

Impact of the Global Economic Crisis on Children in East Asia and the Pacific:

A mid-year update on UNICEF Policy and Programme Responses



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Executive Summary

The impact of the global food, fuel and economic crises on the East Asia and the Pacific has been swift and severe. The lack of uniformity between countries in this region has meant that each has been affected in varying degrees by the different crises. Middle income and export oriented countries like Malaysia and Thailand are most hurt by the economic crisis whereas the impact of the food price crisis has arguably been greater in Low-Income Countries like Cambodia and Lao PDR. Countries like DPRK and Myanmar face their own unique set of challenges and PNG and the Pacific Island Countries are more affected by the fuel crises and the indirect impact of the economic crisis. But regardless of which crisis has affected each individual country the most, the cumulative impact of all crises has been immense in the region. As purchasing power of the poor and vulnerable has been further squeezed by these exogenous shocks, they are also taking an alarming social toll. Effects on the mental and physical development of children may be permanent and could stall or reverse years of progress towards the achievement of a number of Millennium Development Goals (MDGs).

Governments across the region have been quick to act on many of the threats posed by the multiple crises, especially the global economic crisis. At least eight countries have implemented fiscal measures to counter the effects of the biggest economic crisis since the Great Depression. These measures can be differentiated by their focus on a number of things: the sheer size of the packages, the share devoted to tax cuts versus expenditure increases (including social spending), their provision for public versus private financing, and the time span for their implementation. In a region where the concept of social protection as a responsibility of the state is relatively new, it is important to analyze how much the stimuli programs are targeted at spending on health, education and other social sectors or not. A number of governments have revised their packages to devote a considerably larger amount towards social expenditure, as in the case of China. However some packages are still very infrastructure and tax cut oriented. While large infrastructure projects do aid economic recovery, spending on infrastructure and capacity of the social sectors is more effective in averting the human dimension of the crisis.

UNICEF has played a key role in supporting and strengthening government responses to the crises. Moreover, UNICEF in East Asia and the Pacific Region (EAPR) has been at the forefront of UNICEF's efforts worldwide. The EAPR Regional Office (EAPRO) and the Country Offices (COs) have been active in persuading governments to adopt measures to minimize the social impacts of the triple threats. They have done so in a number of ways: by assisting governments to monitor the impact of the crises in real-time; producing high-quality situation analyses and studies detailing the actual and potential impact of the crises on poor women and children; engaging in UNCT discussions to put children at the forefront of the agenda in unified UN responses to the crises; organizing national workshops and conferences that put a spotlight on the unique ways in which children are (often permanently) affected by worsening health and nutrition outcomes, reduced educational attainment and deteriorating child protection outcomes; and helping governments develop capacity to analyze and introduce or maintain effective social safety nets and social expenditure in response.

In these efforts, various partnerships have been forged with UN agencies and International Financial Institutions (IFIs), some of which have worked better than others.

1. Introduction: Rationale and Objective

A year has passed since UNICEF East Asia and the Pacific Regional Office took stock of the impacts of the food and fuel price crisis on children, and the responses mounted to address them. The global economic crisis followed quickly just as food prices began levelling off in late 2008. Its transmission into a social crisis has compounded the woes of those hit hardest by the food price rises, especially children, women and other vulnerable populations. This is more pronounced in East Asia and the Pacific as many countries in this region are very connected to, and dependent on the fortunes of, the global economy. Even in countries that are largely shielded from the economic crisis, people have suffered due to the food and fuel crises.

Undertaking this review will hopefully facilitate knowledge sharing among country offices – and between regions. By illustrating the potential impacts of the crisis on children but also demonstrating effective strategies that can counter these, this stock-taking initiative can serve as a powerful advocacy tool in persuading governments of the feasibility and effectiveness of taking further action that helps deliver results for children. This knowledge can also help UNICEF contribute to such efforts by selecting appropriate strategies and forming strategic alliances with government, other UN agencies and International Financial Institutions (IFIs).

