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## **Global Social Policy Forum: Children and the Economic Crisis**

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# Global Social Policy Forum

## Children and the Economic Crisis

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Just when we're hearing of factories closing at a calamitous rate as the global economic crisis squeezes countries in Asia, we learn of Pan Nan getting hired by one in Cambodia this month. This should be good news. Her family has been eating leaves and scavenging for snails and crabs in the rice paddies.

But Pan Nan is only 16. She lied about age on her application and then quit school to take the job in the capital city, two hours from her village. She and her widowed mother are counting on the US\$10 after expenses she will send home each month to pay debts and frequent medical bills. Her four siblings are regularly ill these days with fever, diarrhoea and abdominal pains.

Amidst the overwhelming media coverage of stock market crashes and bank bailouts as this ferocious financial crisis continues, stories such as Pan Nan's are overlooked too easily at times. But for a region particularly affected by the downturn, the human face of the crisis is increasingly hard to ignore.

In the Asia and the Pacific region, where almost 650 million people live in poverty (ESCAP, 2008) – on US\$1 a day or less – the impact of the food and economic crises has been devastating and years of progress in poverty alleviation, child survival and education attainment are in jeopardy. Recent analysis suggests that a 10% increase in food prices could push an estimated 105 million more people into poverty – a reversal of about seven years' work of poverty reduction (Ivanic and Martin, 2008). In most countries, price increases of foods consumed by the poor have been far greater than 10%.

It is not hard to see why: poorer families in Asia spend on average 40–60% of their income on food alone (ADB, 2008). Add to this the fact that regional growth will slow by 4–5% – thereby creating enormous job losses – and it is apparent how this could send millions back into poverty as the full force of these crises hit Asia (Chhibber, 2008; *Financial Times*, 2009).

If the forecasts are dire, there is also cause for hope. Leaders across the region have at their command a wider range of tools and possible solutions than ever before. And they are taking action to shield their countries from the worst effects of the crisis.

But with the right mix of policies and programmes, they can do more. That was the message put forth by 150 prominent members of government, academia, international organizations and civil society at the *Impact of the Economic Crisis on Children in East Asia and the Pacific Islands* conference in Singapore on the 6–7 of January 2009. Convened by UNICEF, the Singapore Ministry of Foreign Affairs and the National University of Singapore Lee Kuan Yew School of Public Policy, the conference analysed the crisis and its impacts on child health, education, labour and family livelihoods and explored the best options for mounting a robust response. The papers in this extraordinary issue of *Global Social Policy* formed the backbone of the debate regarding government policy.

UNICEF decided to convene the conference because the global financial crisis is amplifying the effects of the food and fuel price crises, seriously challenging the abilities of families to cope and of children to thrive. At this moment when women and children are most vulnerable, governments are faced with decreasing fiscal capacity. For children, the cost of inaction or inappropriate action is high, including permanently stunted physical and intellectual growth due to adversely affected nutrition, health and schooling.

At its conclusion, the conference outlined urgent steps and measures governments should consider taking in the areas of child health, education, child labour and overall social policy. They included programmes for free education and health care, expanding systems to reach the most vulnerable and marginalized members of societies and one-off grants to cover the crisis period. While the costs may seem considerable, the costs of doing nothing are far greater.

Although a significant investment, financing social protection is not just a socially desirable undertaking. Investing in human capital is good business and good politics as well. The World Bank has documented how interventions to improve child nutrition outcomes could generate benefits that are 5–200 times the cost of the interventions (World Bank, 2006). Desperately needed affordable safety nets encourage people to save less and spend more, enhance domestic demand and stimulate the economy. Scaling up social protection systems also fund jobs for teachers, health care workers, child care workers and social workers, and gives economies a further boost.

We know from the Asian financial crisis experience in the late 1990s that families were unable to keep up their strong cultural commitment to education and many children were forced to drop out of school. Secondary school enrolment in Indonesia dropped by 11% during the 1997–1998 crisis and by 8% in the Philippines (UNESCO, 2000).

When large numbers of children like Nan Pan leave school to help their families buy food or pay for health care, their long-term development suffers, alongside prospects for their countries' sustained socio-economic development.

The numbers associated with the potential impacts of the crises are truly sobering, particularly as they concern children. If unaddressed, the mortality rate among children younger than 5 years in severely affected countries in East Asia and the Pacific could increase by an estimated 3–15% due to the crises. The prevalence of low birth weight could increase by 5–10% and rates of childhood stunting (already high in this region) could rise by 3–7% and wasting by 8–16% (Bhutta, 2009). Stunting, or low height for age, is caused by long-term insufficient nutrient intake and frequent infections. Stunting generally occurs before age 2 but its effects, which include delayed motor development, impaired cognitive function and poor school performance, are largely irreversible. Wasting, or low weight for height, is a strong predictor of mortality among children younger than 5 years. It is usually the result of acute food shortage and/or disease.

With 28% of children younger than 5 years already underweight, the region is far behind its United Nations Millennium Development Goal (MDG) of reducing hunger. The crises will no doubt grossly impede efforts to reach that goal.

At a time when social spending and investment in programmes protecting children are most needed, they may be the first to be cut – if the experiences of the past crises are echoed. During the Asian financial crisis, for example, public health spending in Thailand declined by 9% in 1998, while total public health expenditures in Indonesia fell by 7% in 1998 and another 12% the following year (Mendoza, 2009).

Most of the governments in the Asia-Pacific Region have responded to the food price spikes with a limited number of social protection schemes such as price controls, subsidies, cash transfers for food, food rations, school feeding programmes, guaranteed compulsory education, inclusive education or financial incentives for teacher education. Many have built on existing social protection systems, reflecting a growing consensus on the importance of social protection.

While this is encouraging, inadequate coverage is still an issue. Most countries in the region – including the poorest ones – have only limited coverage if they have a social protection programme at all. And many programmes are not prepared to cope with the “new poor” – the previous “near poor” who have been pushed into the mire of poverty (Mehrotra, 2009; Ramesh, 2009).

