

Impact of the Economic Crisis on Children in Asia and the Philippines

Issues, Threats and responses

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Lessons learn from 1997 crisis

- Globalization has both advantages and disadvantages
- No country is exempt from the need to provide social protection
- Individuals and households cannot fully protect themselves --- only larger collectivities such as the government can.....but only to a larger extent
- Social protection programs need to be established before the crisis
- The social distress caused by economic crisis specially in countries without social protection can be politically costly.

Lessons learned from 1997 crisis

- The primary objective of social protection should be to assist people in need rather than stimulate economy
- Public works programs serve a useful purpose of raising income while building infrastructure
- General programs to assist the poor may be useful during crisis

Lessons learned from 1997 crisis

- Strict targeting may save money in the short term but
 - politically expensive
 - erodes social protection function if others needing protection are excluded
- Governments need to be transparent and explain well the crisis to the public and encourage appropriate and coordinated response by all

Monitoring of child poverty

National Nut. Survey	Cambodia, China (2006), Philippines (2008 in process)
MICS-1 (1995) MICS-2 (2000) MICS-3 (2005)	Myanmar (1995, 2000), Cambodia (2000), DPRK (2000), Indonesia (2000), LPDR (2000, 2006), Mongolia (2000, 2005), Philippines (2000, 2007), Thailand 2006), Vanuatu (2007), Vietnam (2000, 2006)
DHS	Cambodia (2005), Indonesia (2002-03, 2007 in process), Philippines (2003), Vietnam (2005)
Sentinel sites	Myanmar, Vietnam, Philippines
CFSVA	Timor-Leste (2005-06), Lao (2003-05, updated 2005)
Food Security Maps	Cambodia, Philippines, Lao
RAP- Impact Assess.	Cambodia, China, Lao, Pacific, Philippines, Vietnam
Identify Vulnerability	Cambodia, LPDR, Mongolia, Philippines