2. Impacts of Economic and Food Price Crises in EAP countries

The global economic crisis has hit East Asia and the Pacific with remarkable speed and ferocity. The genesis of the crisis in the developed economies is well known by now. But expectations that “decoupled” East Asian economies would emerge relatively unscathed from this downturn have not materialized as they have been hit harder than they were during the home-grown crisis of 1997/98. According to World Bank estimates from July, East Asia excluding China is expecting -0.2 percent growth in 2009. Similarly the latest IMF figures suggest that growth in Southeast Asia, perhaps the most globally interconnected part of the region, is expected to trickle down to -0.3 percent in 2009 from a robust 6.3 percent in 2007. Growth in the region’s largest economy, China, is also expected to ease to 6.5 - 7.5 percent from a phenomenal 13 percent recorded in 2007. And while it has taken a little longer, Low-Income Countries in the region too have begun feeling the pinch. Cambodia’s is the starkest case. An expansion of 10.2 percent in 2007 is expected to turn into a contraction of 1.0 percent, the largest difference (11.7 percent) over a two year period in the entire region (World Bank, 2009). All of this is compounding the adverse impacts the food price crisis had in EAPR countries. Countries that are not highly integrated into the global economy – such as Mongolia, Myanmar, Lao PDR, Papua New Guinea (PNG) and the Pacific Island countries – have suffered due to continued volatility in fuel prices and fluctuations in food and commodity prices. With relatively limited scope for deficit financing, the economic crisis may erode recent gains in education sector spending and put pressure already depressed levels of health expenditure

The social impacts of the economic downturn and the food price crisis have transmitted differently across countries but their severity is undoubted. Slower growth due to reduced global demand has induced massive job losses in export-dependent sectors. An estimated 25 million migrant workers in China have lost their jobs whereas 50,000 garment workers in Cambodia– 17 percent of the total – are reported to have lost jobs since last September

(World Bank, 2009). This will have a severe impact in slowing poverty reduction in EAPR. In 2009, the World Bank estimates that 10.2 million people in the region who would have escaped poverty under normal circumstances will not be able to do so due to the crises. It is estimated that Cambodia, Malaysia, Thailand and Timor-Leste will even experience absolute rises in poverty. For the poorest and vulnerable, the twin shocks of higher food prices and falling or lost incomes could result in coping strategies such as taking children out of school or increased child labour, further worsening the condition of vulnerable children. It has also exacerbated the vulnerability of particular groups like women (heavily employed in export-oriented sectors), the urban poor and migrants. For instance, in Cambodia, a UNIAP report pointed out that the economic crisis has led women to leave poorly paid work in garment sector to take up employment in the sex sector.

Given these socio-economic outcomes and their implications –including an unfortunate slowdown or even reversal of hard won gains in the achievement of MDGs – governments across the region have been relatively quick to act, no doubt influenced by their experience of the 1997 economic crisis.

3. Government Policy Responses

At least eight countries have varying forms of fiscal stimulus – differing in size, share of tax cuts versus expenditure increases, provision for public versus private financing, and whether spending is limited to 2009 or extends to 2009-2010 – to boost flagging economic growth and counter social impacts. A fiscal expenditure package of CNY 4 trillion or US\$ 585 billion (13 % of GDP or 5 % of GDP per year) that China announced in November 2008 and revised this year is among the largest. Indonesia, Malaysia, Philippines, Thailand, Viet Nam and some Pacific Island countries (Northern Mariana Islands and American Samoa) too have announced fiscal measures to reverse the economic slowdown.¹ Having strengthened their macroeconomic fundamentals after the 1997 economic crisis, many countries in the region have the fiscal space to implement spending measures aimed at boosting their economies. The significant foreign reserves accumulated by these countries after 1997/98, which have not been drawn upon in any significant manner yet, too bolsters the case for such spending with a long-term vision for social protection. But the possibility of falling Official Development Assistance (ODA) threatens funding for social protection programs in fiscally strapped Low Income Countries (LICs).

Although there are a few countries that have chosen to focus mostly on infrastructure and tax cuts, most countries in the region have set aside substantial portions of their stimuli programs for social spending.