This is complicated by the constantly changing nature of the current crisis. Families initially only faced rising food prices, followed by rising costs of fuel, and transportation. Now they face unemployment, and for migrant families, prospects of returning home, as the state of the real economy worsens. The Asian financial crisis of 1997–1998 illustrated that household coping strategies

can sustain considerable pressure for a while. But how long can they last this time? Back then, many of these workers went back to farming in their villages. But agricultural land has shrunk steadily since then as agriculture's share of the GDP has decreased significantly. This is why it is all the more important that the governments implement and strengthen social safety nets today.

Policies and interventions designed to prevent poverty traps from persisting are of critical importance to preserve past gains as well as further advance economic and human development. Reduced social spending will not only derail countries' progress towards achieving the MDGs, it can also have a large opportunity cost in terms of relinquished improvements in human capital and countries' growth trajectories.

The next critical step for many countries is to maintain, strengthen or develop social protection systems so as to address both the structural features as well as the shock-related challenges which amplify child vulnerability. There is a strong case for placing children at the centre of social protection systems because reaching them is critical for breaking the cycle of poverty.

The UN Convention on the Rights of the Child, which all countries in the region have ratified, reinforces that case. Children, it insists, should have first call on all available resources to ensure their rights to survival, development and protection. This is no less true in times of economic challenge.

"The future of my children is a big concern for me, but it is out of my control," Pan Nan's mother said several days ago, looking out over the last of her four paddy fields that had not yet been sold to cover bills. We need to give her back that control. Pan Nan's village neighbours, who are also struggling against the doubling of prices for food, petrol and fertilizer, help out her mother by giving her noodles or hiring her to help with their harvests.

If a weakened village community can do it, why can't a national government? Economic predictions for the region have growth slowing – but it is still growth. Ultimately, there is no good economic reason to deny programmes or services for the vulnerable – especially children.

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## *Policy Statement on the Implications of the Economic Crisis*

NOELEEN HEYZER

*Under-Secretary-General of the United Nations and Executive Secretary of the Economic and Social Commission for Asia and the Pacific*

The region faces some of the largest development threats of our time. From climate change, extreme food fuel volatility in 2008, to the worst financial-economic crises since the Great Depression – all of which could roll back our development gains and precipitate a human tragedy in many parts of our region. This is the time to use our collective strengths as Asia Pacific to prevent this emergency from happening. So allow me to first take stock of the challenges facing us and address the policy responses which could make a difference.

### CHALLENGES

#### *The Financial Crisis*

What started as a financial crises in the West, has become an economic crisis in the East. The Asia Pacific region had initially shown remarkable resilience to this crisis due to the financial reforms post 1997. However, this resilience is under severe pressure with declines in investment and consumption in the

global market. The World Trade Organization (WTO) predicts that global trade will shrink by 9% in 2009. This is the most serious decline since World War Two. This year's "Economic and Social Survey of the Asia Pacific" produced by ESCAP, estimates that growth of developing members will fall from 5.8% in 2008 to an estimated 3.0% in 2009. Our developed economies are now projected to contract by minus 3% during this same period. As many as 23 million people, particularly women employed in the manufacturing sector could lose their jobs; remittances from migrant workers are falling and millions will experience rising income insecurity. The Asian Development Bank estimates that the number of poor in the region could increase by an additional 60 million people in 2009 and approach 100 million by 2010, affecting the achievement of the Millennium Development Goals in Asia Pacific.

### *Food/Fuel Security Issues*

For millions across our region the economic crisis has become a food crisis as unemployment rises, incomes fall and price of food remains high. Despite our region's enormous capacity to produce food, we are home to the largest number of food insecure people in the world. ESCAP's 2009 theme study "Sustainable Agriculture and Food Security" identifies 25 countries that are considered food insecurity hotspots for our region. The Asia Pacific Region contains more than 64 per cent of the world's undernourished adults and children. These numbers underline the fact that our region is one of great disparities. These development challenges must be overcome if we are to realize our full potential. Poverty is the primary cause of food insecurity in our region. However other factors are also at work. Protectionist trade policies can drive up food prices, making it difficult for the poor to access food. Declines in farm revenue and increased costs of production are forcing small scale farmers out of business. Increasingly the young in rural areas are migrating, leaving the old behind as agriculture becomes an unviable option. Last year's fuel-food crises underlined the linkages between fossil fuels and food production. These have not gone away. Least developed and many landlocked countries, together with small island developing states are almost totally dependent on imported oil and gas. This dependency complicates their ability to recover from the current economic crisis.

### *Climate Change*

In Asia-Pacific, climate change is no longer a distant threat; it is a reality and a sign of what lies ahead. For many of our Pacific and Small Island States, it is a question of their survival or extinction. Higher temperatures are causing sea levels to rise increasing the frequency of storms and cyclones. These, in turn, cause a greater number of floods, landslides and erosion, destroying business, property and infrastructure. Other visible effects of climate change include

water shortages, reduced agricultural productivity, forest fires and increased prevalence of diseases and viruses. All are likely to have devastating effects; particularly on the poor. This region is currently responsible for 34% of greenhouse gas emissions. It is also the home to 7 out of the 15 major global greenhouse gas emitting countries. This region also suffers from the largest number of human casualties from natural disasters in the world. In fact, it accounted for 80% of disaster related global casualties in the last decade.

#### PROPOSED POLICY ACTIONS

The convergence and scale of the challenges I have described reflect the profound need to respond with systemic changes and deeper reforms. The Bali Outcome document and subsequent analysis of the 2009 “Economic and Social Survey for the Asia Pacific” promote the idea that economic recovery should be based upon a more inclusive and sustainable development paradigm. Fiscal stimulus packages and policy reforms provide an excellent opportunity for this. The G20’s commitment of US\$ 300 billion in aid provides the funds. Partnerships including with governments, business and civil society will also provide the additional resources and know how. So let me now outline three policy responses that can guide the way forward.

##### *1) Increasing Economic Growth through Regional Trade and Integration*

Asia Pacific is more economically integrated with rest of world than with itself. Intraregional trade among developing countries in the region accounts for only 37% of exports in our region in comparison with NAFTA at 51% and the E.U at 68%. There are enormous opportunities for growth in South-South trade and investment but existing trade barriers, tariff and non tariff, need to be removed. Accelerated implementation of the numerous regional economic partnership agreements will also promote further trade and investment. ESCAP’s publication “Navigating Out Of The Crisis: A Trade Led Recovery” provides guidance for policy makers. Early conclusion of the Doha Round in accordance with its development mandate will also be essential. According to the World Trade Organization its completion would be equivalent to a global stimulus package of over US 150 billion dollars. In practical terms, trade will also be improved through increased investments in sustainable transportation and ICT connectivity. Closing the ICT divide and strengthening the Asian Highway and the Trans Asian Railway Networks are vital components for regional trade and integration.

