was offered a place to live with his two children – son Bogdan, 12, and daughter Maja, 10. Their new dwelling is a locker room under the stands of a newly-built stadium in Jakovo village outside Belgrade. He does not have to pay for communal services and he gets a small amount of money in return for cleaning the sports grounds after training and sometimes washing clothes for the young players.

The Erors are refugees from Croatia. They left their home town of Osijek during the war and have been living in Serbia for the last 15 years. Six years ago, Dane's wife died of cancer, when Maja was only four years old; his parents died in Croatia; and his refugee identity card is no longer valid. He has nothing to go back to in Croatia.

With little education, Dane used to work as a fire keeper at a local school, but as they started using natural gas for heating, he lost that job. "Then I found a job on a farm," he says, "but last year, the company that was

running it went belly-up, and all of us lost our jobs. It is hard now. I can find farm work, like picking corn, but it is rare and only seasonal."

Life does not seem bright for Dane – food, clothes and schooling for the children are his major concerns. "I hope the winter will be warm, because I have no idea how I can heat this room here," he says. All one can see in this room are donations that have been made to the family.

Last summer, Bogdan and Maja were among the 380 children who took part in a summer camp, organized by the Serbian Red Cross, in Bogovadja – 80 km from Belgrade.

The local Red Cross branch has provided the family with warm clothing, school books and bed linen. Dane and his children are grateful to the football players, their neighbours and the Red Cross: "They are giving us support to get through each day," says Dane, at a time when it is so hard to find a job, he has no one else to turn to.



commodities, rising unemployment and the difficulties of maintaining a steady income. These factors compound the challenges associated with a high number of existing, socially- vulnerable people, the legacy of the Balkan conflicts and the refugees and internally displaced persons they generated.

## Why are they vulnerable?

**12.** Vulnerability is closely associated with the consequences of economic contraction – primarily, unemployment and a loss of income at household level. Other major sources identified are the loss of remittances from migrant labour and the vulnerability

of migrants themselves – especially undocumented ones. Specific groups, such as the elderly, national minorities and young people face being locked out of the labour market on a semi-permanent basis.

- 13.** Lack of investment in the social sector carries the risk of widening and entrenching poverty and insecurity and a loss of development gains.
- 14.** In Central Asia, increasing numbers of migrants are returning to unemployment, swelling the ranks of vulnerable people and adding to the burden on families and communities.
- 15.** In the EU, in addition to the loss of employment, a specific source of concern to some National Societies is the perception

that the availability of casual work is declining, depriving some of the poorest segments of society of their income.

- 16.** Young people are finding it very difficult to find jobs and fear this situation will not change any time soon. They risk falling victim to (in the east especially) people-traffickers and getting entangled in drugs, alcohol and criminality.
- 17.** There is a general sense in the EU that lack of financial security is a major source of vulnerability, producing symptoms such as mental-health problems, alcohol abuse, social isolation and stress.

## Hungary: Fighting the Crisis Together

Katalin Villás, 45, is the mother of three children, aged 14, 16 and 19 –all of them students. Divorced from her husband since 1994, Katalin has brought up the children on her own.

Katalin and her family live in Budapest. Currently she works as an assistant cook, but her contract will not be extended after October 2009. This does not come as a surprise to Katalin – in recent years she has only been able to find temporary jobs, for a few months at a time and has lived on unemployment benefit when not working. She sometimes takes temporary, cash-in-hand jobs to help meet her living expenses.

Katalin and her children are trying to fight the economic difficulties together, but so far with little success.

The Family Protection and Child Care Service helps Katalin look for work. “I only have basic education,” she says. “This autumn, I started classes in the same vocational school as my elder son Csaba.” The school

requested a temporary fee exemption for Katalin due to her difficult financial situation, which was granted for one semester. She also received a grant of 10 000 HUF (EUR 37) to buy books.

Katalin is receiving support from several Roma organizations and the local authorities. In addition to this support, the local branch of the Hungarian Red Cross provides food and clothes for the children.

Although people and organizations try to help the family as much as they can, this support cannot cover all the expenses. Several years ago, Katalin got a bank loan for reconstructing her home, and she still owes some 180,000 HUF (EUR 675). Katalin is afraid she will be brought to court, as she has not made payments for four months. Unable to pay the high gas bills in winter, she is trying to pay them in instalments. School fees and bus tickets for the children are also a heavy burden on the sparse family budget.

Although Adalheidur knew about the Red Cross, and that it was helping people with financial difficulties, it never crossed her mind that she might need that kind of help. "I hesitated for quite a while before I finally found the courage to join a Red Cross course. I received a warm welcome and really enjoyed the time I spent there. A large group of people attended the course and many of them were in a similar situation to me – people with financial worries, who had lost their jobs and felt really down about it."