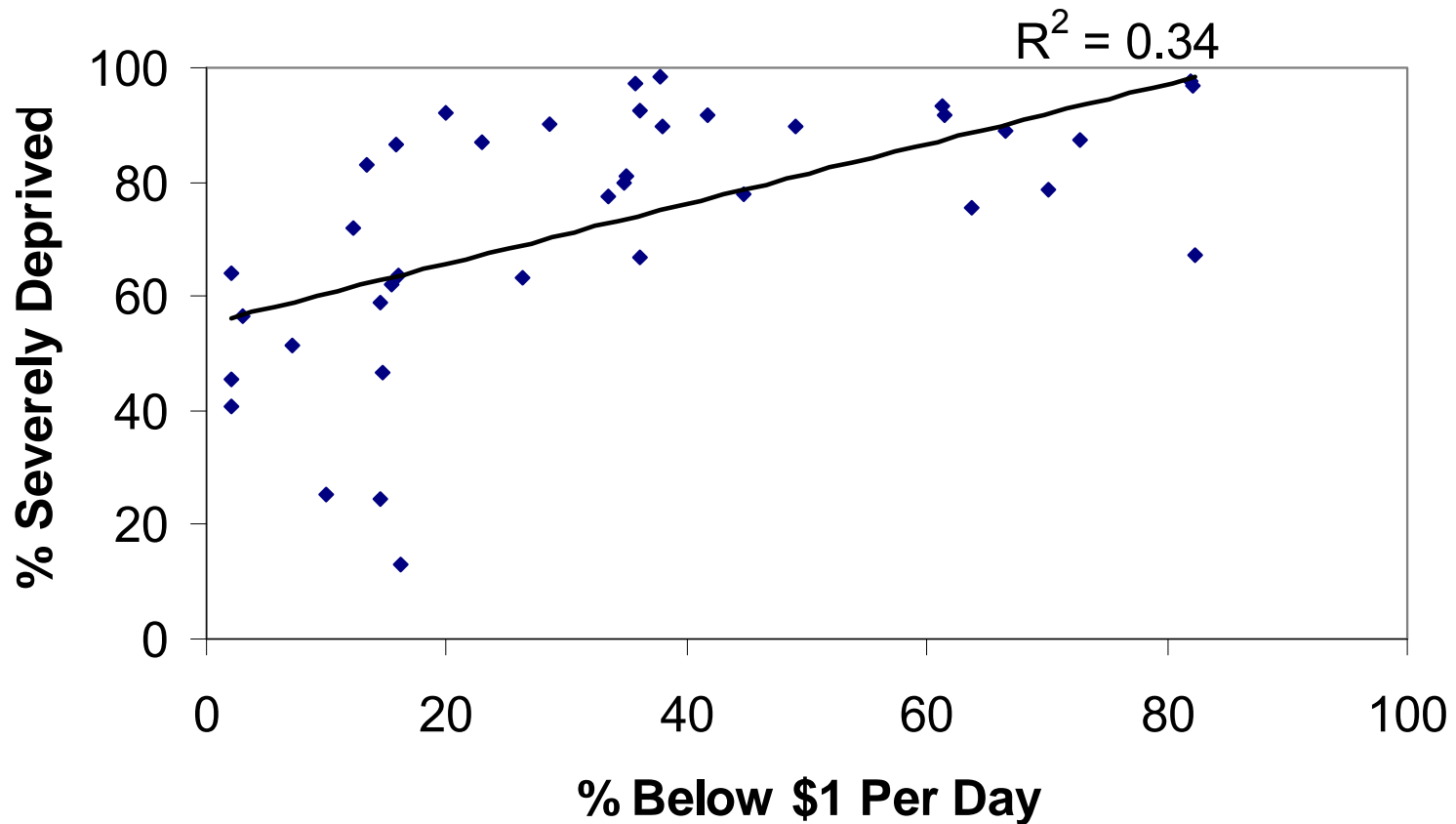
Measurement of Child Poverty

Example of 4 children – Access to:	A	B	C	D
•Water	√	NO	√	√
•Sanitation facilities	√	√	NO	NO
•Health	√	√	NO	NO
•Nutrition	√	√	√	√
•Shelter	√	√	√	√
•Education	√	√	√	NO
•Information	√	√	√	√
•Poor: At least one right not satisfied	√	NO	NO	NO

With 1 unsatisfied basic need a child would be considered as poor, with 3 unsatisfied basic needs a child would be severely deprived.

Income poverty and child deprivation have surprisingly low correlation

Severe Deprivation and Percentage Below \$1 Per Day - Linear Fit



General threats for children

- Health and Nutrition
- Education
- Child Labour
- Social Protection



Children's rights to health and education



Rights to health and education

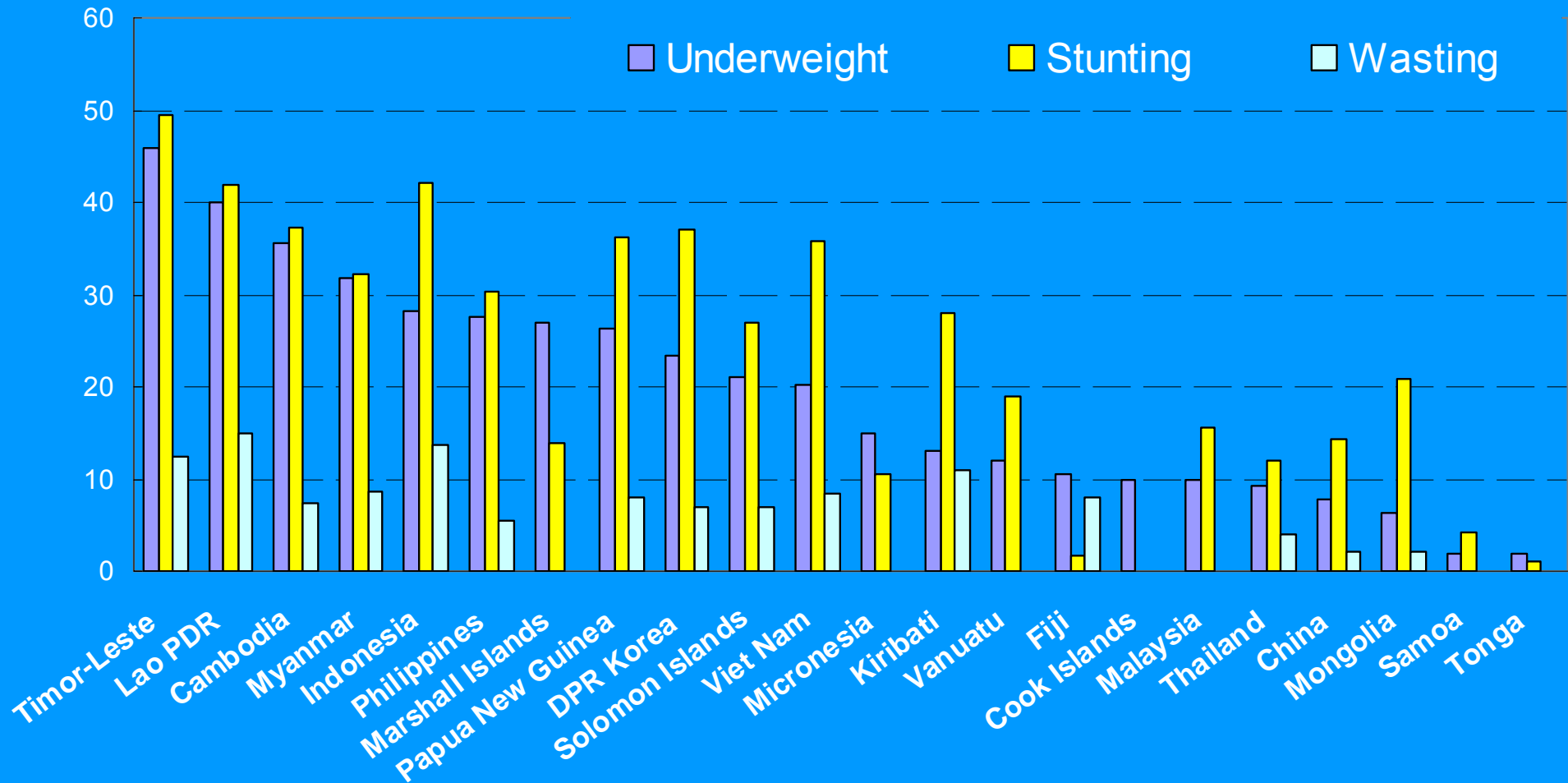
Universal Declaration of Human Rights: Article 26

“Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.”

Convention on the Rights of the Child: 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.

Levels of underweight, stunting and wasting, by country in EAP



Cumulative vulnerability of children: Richest and poorest quintiles

Quintiles (wealth)	Cambodia: Births attended by skilled health personnel (%)	VietNam: Birth registration (%)	Timor Leste: Measles immunization (%)	Lao PDR: Net primary school attendance (%)	Philippines Secondary school attendance (%)	Mongolia: Working children (%)
Poorest	21	49	13	45	2.7	30
Second	29	72	21	62	4.1	20
Middle	40	76	20	68	5.4	15
Forth	62	87	37	70	6.1	14
Richest	90	97	51	71	5.9	7
Ratio: Rich/Poor	4.2	2	4	1.6	2.2	4

Impact and response to date: Philippines

- **Impacts**

- Slight increase in the unemployment rate at 7.7 per cent
- 27 per cent increase in OFW deployment (jan-feb 2008-2009) and 2.5 per cent increase in income remittances (jan-feb 2008-2009)
- Subsiding inflation rate: 6.4 per cent in March 2009
- Reduced GDP growth rate projection for 2009 at 1.9 (WB) to 3.1-4.1 (GRP) per cent: mainly due to large fall in net exports

- **Policy responses**

- 4P/CCT
- Stimulus economic package equivalent to US\$ 3.6 billion or 2.5 per cent of projected 2009 GDP
- Lower corporate and personal income taxes
- Reduced interest rates
- Exploration of new overseas labor, higher-skills markets
- Retraining in new skills

Capacity to respond: Philippines

- The country is expected to be able to cope better than during the 1997 Asian economic crisis in view of:
 - Fiscal reforms e.g. expanded VAT and removal of fuel subsidies
 - Improved capital base and adequacy of banks to manage risks
 - Government Financial Institutions' surplus of P26.7 billion and LGUs' of P32 billion in 2008
 - Large domestic consumption boosted by OFWs and income remittances e.g. 10 per cent of GDP annually
 - Inherent coping capacities and thresholds of the poor, transient poor and the lower middle class and household savings of OFW families.

Social protection reform agenda: Philippines

- Scaling up of 4P
- Labor market reforms e.g. upgrading of skills, improved market information and education
 - Protection of labor rights and conditions specially in vulnerable sectors
- Proposed Magna Carta for Women specially in agriculture, manufacturing and informal services
- Proposed unemployment insurance
- Expanded social health (i.e. PhilHealth) and community-based insurance
- Others

High priority health and nutrition interventions

- Ante natal care – iron and folic supplements for pregnant and lactating women
- Immunization
- Vitamin A supplements
- Salt iodization
- Breast feeding
- Oral rehydration
- De-worming
- Malaria programmes

- Diarrhea management with zinc
- Community management of malnutrition

Health and nutrition

- Protection of the health budget from erosion
- Low understanding by policy makers of the long-term economic effects of health and other investment on human capital
- Provide sufficient and quality food to arrest hunger and sustain essential and cost effective interventions.
- Attention to the situation of children of IDPs and illegal migrants who have little access to basic services.

Education

- How to ensure affordability of education
- Impact on the quality of learning as teachers suffer from lower real income.
- Minimize drops-out and reaching children out of school
- Alternative delivery schemes and alternative delivery systems
- Implications of decentralization of education in the midst of the crisis.

Child Labour

- Children dropping out to engage in child labor
- Dysfunctional families and increased family pressure
- Shifting migratory flows
- Informalization of the labor market

Social Protection

- Integrating social protection in the fiscal stimulus package
- Increase social spending at a time when the tax base is eroded by a slower or declining economic growth
- Design of the programme such as who to target
- Monitoring and evaluation tools and inter-country coordination of economic responses.