##### *2) Strengthening the Foundation for Social Protection*

Building the foundations for better social security in the region will also mitigate impacts from current and future crises. This will require providing minimum wage and unemployment insurance to buffer people against financial

uncertainties. In a region where life spans are increasing and 30% of our elderly receive support, pensions will play an important role. Currently only 20% of our population have access to health care. Access to health protection is, therefore, critical. Establishing agricultural insurance, regional food banks, and food for work will also ensure a food secure population. Social protection systems not only create the social foundations for more inclusive and harmonious societies, they also make good economic sense. By increasing income security, the spending power of middle and lower income people is freed up, thus increasing domestic demand and macroeconomic stability.

### *3) Promoting Sustainability*

Action on climate change cannot wait, and people are calling for action now. Otherwise, future generations will look back on us and ask us what we did and why it took us so long to act. We need a new sense of urgency and a new sense of responsibility. A responsibility to protect not only today's economy but also to prepare for the economy of the future. We must be responsible in how we use the earth's resources. The earth's gifts which we take for granted are not guaranteed. So far, the talk about the economic impact or cost of climate change has mainly been of the potential threat. Yet, we should also look for the opportunity for new growth, for innovation, and for a modern economy based upon green growth, energy efficiency and increased use of renewable energy. If climate change is the challenge of our generation, it also presents the opportunity of our generation. Opportunity or threat, this is a problem that we need to solve together. If we engage the climate challenge as an opportunity, we will be able to turn the climate crisis into new economic possibilities that advance sustainable development and encourage green technologies, green industries and green jobs and also mainstream disaster risk reduction into development strategies. In this, we need partnerships between public and private sectors as well as civil society to bring about a paradigm shift not only in policies but also in behaviour.

ESCAP is becoming a strategic regional player that can effectively support our Member States in shaping a more balanced and inclusive approach to sustainable development. As your secretariat, and as chair of the United Nations' regional coordination mechanism, we stand ready to facilitate the coordination of the development policy responses outlined. Their successful implementation will pave the way for a more economically, socially and ecologically balanced and inclusive Asia Pacific where people can live free from want, from fear, and from discrimination.

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## *Impact of the Economic Crisis on Children in Mongolia: An Overview of Policy Responses*

ENKHBOLD MIYEGOMBO

*Deputy Prime Minister, Mongolia*

The world community faces great challenges as a result of the global economic crisis. I see this conference as a great opportunity to discuss how we can protect our children, and our future from the adverse impact of the economic crisis. Based on experience, we know that limitations in state budget and financial resources disproportionately affect the vulnerable groups, mainly women and children. Implications are food shortages, inadequate access to education and health services, and increased costs for children and youth.

The Government of Mongolia appreciates the UN's commitment to disseminate best practices and research on outcomes of policy implementation to diminish the adverse impact of the economic crisis on health, nutrition, education, and social protection of children.

During the past four years, the economic situation of Mongolia had improved significantly. GDP growth ranged between 6–10% in recent years and the Gross National Income per capita increased from USD744 in 2006 to USD1500 in 2008. The Government of Mongolia allocated about 20% of the GDP and 47 to 50% of the state budget to the social sectors. We hope these trends will remain positive in the future as well despite the slow down of the national economy.

The Government of Mongolia supports policies that increase direct investments in the social sector, particularly with regards to creating favorable living conditions for children and their families. In 2005, USD1.6 million were allocated to provide a monthly allowance of MNT3000 per child, while USD2.5 million was spent for this purpose in the first 11 months of 2008. It is the largest governmental cash transfer programme, which decreased the poverty headcount by four percentage points. Findings of the Household Socioeconomic Survey 2007 reveal poverty headcount without child money would be 39% compared to the actual 35%.

Beginning in 2007, Mongolia's Development Fund contributed USD7.6 million through the direct cash allowance of MNT100,000 per year, per child in order to promote child development and is a major investment towards the future of our nation – our children. Given the current economic crisis, Mongolia maintains a strategy to build systems that can effectively target vulnerable and marginalized people to deliver social safety net and social welfare programmes. Special focus is given to transfer from a universal to a targeted approach to include the most vulnerable and poor.

Under Mongolia's Constitution, maternal and child health is in the main responsibility of the State and basic education is free for all children. In accordance with the Law on Healthcare, the State is responsible for payment of

professional medical assistance and services provided to mothers and children by state medical care providers.

In Mongolia, healthcare services are delivered to citizens in 1200 hospitals. In addition, nearly 600 private hospitals share 10% of the overall health sector load.

The Government's National Reproductive Health Programs, National Child Development and Protection Programs, Maternal Mortality Reduction Strategy, and other programs are essential in creating maternal and child health friendly environments, to ensure that children meet their elementary health needs.

However, 70% of the complications of pregnant women in Mongolia are from preventable causes. Therefore, there is a need to implement a sustainable policy on delivering appropriate nutrition, increasing the availability of emergency obstetric care and services to pregnant mothers, while also improving the quality and accessibility of medical services and to strengthen health systems. In January of 2009, the infant mortality rate reached 22 per 1000 live births, a three-point increase compared to the previous year, while the maternal mortality rate increased by three maternal deaths as well. The infant mortality rate is higher than the national average in Umnugovi, Khentii, Bayankhongor, Sukhbaatar, Govisumber, Uvurkhangai, Uvs, Dundgovi aimags and the Ulaanbaatar City.

Infant mortality is influenced by many factors, including difficulties during delivery, maternal and child nutrition, coverage by maternal and infant health-care services, environmental health and the capacity of social and health organizations. Mongolia's 2005 Child Development survey revealed an important relationship between the mother's educational status and infant mortality rate, and that infant mortality rate is twice higher in poor households.

Household attitudes to the health of adolescent girls and mothers, good hygiene, respect to pregnant women, provision of complete pre-natal and delivery services to mothers, and mothers' knowledge about caring for newborns within the first few months of life, are important preconditions for protecting maternal and child health.