China's fiscal expenditure package – the largest in the region by far – announced in November 2008 contained plans for expenditures in the social sector. This was adjusted in March 2009, significantly increasing the allocation for social spending. Low income housing is set to receive CNY 400 billion (from 280 billion originally) and healthcare and education are set to receive CNY 150 billion (from 40 billion). Thailand too has notable provisions for social spending in its stimulus program drawing on the positive decisions made to maintain social spending during the '97 crisis, The US\$ 3 billion supplementary budget announced in

¹ Annex 2 has details on the nature of the individual packages

January 2009 includes investment in upgrading rural schools and health facilities as well as a one-time allowance for low income people in the formal sector. Thailand's provision of free basic education and healthcare to poor families should also help mitigate the worst impacts of falling household incomes. But it is important to ensure that fiscal budget cuts do not affect existing policies, particularly the provision of free universal healthcare. The stimulus programs in Malaysia and the Northern Mariana Islands also contain allocations for increased social sector expenditures. Viet Nam has announced its intention to scale up spending on social protection but its nature and amount have not been disclosed yet.

Despite many positive examples, some of the stimulus packages still have huge chunks set aside for infrastructure projects or tax cuts, with little or no spending in the social sector. For instance, Indonesia's stimulus consists of significant spending on infrastructure (IDR 12.2 trillion) and tax breaks (43 trillion) whilst relatively little is devoted to spending on the social side. This is surprising considering its experiences during the 1997 crisis. The Philippines, which is bracing for a difficult year primarily due to an anticipated 8% decline in remittances – which accounts for over 10 % of its GDP – in 2009, too is targeting its stimulus mostly on expenditure on infrastructure and tax cuts. But recent reports have suggested that both Indonesia and the Philippines are considering revisiting the allocation in their packages.

While infrastructure projects do create jobs, their effects are not apparent immediately. This is not enough to prevent poor families from embracing harmful coping strategies when crises strike. Social spending on healthcare and education, on the other hand, boosts economic recovery and also serve as safety nets that help prevent the immediate adoption of adverse coping strategies such as children being taken out of school, poorer families' reducing visits to healthcare facilities etc. Supply side spending on hospitals and schools also helps maintain the quality of social services during times of crisis. In a region that is marked by significant inter and intra country disparities, ensuring that children from poor, vulnerable families have unhindered access to quality education and healthcare during a crisis is vital. Spending on social protection in a region where there are high rates of precautionary savings due to a traditional lack of safety nets is also a smart choice. A rapid export-led recovery from this crisis is unlikely given the slump in global demand, so warding off precautionary spending to boost domestic demand makes eminent economic sense. It is also politically expedient as there have been cases of unrest caused by rising food and fuel prices, which the economic crisis might heighten.

Overall, the fiscal responses being enacted by governments in EAPR during the crisis have devoted a notable amount of spending on healthcare, education and other types of social spending. This is a positive development as is the fact that even sans the stimuli packages, governments have taken steps to protect the poor and vulnerable. Maintaining regular social sector expenditure consistently is an example of this.

4. UNICEF Responses²

A number of common trends are visible in the efforts that UNICEF has undertaken to inform and provide support to government responses to the crises. Many of these efforts gained further momentum after a high-level regional conference on the impact of the economic (and food price) crisis on children that was organized by EAPRO in partnership with the Lee Kuan Yew School of Public Policy and the Ministry of Foreign Affairs, Singapore, in January 2009. 150 leading policymakers (including more than a dozen ministers or vice-ministers, of whom 4 were ministers or vice-ministers of finance), academics and practitioners from East Asia and the Pacific attended this conference. Drawing on lessons from 1997, its outcome was an enhanced understanding of the need to proactively take action to prevent the economic crisis transmitting into a full-blown social crisis, particularly for children.

Real time monitoring and surveillance

The lack of data on social indicators from the 1997 crisis, as confirmed in Singapore, was a timely rejoinder which helped UNICEF realize the importance of tracking developments in the social sector during the current crises. UNICEF initiated some effort as food prices shot up in 2008. Others began with the onset of the economic crisis. But countries that began with monitoring initiatives at that time have largely continued with these efforts as the economic crisis developed. UNICEF has played an active role in ensuring that social indicators, particularly those that measure the impact on children, are included in many of these efforts.