*Adalheidur Einarsdottir, Reykjavik*

- 18.** Cuts in government budgets for health and social services in response to decreasing tax revenue and the need to salvage the macroeconomic situation combine to increase poverty.

#### Who is more vulnerable?

- 19.** Pre-existing vulnerabilities associated with poverty, age, minorities or migrants are the main determinants of impact.
- 20.** Across the region, families and single-parent households with children have been singled out as facing particularly difficult circumstances. More than in other subregions, the EU countries identify children and young people as badly affected.
- 21.** National Societies in central Asia also make the point that beneficiaries of established programmes, such as tuberculosis patients and victims of natural disasters, are among those groups made more vulnerable by the shrinking income of the National Societies.

#### Most strikingly, more than two-thirds of EU National Societies mention food aid as a component of domestic programmes

- 22.** One group identified as vulnerable within the European Union is the *middle class*. This is possibly related to the issue of debt, which carries the risk of a diminishing social condition.
- 23.** A number of EU National Societies single out returning migrants and their families as particularly at risk, with the likelihood of prolonged unemployment at home.
- 24.** Members of minorities are seen as vulnerable by virtue of belonging to such groups. Already marginalized and often poorer than average, National Societies report they are in particular need.
- 25.** Special mention is made of people in refugee and asylum centres, those affected by domestic violence, and individuals who depend on regular access to healthcare.

#### What are the needs?

- 26.** National Societies across Europe, in the majority of cases, rely on established programmes to deliver additional services or to take on additional beneficiaries. Nonetheless, many National Societies try to ensure their response to the crisis is driven by needs-based evidence, chiefly collected through branches of the Red Cross and Red Crescent at community level, or in cooperation with the public authorities.
- 27.** In spite of limited resources, a number of National Societies are developing new approaches to a new situation. Some National Societies are extending psychosocial support programmes, originally developed for victims of disasters, to those affected by the economic crisis. Others enter into partnership with utility (gas and electric) companies to help vulnerable people stay connected.



Women from a group of troubled homeowners and buyers who are affected by the country's economic downturn are pictured during a hunger strike in Almaty, March, 2009.

# Kyrgyzstan: On the Edge of Survival

Momunov Elibuy, a father of four, lives in Batken – a province in the south-west of the Kirgiz Republic in Central Asia. He and his wife are retired but continue to do some farming to make a living. Elibuy and his wife receive their old age pensions that, in total, amount to 2,800 Soms (43 Euros) per month.

“Before the crisis began, two of my sons and my daughter worked in Moscow, in Russia,” says Elibuy. “Every month they used to send us some welfare support, that allowed us to

live reasonably well with our younger son; we even managed to start a small business – a shop, in Batken.”

“The emerging crisis instantly struck our family. ‘In what way?’ – you may ask.”

“It’s like this... this year, our children returned home, as all three of them lost their jobs in Moscow. There was no point staying on there, because they hadn’t been paid for the last four months – or even been promised

## The role of the Spanish Red Cross in the economic crisis *the risk of social exclusion*

In July 2008, the Spanish Red Cross Society (SRCS) set up a group to study the social impact of the economic crisis in Spain, and to make proposals on how to cope with its effect on vulnerable groups. The study identified two different situations:

- The groups traditionally targeted by social organizations, based on their risk of social exclusion, even in cycles of economic growth
- A new sector of the population, that is now facing the risk of a social downward spiral, with an uncertain economic horizon

In Spain, particular trends are emerging, due to the impact the crisis is having on employment (the unemployment rate according to Eurostat data, rose to 18.9 per cent in August 2009). The main groups affected are:

- People who have lost their jobs
- The long-term unemployed
- People who have never been part of the labour market
- People with precarious working conditions
- People working in the informal economy
- Families with all or most of their members unemployed
- Unskilled people with disabilities

*A Red Cross volunteer carries a young would-be immigrant after his arrival in the port of Motril in southern Spain.*



that they would get the money due to them. The companies they worked for eventually went bankrupt – due to the very same global crisis which obviously did not leave out such a big city as Moscow.”

“Only one son in our whole family has a job now. My daughter looks after the house. Another son sits with his mother at a flea market, trying to sell some of our old possessions.”

The Momunov family all ended up together again in their home town and their living expenses have increased accordingly. In addition, one also has to consider the expenses of Kyrgyz family traditions that everybody is obliged to follow. Among them are the Kyrgyz

*tois* – big family gatherings on the occasion of births, weddings, deaths, among other events. “These traditions help us survive and keep the communities together, however they involve considerable costs too”.