In Mongolia, children between the ages of 2 and 18 have access to pre-school, primary and secondary educational services. Although most of the population recognizes that education is key to child development, school dropout and absenteeism still exist among medium and senior grade pupils. This is mostly because they have to work to help their families. Transition to the 12-year school system has created challenges for rural 6 year olds in schooling. Despite decreasing budget income, and switching to a savings mode due to the economic crisis, the Government is implementing a strategy to preserve funding for social welfare programs. It is addressing funding gaps by soliciting donor support. For instance, starting from January 1, 2009, the State will pay 100% of meals targeting kindergarten children. It is also preparing to expand the tea break program for students in grades 1 through 5 into lunch programs. In the

future, the Government will focus on expanding Public-Private Partnerships (PPP) towards intensifying social sector development.

Developing countries have faced new challenges and difficulties in their efforts to overcome the global economic crisis. The Government of Mongolia considers effective financial management and microeconomics regulations to be vital.

To enhance the socio-economic development of the country, the Government will play an important role. In addition, a long-term national plan that can promote sustainable growth is essential. Thus, the Government of Mongolia strives to strengthen mutual and multilateral partnerships and collaboration to implement the MDG based National Development Strategy that was adopted in 2007.

Increasing foreign trade, creating favourable environments for business, supporting entrepreneurship, strengthening competitiveness and better coordination of foreign assistance and accepting grants are development priorities of the Government of Mongolia's Action Plan. We see that the successful implementation of these priority actions will enhance the implementation of policies on population and social development. As a result of such policies, the quality of lives for our citizens will be guaranteed.

For better utilization of the outcomes of the economic growth, we are planning to undertake the following measures:

- a) Enroll 70% of preschool age children in kindergartens;
- b) Shift the general secondary education program to 12-year education system and enroll 6-year-old children;
- c) Increase the salary, pension and allowances by three times that of 2008;
- d) Reduce the unemployment rate by 1.5%; and
- e) Promote child participation in policy development and decision making.

The Government of Mongolia and Parliament follow a strict policy on financial resource allocation and utilization in order to mitigate the economic crisis. The Government of Mongolia is committed to creating a transparent and sustainable mining sector that has a capacity to compete in the international market. Furthermore, to keep microeconomic stability, we are planning to implement public sector reform to increase effectiveness. This includes selective annulling of investment contracts and increase of foreign investments and concessionary loans.

For developing and developed countries, in order to implement development priorities, there is a need to increase financial resources at national, regional and international levels. Thus, it is important to attract and promote foreign investments and to share best practices through strengthening internal systems and capacity building within the banking and financial sectors.

The Government of Mongolia gives considerable attention to improving the management and coordination of foreign assistance. For this purpose, the

Law on Management and Coordination of Foreign Assistance has been drafted and a unified system on the implementation of foreign assisted projects and programs has been proposed.

The above-mentioned measures will help achieve objectives related to child development, social protection and poverty reduction. Also, it will help promote good governance, increase the absorptive capacity of foreign investments and improve the efficiency and effectiveness of development assistance.

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### *The Impact of the Crises on Children: A Policy View from South Asia*

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#### THE SOCIO-ECONOMIC SITUATION OF CHILDREN AND THE SOCIALLY EXCLUDED IN SOUTH ASIA

South Asia<sup>1</sup> as a region has made significant progress on a number of Millennium Development Goals (MDGs), most notably in the areas of poverty reduction and school enrolment. While the region has seen high GDP growth rates and rising global integration over the past decade, it is also affected by chronic hunger and malnutrition, poverty and vulnerability, and social exclusion. The juxtaposition of growth and positive MDG performance with poverty and exclusion is referred to as the South Asia paradox.

Some data illustrate this "paradox". Of the 175 million children under 5 years who live in the region, 45% are malnourished (UNICEF, 2009). An estimated 1 billion people live under the \$2 per person per day poverty line (World Bank, 2008), and Gini coefficients show growing income inequality (UNDP, 2008). Marginalised groups typically comprise the income poor, the landless, urban migrants, female-headed households, and conflict-displaced families: because of persistent gender-based, caste and ethnic exclusions, they are the most vulnerable and frequently are excluded from livelihoods, opportunities and access to land (Thorat et al., 2007; Government of India, 2008). This group includes millions of children, since the under-18 age group makes up 39% of the region's population overall, and children are disproportionately represented in the lower income quintiles and in socially excluded groups.

The 2007/2008 global food price increases severely affected the region, and access to food was further undermined by a combination of conflict,

displacement, and natural disasters.<sup>2</sup> In 2008, inflation related to the global food price spike rose significantly, dramatically reducing purchasing power and increasing poverty across the region.

Since 2007 an estimated 100 million additional persons in South Asia became food insecure, bringing the total number of people who suffer or are threatened by food insecurity, malnutrition and hunger to an estimated 400 million (UNICEF ROSA, 2009c). In Afghanistan in mid-2008, 7.8 million persons had inadequate food consumption; 35% of Afghans are chronically food insecure and almost 55% of children suffer stunting and 12% acute malnutrition (WFP Afghanistan, 2008). In Bangladesh, 65.3 of the country's 145 million people are food insecure, an increase by 7.5 million in one year (FAO/WFP Bangladesh, 2008). Two million children aged six months to five years are affected by acute malnutrition (wasting: 13.5%), and among them, half a million are suffering from severe acute malnutrition (severe wasting: 3.4%) (WFP, UNICEF and IPHN, 2009). In Nepal, the number of people highly and severely food insecure increased from 4.2 million to 6.4 million between 2007 and 2008. Acute malnutrition is approaching 20% in some areas; 33 out of 75 districts are chronically food insecure (WFP Nepal, 2008). In Pakistan, the total number of people with inadequate food consumption rose to an estimated 84 million by mid-2008, affecting 51% of the population (UN Pakistan, 2008).

The 2009 global recession is exacerbating this tenacious South Asian situation of hunger and malnutrition. The transmission of shocks to households is primarily via labour markets in both the manufactures and services sectors, particularly in the up-market goods sector and in garments; and is expected to affect migration and remittances. Aggregate regional GDP growth projections have decelerated to 6% for 2009 (IMF, 2009).