In February EAPRO's Social Policy and Economic Analysis Section produced a concept note on monitoring the impact of the crisis on children in real time. Consisting of simple but effective indicators – to be collected in sentinel sites – as proxies for measuring educational attainment, health status of children and commitment to social sector expenditures by governments, this idea was shared with UNICEF offices and governments throughout the region. It was presented at conferences in Lao PDR (20 February) and Indonesia (31 March), and received positive responses from these governments. In Lao PDR, the government is in the process of adopting and adapting it to the local context and it is expected to be implemented soon. UNICEF Lao PDR is providing support to the government as it establishes sentinel sites at the grassroots level, through schools and health centers, to collect routine information. UNICEF Pacific will, starting in September, begin a multi-method real time monitoring effort that collects data from sentinel sites in at least 5 Pacific Island Countries. The surveillance will entail various methods of data collection-facility based and pulse household surveys, specific administrative data, surveillance questionnaire and FGD. It is envisaged that data will be collected every quarter until the end of 2011. UNICEF Indonesia too is part of a task force established by the government to set-up a similar real-time, multi-method monitoring system. The first meeting of this task force was held in June. UNICEF Viet Nam developed its own concept note and methodological framework for (qualitative, real-time) monitoring of the crisis in 10 sentinel sites, focusing on populations expected to be hardest hit by the crisis – such as migrant workers. It builds upon two rounds of rapid assessments done by the World Bank and Oxfam.

² Detailed information on the impact and responses at the country level is contained in annex 3

UNICEF Myanmar is negotiating a joint agreement on the conducting an Integrated Household Living Condition Survey which will assess various aspects of the economic conditions of households. This data will form the basis for assessing the change of economic situations and their impact on the situation of children relative to 2004/05. The World Bank is offering technical support to the survey. In Mongolia, the Ministry of Education endorsed the UNICEF real-time monitoring system. UNICEF Thailand too is working through the UNCT to urge improved monitoring and mitigation efforts.

Some of these countries, including Lao PDR, the Pacific Island Countries and Mongolia, have also included child protection indicators in these efforts in addition to the health, education and social protection ones. The Mongolia Country Office has decided to help government to monitor changes in two indicators: new intakes in child care centers and number of children in contact with the law. Similarly, UNICEF Lao PDR is planning to help monitor the number of children contacted in the streets of Vientiane, the number of children dropping out of school and number of children leaving or missing in the villages

A number of Country Offices – including DPRK (amidst an already difficult situation), Timor-Leste, Indonesia, China and Malaysia – have also been monitoring food price levels and their effects on malnutrition. Although food prices have substantially decreased compared to the levels they reached in summer 2008, they are still on average 30-40 percent higher than they were in 2007. UNICEF China is providing targeted technical support on monitoring and surveillance of food price rises and its impact on malnutrition. Similarly in Malaysia, UNICEF is monitoring food price rises and fluctuations and has conducted a situation analysis identifying children at risk. UNICEF Timor-Leste is working alongside other UN agencies in monitoring the situation on food security and nutritional status of women and children and UNICEF Indonesia is doing the same with WFP.

The importance of data collected from lightweight monitoring initiatives that are not time and resource heavy to illustrate the evolution of the social impact before it becomes a full-blown social crisis cannot be overstated. There are two important reasons for continuing with these initiatives. First, all information collected in real-time – to assess impacts of both the economic and the food price crisis – will be useful in contributing to UNICEF's evidence based advocacy efforts to persuade governments to work on creating effective social protection measures that shield children from the worst effects of the crises. Second, in many instances governments and the IFIs have undertaken monitoring efforts that have focused narrowly on macroeconomic impacts and implications. It is important that indicators measuring outcomes for children are included in such efforts.

Social protection advocacy and policy support

Regional level activities

EAPRO has been at the forefront of UNICEF's regional efforts to generate knowledge about how Asia-Pacific has been affected by the different crises and what countries and governments can do to protect children from its fallouts.