“To be able to keep up, we started to sell our cattle,” he says. “But you can hardly expect to get a decent price at the local market – the majority of the Kyrgyz people are in the same situation as us.”

Elibuy is convinced that the crisis has been responsible for this grim impact on his family and its budget. “If it were not for the crisis,” he says, “my children would still be working in Moscow and it would not be so difficult for us to survive today.”

- Single-parent families, especially those headed by women
- Young people who left school without obtaining either a degree or diploma
- Immigrants, especially those who are undocumented
- Elderly people with dependent relatives
- Children of families living in conditions of extreme social vulnerability

In February 2009, the SRCS held a conference in Zaragoza, with all the branch presidents, to study and discuss how the National Society should adjust its action plan to cope with the crisis. In the “Zaragoza Declaration” it made a commitment to reinforce its programmes and activities to provide better services to those people affected by the economic crisis.

The SRCS increased the number of programmes to provide services to people in need, and has put in place new services and activities. It is expected to reach more than 600,000 new people. Some examples are:

- Migrants will benefit from increased socio-economic support in settlements and depressed areas, legal advice and guidance, mediation, shelters, and support for returning to their home countries
- Families in which all the members are unemployed: social support, financial grants
- Elderly people with dependent relatives: grants for specific services
- Minors in situations of extreme vulnerability: schooling support, school materials, childcare kits

- Unemployed people: training, advice and guidance, information about employment opportunities, entrepreneurial support
- Psychological support to different groups

At the same time, some new activities are already being implemented:

- A survey on social vulnerability, in order to produce a report on the effects of the crisis on vulnerable people – beneficiaries of different programmes of the Spanish Red Cross. Some primary results from the people interviewed are: the majority live on the threshold of poverty and almost three in ten have no income; three out of ten have serious housing problems; there are problems of high unemployment; elderly people have lower pensions
- A quarterly survey of the activities carried out by the branches
- Distribution of food aid donated by the EU. In 2009, this programme will reach 500,000 people, and distribute 20,000 tonnes of basic food (wheat flour, rice, sugar, cheese, etc)
- Networking with other NGOs to reach a shared understanding of the situation, exchange experiences and to coordinate services
- Advocacy to the public authorities at all levels (local, regional national), requesting more attention for people in need, and grants to reinforce the programmes and support the new activities.

## Employment, housing, debt

---

### The European Union

One of the major consequences of economic contraction is, of course, falling employment. EU National Societies identify unemployment as perhaps the main source of deepening vulnerability.

The impact on sectors such as tourism and construction – relatively low-wage industries in many countries – may translate into negative consequences for sectors of the population which are already living on low incomes.

In addition to loss of employment, National Societies also identify factors such as salary cuts, reduced working hours, loss of casual work, and the unilateral modification of labour contracts as important sources of vulnerability.

Additionally, some National Societies are apprehensive about cuts in public sector salaries and, even more, about young people being increasingly excluded from the labour market and the likelihood that they might remain so for a considerable time.

All this translates to a decrease in purchasing power at household level, combined with widespread indebtedness in some countries. This indebtedness is often linked to the financing of accommodation. In some countries, National Societies mention falling house prices as an is-

sue, while others say the price of rented accommodation is increasing.

A number of National Societies identify migrants as a particularly vulnerable group. In some cases this is linked to the return of migrants to their home countries; in others it is clear that weakening labour markets in the host country lead to increasing exclusion of migrants from the jobs that do exist. This is a situation which is especially acute for undocumented migrants who already live precariously in the shadows of their host communities – mirroring the conditions of established minorities.

A vaguely defined, but general sense of financial insecurity is mentioned by a number National Societies in the European Union as a major source of distress, with an increase in mental health problems, alcohol and substance abuse, social isolation and stress.

Contraction of health services in a number of countries and fewer resources at household level combine to erode well-being.

By and large, National Societies see pre-existing conditions worsened by the economic crisis, as major sources of vulnerability: the elderly fear pension cuts, the poor have smaller margins of survival, and the result is social deprivation.

## Vulnerable groups

---

### South-east Europe

While one National Society identifies the “whole population” as vulnerable to the economic crisis, the overall perception of the situation is that unemployment and its consequences for household income is the dominant factor. Another National Society estimates that up to a third of the population might require some form of assistance to maintain a minimum level of dignity.

The direct consequence of a fall in remittances from migrant workers outside the country and the return of migrants is families made vulnerable.

Elderly pensioners are singled out as a group with increased needs.