Children will be affected directly. As prices increase and livelihood opportunities contract, households are resorting to adverse coping strategies, ranging from skipping meals to selling productive assets, buying food and inputs on credit, or withdrawing children from school. In the worst cases, families may cope by placing children in child labour to supplement household incomes. The short term affects are malnutrition, hunger, and neglect. The longer term impact is a denial of these children's rights to reach their full potential, and a significant loss of human capital to the economy.

#### SOCIO-ECONOMIC RESPONSES TO THE CRISES AND THE CASE FOR CHILD-RELEVANT GOVERNMENT INTERVENTIONS

The food price shocks and the economic crisis have produced a paradigm shift in economic policy. Many governments are resorting to government-led and financed fiscal stimulus packages with the intention to resuscitate aggregate demand. These packages are in the range of 1 to 7% of GDP (Ortiz, 2009).

In South Asia, Bangladesh, India and Sri Lanka have adopted fiscal and monetary interventions specifically to tackle the crises, while Nepal introduced

an expansionary government budget. In most of South Asia, cumulative foreign exchange reserves are sufficient, while financial intermediation with the developed countries is less pronounced than in other regions. This constellation offers the necessary fiscal space at the macro level.

To address chronic hunger and the increasingly acute malnutrition in South Asia, stimulus packages need to focus interventions on children, women, the poor and the socially excluded, and help realise the rights of all children to food, nutrition, and inclusive and high-quality social services. In this vein, government interventions need six elements:

- 1) monitor malnutrition and maintain the immediate food and cash social transfers and price subsidies introduced to address the food price hikes;
- 2) ensure inclusive and child-friendly services delivery in health and education, by augmenting staff and investing in behaviour change towards genuine social inclusion;
- 3) enhance and reshape public-financed employment schemes to encompass child-relevant infrastructure such as improving schools, clinics, early childhood centres, meeting places, and for protective services to address violence and abuse;
- 4) upgrade and make systematic the social protection building blocks that are in place, but fragmented and minimal in terms of coverage and benefit levels;
- 5) introduce measures to increase employment, with a particular focus on youth employment, training and capacity building for entrepreneurship, employment in manufactures and services, or government service; and
- 6) more long term, to structurally improve productivity in the rural economy with a view to improving food security and eradicating rural poverty.

Examples of such interventions exist. Sentinel sites at clinics around the region are monitoring child malnutrition, often with support from UNICEF. School meal programmes are in place in all eight countries, and have been upgraded, often with World Food Programme (WFP) and UNICEF support, with micronutrients or greater coverage in several countries, as an incentive for families to keep children in school and to address malnutrition. Bangladesh, India, Nepal, Pakistan, and Sri Lanka have expanded food price subsidies or ration card systems to make access to food more equitable. Sri Lanka adopted a national nutrition plan with a multi-sector approach to nutrition and a surveillance system. The SAARC is creating a regional food grain bank on which countries can draw to import rice or wheat at fixed prices to supplement domestic production and commercial imports.

Social protection is an appropriate policy instrument, since it can address the multiple sources of vulnerability. Recent initiatives include the Pakistan Benazir Bhutto Fund which plans to provide cash transfers to 5 million poor

households, or the improved coverage of social pensions in Nepal. Bangladesh, India and Nepal have introduced employment guarantee schemes for the rural poor, offering employment at minimum wage levels.

In this process, the UNICEF Regional Office and Country Offices in South Asia have been proactive on the policy plane as well on the ground. For instance, UNICEF advocacy in India and Nepal is proposing that employment schemes be coupled with integrated child development services, create soft infrastructure and generate employment, notably for women. UNICEF Nepal is advocating for a universal child benefit, to be piloted in the most disadvantaged districts of the country. All UNICEF Offices are conducting real time monitoring and stepping up action in malnutrition surveillance and management, inclusive and free primary education, as well as in child protection issues including child labour and child trafficking (UNICEF ROSA, 2009a).

Such interventions can capture policy makers' concern over the food price crisis and the global recession to advance social inclusion and child-oriented socio-economic development interventions. Such momentum could contribute to overcoming the South Asia paradox and achieve the MDGs with equity for all in South Asia.

#### NOTES

1. Comprising Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
2. Data and findings in the following from UNICEF Regional Office South Asia 2009a.

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## *Monitoring the Impact of the Economic Crisis on Children*

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### 1. INTRODUCTION

In January 2009, UNICEF convened a multi-stakeholder conference to analyse the impact of the current economic crisis on child health, education, labour, and family livelihoods. What emerged from the conference was a clear need to bolster social protection systems, polices, and budgets to protect children and vulnerable populations in East Asia and Pacific. A subsequent consultative workshop on UNICEF's Socioeconomic Policy Engagement, in March 2009, called for the creation of a framework for monitoring the effects of the crisis on children.

This GSP Forum paper focuses on the need to monitor impacts on children in real time to enable rapid and appropriate policy responses to a changing situation. National administrative and survey data often lag far behind actual effects on children and can take up to a year to produce. Further, sectoral management information systems for education and health typically produce national compilations of health service utilization and enrollment in schools more than a year after the fact. By then, much irreparable damage has already occurred: stunted children cannot regain their lost height, and children who have dropped out of school rarely re-enter.

The rapid pace of the crisis, and potential long-term effects on children, require real-time monitoring. Together with governments, UNICEF Country Offices, and other UN agencies, the UNICEF East Asia and Pacific Regional Office (EAPRO) is commencing a regional initiative to develop early warning systems for monitoring impacts as they happen. Key to this is drawing on and enhancing existing information mechanisms.

UNICEF EAPRO proposes using data from a small number of 'sentinel sites,' such as schools and health centres, where information is already routinely collected on a daily or weekly basis and at grass root levels. As mechanisms for collecting key data already exist, information on impacts to children's health and education (vis-à-vis alarm signals like school attendance and visits to health clinics) can then be more systematically and frequently passed upwards through the system and reviewed centrally. It must be stressed that sentinel sites systems do not produce national prevalence rates. For that purpose, national management information and retrospective survey instruments are essential. The purpose of sentinel site systems is to provide timely information on changes in the situation.

The following describes how the UNICEF sentinel site approach can be used to monitor impacts, using education and health as entry-points. The overall purpose of such rapid monitoring is to provide alarm signals that can assist formulation of social policies, programmes and strategies that will protect children from consequences of the crisis.

