

Reaching out to our neighbours will pay dividends

Anupama Rao Singh

Australian families are bracing to survive the economic storm that 2009 is predicted to unleash. Yet while the outlook may be grim for many, it pales in comparison with the plight of poor families in other countries in our region.

In the Asia-Pacific region, where about 600 million people live in poverty — on \$US1 (\$1.41) a day or less — the impact of the food and economic crises has been devastating.

The impact is so great it threatens to unwind years of progress in poverty alleviation, child survival and education. A 10 per cent increase in food prices is estimated to have pushed 105 million more people into poverty — a reversal of about seven years' work of poverty reduction alone. In most countries, price increases of food consumed by people who are poor have been greater than 10 per cent.

Impoverished families in Asia spend 40 to 60 per cent of their income on food. Analysis of the impact of the multiple crises of food, fuel and finance on children's lives commissioned by the United Nations Children's Fund shows that a 20 per cent increase in food prices is enough to push them to the brink of starvation.

Yet at a time when social spending and investment in programs protecting children are most needed, they may be the first to be cut if the experiences of past economic crises are mirrored.

During the Asian financial crisis, for example, public health spending was reduced. In Thailand it declined by 9 per cent in 1998 compared with the previous year, and total public health expenditures in Indonesia fell by 7 per cent in 1998 and a further 12 per cent the following year.

We know from the Asian



A 10 per cent increase in food prices is estimated to have pushed 105 million more people into poverty.

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financial crisis that many families were unable to keep up their strong cultural commitment to education and therefore many children were forced to drop out of school. Secondary school enrolment in Indonesia dropped by 11 per cent and by 8 per cent in the Philippines.

Research commissioned by UNICEF reports that the mortality rate among children younger than five years in severely affected countries in South-East Asia and the Pacific could increase by 3 to 11 per cent due to the crises. The fear is that the recent crisis could also increase the prevalence of low birth weight by 5 to 10 per cent. Rates of childhood stunting (already high in this region) could rise by 3 to 7 per cent and wasting by 8 to 16 per cent.

As 28 per cent of children under the age of five are already underweight, the region is far behind its United Nations Millennium Development Goal of reducing hunger. The crises will no doubt grossly impede efforts to reach that goal.

Most of the governments in the Asia-Pacific region have responded to the food price increases with social protection schemes such as price controls, subsidies, cash transfer for food, school feeding programs, 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.

But 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 program at all. Many programs are not prepared to cope with the “new poor” — the previous “near poor” who have been pushed into the mire of poverty.

In response and in expectation of a worsening situation, UNICEF is this week bringing together about 150 regional decision-makers including finance ministers, senior government officials, academics and other experts for a conference addressing the impact of the crises on children. The meeting will be held at the Lee Kuan Yew School of

Public Policy, National University of Singapore, with the support of the Singaporean Ministry of Foreign Affairs.

It is hoped this gathering will underline the importance at this time of not cutting back on social spending. Now more than ever we need to maintain — or scale up — measures to protect children.

For countries such as Australia this crisis off our shores highlights the importance of its overseas aid program. The government has committed to boost overseas aid to 0.5 per cent of gross national income by 2015. Hard economic times will of course force any government to revisit its spending, but for countries such as Australia the importance of maintaining its aid commitments cannot be underestimated.

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 could not only derail countries' progress towards achieving the Millennium Development Goals — the world's blueprint to halve poverty. It could also have a large opportunity cost in terms of relinquished improvements in human capital and countries' growth trajectories.

The critical next step for many countries is to maintain, strengthen or develop social protection systems so that they address the structural features as well as the shock-related challenges that 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.

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