Here, as in the other regions, users of existing services provided by the Red Cross and Red Crescent – home care, soup kitchens, etc. – are affected. While their numbers increase, the ability of the National Societies concerned to keep pace with demand is not guaranteed.

With the legacy of many years of conflict and instability in this region, large numbers of refugees and displaced people are exposed to pre-existing vulnerabilities which may be deepened by the economic crisis.

# Russia: a Family from Parfino Village

Valentina Ivanova lives in Parfino – a village in the region of Novgorod in the north of Russia. All her life, she worked at the Parfino plywood complex – the largest in the Novgorod region. In November last year, a dramatic drop in prices of raw materials caused significant difficulties for the enterprise that resulted first in non-payment of salaries and then in January 2009, the complex went bankrupt. Like hundreds of other workers at the plant, she lost her job.

Valentina is bringing up her two sons alone and the loss of her job was a severe blow to the family. Her elder son, Alexander, is studying agricultural science in a college in Staraya Russa, 20 km from Parfino. The younger son, Ivan, attends a local school.

It has not been easy to raise the two boys alone. Having a relatively low salary of some 10,000 roubles (EUR 227) per month and monthly maintenance support of RUR 1,900 (EUR 43) for both children, she had to take out loans from the local bank before the start of every school year to buy clothes, footwear and books for the boys.

In December 2008, the family found itself in a very difficult situation: there was still a large amount outstanding on the bank loan; the elder son needed money every day to get to college; and there were many other expenses that Valentina had to desperately try to cut or to cover.



The local employment and social welfare committee has been supporting Valentina's family for the past two years. From 1 April until 31 August, all three were receiving hot lunches at the Red Cross canteen. The Red Cross also provided two food parcels to the family in 2009.

"I am grateful for the support that people provide us with," says Valentina. "But there are hundreds like us in our village who are facing similar difficulties since the closure of the plywood factory. We can find temporary solutions to some problems, but it is hard to know how to go on living like this in the future," she says.

A homeless man holds up a sandwich in the railway mission at Berlin's Zoo railway station.



# Belarus: Red Cross Food Parcels Help us Survive



The Troyanovsky family is made up of three people: Sergei, 58, his wife Inna, 58, and his elder brother Michael, 56. They live in the city of Vitebsk, in the north of Belarus.

They manage to cope with the household chores and do not get any support other than regular visits from the local Red Cross branch. Through its programme

“Humanitarian support for the vulnerable”, the Vitebsk branch of the Belarus Red Cross distributes food and warm clothes for people with disabilities – the Troyanovskys are among them. “As life is getting tougher, with prices continuing to go up, these food parcels from the Red Cross help us survive,” says Sergey.

## Red Cross Red Crescent response

### Belarus, Moldova, Russia and Ukraine

The National Societies in this region of Europe rely primarily on established mechanisms for provision of support and assistance, such as the distribution of food and non-food items to beneficiaries.

It is encouraging to note, however, that in spite of scarcer resources available to them, considerable efforts are being made to monitor the situation systematically, not least through the net-

work of Red Cross and Red Crescent branches. These new or adapted approaches include providing psychosocial support to individuals suffering in the economic crisis, increasing the use of social centres and seeking to provide households with cash to settle utility bills and buy groceries.

The chief constraints are the limited financial and other resources available to these National Societies – probably the reason for which appealing for external support is mentioned among the responses.

## The capacities of National Societies

### Central Asia

The five Red Crescent societies of Central Asia seem confident that they have at least some capacity to respond to needs associated with the economic crisis.

Some clearly have the human resources and the infrastructure required; others feel capacity is limited and rooted primarily in current programmes of a different nature; or that new programming will strain their capacity. Several of them, however, are keen to increase capacity, rather than just accept the situation passively.

Several of these National Societies point out that their capacity to act might have to come from existing programmes and express doubt as to whether they can take on additional work.

Central Asian National Societies also mention the ability to monitor the situation through their branches, and in cooperation with government structures.

In general the testimony gathered indicates that National Societies, in several different contexts, face mainly *financial* constraints, not operational ones. In other words: with additional funding, they could do more.

## National Societies' finances

### The Caucasus

Information about National Societies in the Caucasus indicates a general lack of financial resources, dependence on external support, and precarious sustainability of many programmes, leaving them vulnerable to external financial shocks.

With regard to domestic fund-raising, there are now reportedly fewer opportunities for the diversification of income sources – it has become more difficult to build corporate partnerships, for example, and there is a decline in membership fees.