## 2. SENTINEL SITE SURVEILLANCE

Sentinel site surveillance has been used to monitor trends in food security and nutrition (Delgado, 1994), health and disease (Losos, 1996; Thompson, 2006) and absenteeism in education (Macau 2009). It aims to capture and transmit data from selected sites (schools, health centres, etc.) to a central repository for synthesis, usually at the central or provincial level. Routine monitoring enables detection of changes over time, serving as key early warning mechanisms for initiating action. The alarm function is often supplemented by strategically chosen monitoring instruments.

East Asian countries such as Lao PDR, Philippines and Indonesia are in the process of developing or improving crisis effect monitoring systems based on the sentinel site approach. UNICEF is coordinating with key Ministries, sectoral agencies, and UN partners to create similar systems elsewhere. Potential partners include the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) for education; World Health Organisation (WHO) for health; and United Nations Development Programme (UNDP) for social budgets. This would enable rapid responses and help to keep the amount of information collected feasible.

## 3. METHODOLOGY AND APPROACH

Though sentinel site and indicator selection will vary according to country context, basic characteristics include accessibility to existing data, ability to report frequently on a routine basis, diversity in geographic and economic populations covered with a special focus on at risk groups, and capacity to transmit data rapidly. UNICEF is proposing the following methodology for assessing impacts on health and education, as poor indicators in both will signal great risks to overall child development.

*a) Education*

Attendance in schools is collected daily, and monitoring changes in attendance does not require a large, randomized sampling of schools. Instead, it requires only a small number of schools where attendance is already compiled weekly or monthly and small central team with the capacity to collect and analyze the information. Data based on agreed indicators (e.g. by class, grade, or level) can be forwarded electronically to a central point (e.g. Ministry of Education) by cell-phone SMS or e-mail.

Supplementary indicators to school attendance include teacher attendance – since student performance is closely correlated with teacher attendance – as well as current or planned parental contributions to selected schools, as determined from school accounts. These are recorded and totaled daily and are often summed weekly or monthly. Attendance and parental contributions can serve as useful signals of ability and/or preference for allocating limited human and financial resources.

*b) Health*

The strongest rapid monitoring systems that exist for health are often for epidemic and notifiable diseases such as influenza (Watson, 2001) and HIV/AIDS (WHO, 2003). Information is often gathered from a number of sentinel sites (e.g. health centers) that are geographically distributed across the country. Indicators can be determined by mapping information currently available via notifiable disease surveillance systems. Easily collected indicators for tracking changes in the functioning of a health center are total weekly or monthly outpatient visits and total ante-natal care visits. Receipts from user fees and total outpatient clinic attendances provide useful supplementary indicators. On a more intermittent basis, periodic household sample surveys of nutritional status can provide useful supplementary data. Lastly, changes in health sector budgets can signal potential shortfalls in coverage.

UNICEF is piloting projects using mobile phone text messaging technology to record and transfer information on health indicators from sentinel monitoring sites (e.g. Malawi RapidSMS project). Text messaging is a cost effective way for practitioners in remote areas to send time-sensitive data for compilation and dissemination.

*c) Monitoring Social Budgets and Social Protection*

Social Protection is a multi-faceted area, and finding lowest common denominators that are easily reported at low cost is a difficult process. Crisis mitigation activities have two main branches in the region: 1) stimulating the economy; and 2) protecting people from adverse consequences of adjustment or contraction.

Development prioritization tends to focus on the plight of the poorest. While that prioritization is valid, the multi-dimensional crisis may have significant impact on other occupational groups, including those in export industries. Where and how to target social expenditures is important. For

instance, Thailand is distributing vouchers worth \$60 to Thais earning less than \$400 per month, while Indonesia and Singapore are reducing income taxes to stimulate demand that will benefit mostly employees in the formal economy.

It is important to monitor social safety net programmes, especially as governments adjust their budgets to account for shortfalls in resources. This can be done by reviewing relevant records of numbers of beneficiaries and disbursements by type at sub-national levels, whether village, local municipal, or district. Selected units could report on specific indicators on a weekly or monthly basis, depending on their accounting practices. On a more intermittent basis, periodic household sample surveys of poverty levels could provide very useful supplementary data.

Tracking data on total national disbursements and planned expenditures, by type of transfer, is also useful. Mongolia has already submitted two budgets for fiscal 2009; Indonesia has submitted three. In this way, UN Country Teams could assess the capacity of the UN System, including the International Financial Institutions, to monitor budget changes on planned social expenditure in real time.

#### *d) Poverty Mapping*

Poverty mapping and other vulnerability assessments are useful for identifying preferred locations of sentinel sites. Small area estimation poverty maps combine information from household surveys with national census data to provide detailed and disaggregated estimates of poverty levels according to specific spatial locations. Information is then plotted on a single map, to flag disparities and poverty 'hot spots'. These maps allow for better evidence-based decision-making and pro-poor targeting of social programmes and spending (e.g. cash transfers), at multiple levels (e.g. district, sub-district, and national planning).

#### *e) Voices of Children and Families*

An essential component of UNICEF advocacy work has been to showcase the actual experiences of children based on testimony of individuals, households and communities. Such social narratives reinforce decisions of policy makers by providing a story line, which supplements numerical data with individual case histories that people can identify with. Often, participatory approaches also flag areas of concern that are not elicited by closed end questionnaire approaches. One national women's group identified crisis related alcoholism and violence in the home as key relevant issues.

The importance of including open ended participatory approaches to supplement questionnaire approaches can also be seen from the evolving social narratives describing the crisis. They have changed from defining the most affected as the poorest, to the poor in urban and rural areas who must purchase food, to those affected most by fuel price increases, to the newly unemployed in export industries, to landless reverse migrants returning to rural areas.

#### 4. CONCLUDING REMARKS

The purpose of sentinel site monitoring and advocacy is to strengthen government policies and mechanisms for responding quickly to the impact of the crisis on children in terms of poorer health indicators, lower educational attainment, increased child labor and reduced family incomes. While improved and real time monitoring is essential, the formulation and implementation of appropriate, targeted if advisable, policy responses will be equally important.