Selected social protection initiatives

- Support to financial social protection schemes:
 - Mongolia Child Money Program: Universal conditional cash transfer
 - Cambodia Health Equity Fund
 - China: Dibao cash transfer (for urban poor)
 - Indonesia: Conditional Cash Transfer (pilot, for poor households with child workers, and street children)
- Health initiatives
 - Thailand: 30 Baht Health Scheme (now: free)
 - Vietnam: Health Care Fund for the Poor, Free health care for children under 6, Health Equity Conference – Participative policy
- Education initiatives
 - Mongolia: Textbook vouchers and Educational Supplies (for poor children, usually ethnic minorities, and orphans)
 - Lao: Basic Education Project 2007 → Access to Basic Education (grants targeting girls, esp. in remote areas and ethnic minorities)

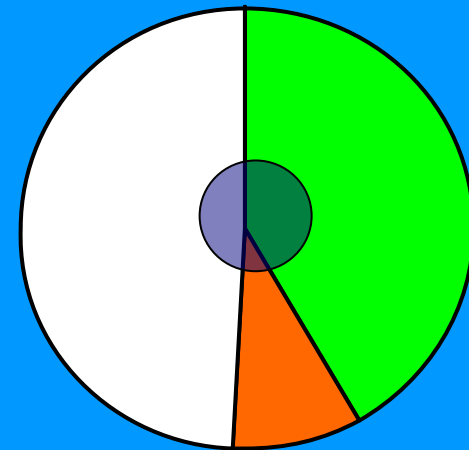
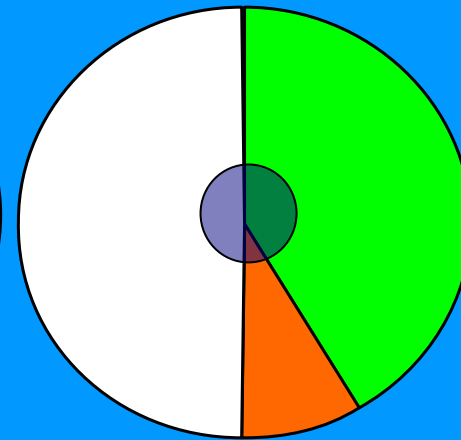
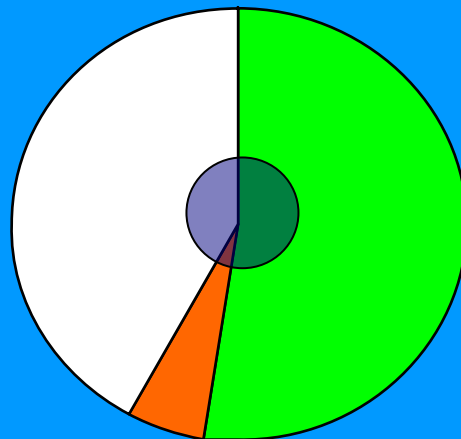
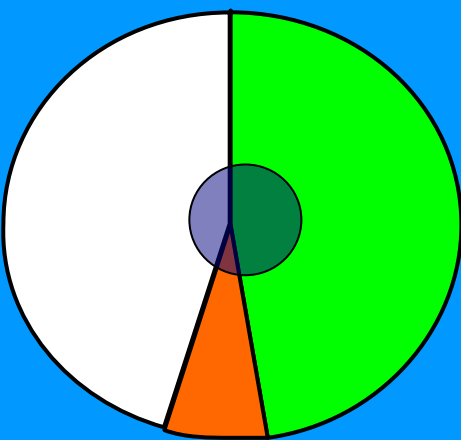
Public expenditure on health & education (% GDP) and incomes of the richest and poorest quintiles

Cambodia

Philippines

Bangladesh

India



Income shares of the richest and poorest quintiles:

■ Richest 20% ■ Poorest 20% ■ Other

● Public expenditure on Health and Education (% GDP)

Responses

1. Perspective and principles

- Emphasize the human rights perspective
- One size does not fit all

2. Priorities

- Focus on the vulnerable
- Communicate well
- Mount a quick response
- Maintain crisis preparedness by scaling up social protection
- Invest more in agricultural and informal economy
- Clearly monitor and evaluate

Responses

3. Partnerships

- Build partnerships with LGU's, IFIs, business, CSOs and other sectors
- Promote international coordination
- Pursue regional cooperation: ASEAN, IFIs

Summary

Key Issues:

- Despite economic progress, failure to care for children, especially children of the poor, is still a serious problem in East Asia
- Food price increases will affect children in poor households the most
- Effects on poor children may include: health, education and child labour

Core priority interventions

- Social protection systems in Asia currently have partial and often inadequate coverage
- Several core interventions to protect children are urgently required
- Vulnerability to economic crises is a signal of the need to strengthen, rather than cut, social protection systems.
- By guaranteeing the future of children, we guarantee our own futures!



Thank you!