---

## Appendix

*A database of appeals issued by the International Federation since its birth in 1919 shows that of those which concern Europe, around 30 per cent were to mobilize response to socio-economic crises of one form or another. Some of these (and the early data is difficult to interpret) were probably related to conflict. But since the 1980s, the majority have been linked to economic and political turmoil.*

*In particular, the aftermath of the political transitions in Eastern Europe and the former Soviet Union included social collapse of such severity, that it transformed the perception of the people concerned to the level of humanitarian crisis. In the late 1990s and early 2000s, the social situation in some countries deteriorated again as a result of financial turmoil and severe winter conditions.*

### Bulgaria 1997–1998

The Bulgarian socio-economic crisis of 1997–1998 is a microcosm of the current global economic meltdown. It was characterized by severe poverty, high unemployment, and constant price hikes in basic commodities and utilities.

Inflation rose to more than 300 per cent by the end of 1996; the Bulgarian *leva* fell more than threefold against the dollar; pensions decreased; and 90 per cent of families with babies could not afford ever-more expensive processed baby food.

The International Federation, though it responded well, struggled to map the burgeoning needs and vulnerabilities. The number of beneficiaries increased from more than 40,000 to nearly 160,000. Beneficiaries included the elderly, children in state institutions, vulnerable babies of teenage parents, and families with little or no employment.

*A woman smiles after receiving a food parcel from the Red Cross in Sarata Noua, Moldova.*



For the first time, the Bulgarian Red Cross extended its services to children in state institutions who were not traditional beneficiaries in Bulgaria.

Operations, seen as modestly successful, took the form of relief: soup kitchens, food coupons, family parcels and baby food. Medical support with hygiene articles and health-awareness campaigns on how to avoid common infections were carried out with the most vulnerable groups.

The International Federation managed to raise just over 2.5 million Swiss francs for Bulgaria – nothing like enough and well short of the 6.3 million appealed for, but the Red Cross benefited greatly from donations in kind.

### **Russia 2000**

When the far north of Russia was hit by severe poverty and economic collapse, the operation carried out in response took two main forms: the provision of emergency food and clothing and the distribution of seeds, fertilizers and fishing nets in programmes aimed at entire communities.

The target beneficiaries comprised children in institutions, single pensioners, families with large numbers of children, single-parent families and invalids. These vulnerable groups were located in the poorest and most isolated communities in the northern part of Russia. As with Bulgaria, children in state institutions became beneficiaries.

Local input helped design operational activities, providing a sense of community ownership and participation. The approach was seen as a success and strengthened the bonds between the Red Cross and the community.

The communal-canteens initiative received regional and local council support and also benefited from donations in cash and kind. At the same time programmes sought to avoid unwanted dependency on 'charity'.

### **Tajikistan 2001–2002**

The Tajikistan crisis was characterized by severe food shortages and starvation, resulting from crop failure, heavy rain and snowfalls. The consequence was mass displacement.

The International Federation's operation centred on the distribution of supplementary food and "food for work", shoes for schoolchildren, community-based health programmes and water and sanitation services.

Unlike the Russian and Bulgarian crises in which individuals were targeted, this crisis focused on families, later moving to community-oriented work.

There was a funding problem as donor support fell drastically – partly because of the 9/11 attacks in the US, which shifted their attention away from the situation. The National Society suffered from price and exchange-rate fluctuations which affected what food and other goods they could buy.

The challenge of accurately targeting vulnerability was evident in the Tajik crisis. There was an absence of sound "vulnerability criteria" and some imprecise mapping which excluded many people in need.

# The Fundamental Principles of the International Red Cross and Red Crescent Movement

---

## Humanity

The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavours, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

---

## Impartiality

It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavours to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

---

## Neutrality

In order to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

---

## Independence

The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

---

## Voluntary service

It is a voluntary relief movement not prompted in any manner by desire for gain.

---

## Unity

There can be only one Red Cross or Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

---

## Universality

The International Red Cross and Red Crescent Movement, in which all societies have equal status and share equal responsibilities and duties in helping each other, is worldwide.

# The economic crisis and its humanitarian impact on Europe

Testimonies from the Red Cross Red Crescent

## For further information

IFRC's Europe Zone office  
E-mail: [zone.europe@ifrc.org](mailto:zone.europe@ifrc.org)

IFRC's media service  
E-mail: [media.service@ifrc.org](mailto:media.service@ifrc.org)



The International Federation of Red Cross and Red Crescent Societies promotes the humanitarian activities of National Societies among vulnerable people.

By coordinating international disaster relief and encouraging development support it seeks to prevent and alleviate human suffering.

The International Federation, the National Societies and the International Committee of the Red Cross together constitute the International Red Cross and Red Crescent Movement.



**Our world is in a mess.  
It's time to make your move.**  
[ourworld-yourmove.org](http://ourworld-yourmove.org)