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### *Global Financial Tsunami and Asia: The Way Forward*

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The global economic crisis that originated in the United States financial sector in 2008 has had a different impact on all regions of the world. As a region that is closely integrated with the global economy, Asia has felt both the first-order financial sector and the second-order real economy effects of the crisis. Geographic distance poses no barrier in an increasingly integrated financial and economic world. Asian stock markets sank to their lowest in several years and crashed through key levels mirroring, and in sync with, the New York and European markets. This domino effect reflects the degree of integration between Asian and western financial markets. Second-order effects to the real economy, manifesting as depressed global growth and demand, are

relatively more diffuse, thus having the potential to affect a greater number of people in their wake.

Asia is particularly vulnerable in three main respects. First, greater financial integration increases exposure, and therefore it is not surprising that Asian equity markets and currencies have declined considerably. While exposure of Asian banks to western markets has been small the confidence factor has led to rapid and substantial withdrawal of capital from Asian equity markets putting pressure on many currencies in Asia.

Second, Asia has historically relied heavily on demand from the EU and the US for its exports to drive growth. The sharp decline in effective demand, across both the EU and US, has already led to increased unemployment in Asia, especially in the export sectors. Global trade in 2009 will experience its biggest annual drop in more than 40 years. The WTO predicts that the volume of global trade, which grew by 6% in 2007 and 2% last year, will fall by a dramatic 9% by the end of 2009. In February, China's year-on-year exports tumbled 26%; during that same time, imports plummeted 24.2%. The high import content (70%) of Chinese exports reveals the shared production process, characterised by high levels of intra-industry and intra-regional trade in product parts and components, rather than the traditional trade in finished goods. Consequently, a sharp decline in Chinese exports translates very quickly into an equally sharp decline in imports from neighboring countries. Slow export growth for China quite literally means slow export growth for the region.

Third, recent development gains made by Asia are threatened through a range of secondary transmission channels, including reductions in remittances, tourism receipts, ODA, and investments. Some 12,000 jobs were lost in Laos as construction of a hydro-dam was suspended and since mid-2008 the price of copper, Mongolia's largest revenue earner has dropped 65–0%. So far remittances have not dropped but their growth has stalled. But if this crisis persists as it is likely to workers will be coming home and adding to the unemployed and adding to social tensions.

Some 300–400 million people came out of extreme poverty in the last decade in Asia and overall Asia was on its way towards meeting the MDG's. But with the global economic crisis not only is further progress at risk, but even some of the recent gains could be reversed. The girls working in garment factories in Cambodia, Bangladesh and Sri Lanka, diamond cutters in India, labor in China's coastal cities, migrants from South Asia, and Philippines and Indonesia are all affected by the crisis, many of whom will be unemployed and will return to the farm. Moreover, Asia's middle class which now numbers some 1.5 billion people in Thailand, Malaysia, India and China, many young aspiring upwardly mobile will have their dreams of a better life thwarted. We are already seeing large unemployment, school drop-outs, and health impacts as well as social strife.

We are also seeing the first signs of growing protectionism and are concerned that a race to the bottom may develop through weakened currencies,

special export incentives to keep market share. Moreover, almost 900 million people still live in extreme poverty and a critical mass continues to suffer from hunger. In the absence of formalised welfare measures, recent development gains may be reversed, driving more people into poverty and creating conditions ripe for further social and political conflict.

A flexible and fast response to the crisis is necessary to effectively address the vulnerabilities posed. *So what are some policy options to overcome the challenges?*

There are four distinct issues that must be immediately addressed across Asia. First, Asia needs a monetary facility that builds on the bilateral swap arrangements of the Chiang Mai Initiative (launched by ASEAN nations plus Japan, China, and the Republic of Korea in 1997 after the Asian Financial Crisis) and whose establishment will stabilise markets and ease pressure on exchange rates.

Second, better coordination on financial and trade policies is required across the region to broaden the scope for more intra-regional trade. Asian countries are still more integrated with the rest of the world than with each other. Avoiding trade protectionism and a race to the bottom for better market share will only hurt Asia on trade volume and price.

Third, Asian economies must focus efforts on boosting overall demand in 2009–10. Stimulus packages are a step in the right direction. South Korea plans to spend a record US \$13 billion on cash handouts, cheap loans, infrastructure and job training to revive its economy. China's US \$585 billion package has a similar mix of targeted social safety nets, public works and job training programmes, while Japan is preparing a US \$103 billion plan to boost demand. For countries that lack fiscal space, such as Pakistan and Sri Lanka, interest rates can be reduced to stimulate demand.

Fourth, special attention must be paid to bolstering social assistance programmes. The international development community should offer technical assistance to countries by assessing and laying the groundwork for social programmes with clear targeting and programmatic frameworks. UNDP is working with countries, to help them on these four issues with a special focus on the social impacts and better targeted social assistance programmes (such as conditional cash transfers) and use the crisis to encourage social protection – old age security, health insurance, housing finance, which will also help boost consumption. Conditional cash transfers are being used in Philippines, Indonesia and Bangladesh but others must adopt them as well since as they offer the best hope to get quick relief to many poor families and help avoid malnutrition, school drop-outs and increase in maternal mortality.

The huge impact on Asia from the global economic crisis has destroyed the 'myth' of decoupling. In fact Asian equity and financial markets have moved in lip-synch with global markets – mostly downward. Moreover, unlike the Asian financial crisis of 1997 when Asian countries could export their way out of the crisis that option no longer looks so viable. This time Asia must find its own solutions and in doing, so help the rest of the world.

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## *Economic Crisis: What about Child Rights?*

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All national governments (except those of Somalia and the USA) have ratified the Convention on the Rights of the Child (CRC), promising to uphold basic rights to education, health care and protection of children (UN, 1989). Most of these countries are now undergoing an economic crisis and experiencing a tension between their legal obligation to uphold these rights of children and their declining fiscal space. Some countries are proposing decreases in social sector budgets, in many cases as a result of International Monetary Fund (IMF) pressure, which despite some Keynesian perspectives on the current need for fiscal stimuli, often continues to include strong fiscal austerity conditionalities in crisis loans (TWN, 2009). Does decreasing social sector expenditures on children during a time of economic crisis constitute a violation of the responsibility of a national government, the primary duty bearer for realization of children's rights according to its ratification of the CRC?

### INCREASING IMPORTANCE OF HUMAN RIGHTS

The Human Rights Approach to Development has become an increasingly important frame of reference on issues ranging from the identification of gross violations of human rights and high profile prosecutions in the International Criminal Court, to the alignment of national legislative frameworks and development plans with international obligations relating to children's rights to health, education and protection, as required following ratification of the CRC.

The cornerstone of the Human Rights approach is the Universal Declaration of Human Rights (UDHR), adopted by the UN General Assembly in 1948, with the resounding starting point "Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world..." (UN, 1948).

Being "inalienable", in the sense that they are not contingent upon the laws, customs, beliefs, or status of a particular society or polity, all human rights explicitly continue to apply in times of crisis.

### CONVENTION ON THE RIGHTS OF THE CHILD

The Convention on the Rights of the Child is the most widely ratified of current Human Rights Instruments and provides fundamental norms that States are

obligated to incorporate in domestic legislation and policy implementation. The following articles of the CRC are important in light of the potential consequences that fiscal austerity based decreases in social services may have on the education and health of children and their participation in child labour, three key issues covered in detail elsewhere in this special issue of *Global Social Policy*.

*On Health:*

*Article 24:* States Parties recognize the right of the child to the enjoyment of the highest attainable standard of health and to facilities for the treatment of illness and rehabilitation of health. States Parties shall strive to ensure that no child is deprived of his or her right of access to such health care services.

*On Education:*

*Article 28:* States Parties recognize the right of the child to education, and with a view to achieving this right progressively and on the basis of equal opportunity, they shall, in particular:

- (a) Make primary education compulsory and available free to all.

*On Child Labour:*

*Article 32:* States Parties recognize the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

KEY PRINCIPLES OF THE CONVENTION  
ON THE RIGHTS OF THE CHILD

These crucial rights of children are highly at risk during times of crisis as governments and families, faced with declining revenues, are forced to reallocate their limited resources. Article 4 of the CRC states that "With regard to economic, social and cultural rights, States Parties shall undertake (all appropriate legislative, administrative, and other) measures to the maximum extent of their available resources and, where needed, within the framework of co-operation" (CRC, 1989).

The reference to "available resources" recognizes that realization of children's rights can be hampered by a lack of resources. This provision of the CRC has been perceived as allowing leeway to low income economies not to be penalized for failing to immediately provide unaffordable benefits and to allow for a phased "gradual realization" of rights. The principle of gradual realization could also be perceived as allowing leeway for decreased provision of services in times of economic crisis, even in middle-income countries, if resources availability suddenly decreases.

Two additional human rights principles stand out as especially relevant in times of crisis: "non-retrogression" and "non-discrimination". The principle

of “non-retrogression” purports to ensure that rights maintain at least their initial level of realization. This principle reinforces the UDHR principle that rights are inalienable in stating that attainment of a specific level of realization of a right must not be deliberately relinquished, again even in times of crisis. The principle of “non-discrimination” guarantees that rights apply irrespective of “...race, colour, sex, language, religion, political or other opinion, national, ethnic or social origin, property, disability, birth or other status”. It is pertinent because, as will be shown in other papers in this special issue of *Global Social Policy*, it is often the poor, the rural populations, and minority ethnic groups that suffer the most in times of crisis.

#### HUMAN RIGHTS AS A FOUNDATION OF DEVELOPMENT

The Human Development Report (UNDP, 2000) noted that “Human rights and human development are close enough in motivation to be congruous and compatible, and they are different enough in strategy and design to supplement each other fruitfully.” The United Nations Millennium Declaration (UN, 2000) explicitly links human rights commitments and development goals. It calls on States to “spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty ...” One important component of the Millennium Declaration was Millennium Development Goal 8, which recognized developed countries’ responsibilities as donors and to “Develop further an open, rule-based, predictable, non-discriminatory trading and financial system,” a comment that seems particularly apt today when financial system collapse in the developed world is dragging down developing countries, throwing millions of people back into poverty.

In some respects, the International Financial Institutions (IFIs) are moving closer to recognition that they have societal, as well as economic performance, responsibilities. The IMF is the organization that has gained the most from stimulus funding proposals. It has dropped some of its fiscal austerity ideology and it is hoped that it will also eventually recognize that, while economies generally recover from economic crises, stunted children do not. The World Bank and Asian Development Bank are increasingly funding social safety nets and mechanisms such as conditional cash transfers to people at risk in their stimulus packages. This is still some distance from recognition that the economy exists to sustain people, rather than the other way around, but these are positive signs.

#### THE FINANCIAL COST OF PROTECTING CHILDREN

Clearly, much more is needed, especially when the scales of events and magnitudes of costs are compared in financial terms. Many East Asian economies have for some time been growing at 7% – 10% per annum. Total education expenditure is about 3% – 4% of GDP (UNESCAP, 2008). Total expenditure on primary education is probably 1% – 2% of GDP. This is a very small fraction of cumulative growth over the last decade: a 7% rate of growth for a

decade increases GDP by 100% and a 10% rate of growth increases it by 160%. Reducing primary education expenditure by half could perhaps save a paltry 1% of GDP. This move would condemn half the children currently in school to dropping out of school. The likelihood is that they would enter the labour market and never resume school.

In East Asia, government expenditures on health care are currently or about half of those on education, about 2% of GDP in most countries (UNESCAP, 2008). Expenditures on primary health care, the services most used by children and by the poor, are about half of that total. Closing down the entire primary health care system could perhaps save 1% of GDP. No children would be immunized, births in rural areas would be unattended, salt would not be iodized, children would not be de-wormed or receive vitamin A supplements – the list of very low cost measures that are saving the lives of large numbers of children is a long one (see Bhutta 2009 in this issue). The savings that could be achieved by curtailing them are correspondingly scant.

Allocating the bulk of counter-cyclical stimulus measures to infrastructure such as dams and highways is clearly financially and economically attractive to many. Certainly it is true that the primary mandate of the IFIs is caring for the global economy rather than for sick children, and that is a task they have done their best to fulfill, despite some unfortunate past errors and some rather encouraging recent changes of direction. So perhaps a reminder is timely. People participate in the economy so that it will sustain them and so it will ensure the survival, education and development of their children. The economy exists only to serve people. It has no needs. It has no rights.

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