These efforts have revolved around the high-level conference held in Singapore, where, drawing upon the lessons of the social impact of the 1997/98 Asian economic crisis, prominent experts presented a series of technical background papers on the potential impact

of this crisis on children – vis-à-vis poorer health indicators, lower educational attainment, increased child labour and reduced family incomes. The impact that this conference had in the highest levels of governments across the region has been very visible. For example, in follow up to Singapore, Lao PDR held a national consultation in February 2009, inviting UNICEF as the only international organization and endorsing EAPRO's proposed monitoring strategy. A number of other high-level delegates, including those from PNG, Timor-Leste and Mongolia, have initiated national level follow up actions to protect children and other vulnerable populations after their experiences at the conference. The regional gathering has in particular aided UNICEF Country Offices in their advocacy efforts with government counterparts who attended it.

As part of EAPRO's advocacy effort, the Singapore background papers are to be published in a special issue of the academic journal, *Global Social Policy*, in September 2009, devoted to the topic of the impact of the crisis on children in EAPR. The findings in these papers highlight the importance of acting now to avert the economic downturn adversely affecting children through multiple channels to lower educational attainment, worsen health and nutrition and possibly even contribute to increased child labour.

Furthermore, a gender specific study on the gender related fiscal impact and responses to the economic crisis are currently underway in EAPRO's Social Policy Section. At the same time, the communication section, working with IPS, will be producing 24 human interest stories that reflect the first-hand impact of the economic downturn on children. The planned series of stories will cover ten countries in EAPR.

UNCT discussions and studies

Almost all UNICEF Country Offices in the region have participated in UNCT discussions to assess potential impacts in the country and its social implications. In all instances, UNICEF has lobbied to include analyses of the impact on children and pushed for measures that can help mitigate this. UNCT discussions of this nature have produced tangible results.

In Thailand, although the government possesses the fiscal ability to respond to the impacts of the crises, it has been willing to accept the UNCT's technical support in identifying and developing coherent monitoring tools and effective mitigation plans to protect vulnerable groups.

The Philippines government too agreed to establish a crisis monitoring unit to be based in the National Economic and Development Authority (NEDA) as an outcome of the UNCT's decision to advocate for such a unit.

In Myanmar, UNICEF has been negotiating with UNDP on the inclusion of child-related indicators in a joint initiative to analyze the impacts of the crisis.

Many countries have acted quickly to undertake some form of situation analysis that captures the impact of the crises on children. The studies produced by the Country Offices are a key component of UNICEF's evidence based approach to advocate for better results for children. Although many of them are ongoing, a number of these studies and their results merit particular mention.

UNICEF Cambodia commissioned the “Cambodia Anthropometric Survey 2008” which has been very useful in demonstrating the impact of the food price crisis on the urban poor, who are particularly vulnerable in this crisis. Wasting among poor urban children increased from 9.6 percent in 2005 to 15.9 percent in 2008; exceeding the 15 percent wasting threshold for a ‘humanitarian emergency.’

In PNG, UNICEF is supporting the Household Income and Expenditure Survey to include anthropometric testing of children and comparative analysis of the situation of the most vulnerable children. This, along with a report the UNICEF CO is supporting on the situation of children living and working on the streets will be useful in establishing vulnerability baseline (including hunger indicators) from which to monitor trends against the crises.

The UNICEF Pacific Office, in conjunction with UNDP, ESCAP and ADB, has produced a discussion paper on the impact of the crisis on children and women in that sub-region. Its draft had been widely circulated as a way to build consensus among major development partners in the region. The possible impacts it has mentioned include an increased risk of child mortality and increased risk of nutrition insecurity in the vulnerable and the marginalized. These risks threaten to reverse hard won gains in poverty alleviation and child survival, a priority topic discussed in the UNICEF Asia-Pacific Representatives Meeting (APRM) meeting last year.

The Malaysia Country Office produced an analytical paper on “The Impact of the Food Crisis on Vulnerable Groups in Malaysia” that was shared with the government in September 2008. The regular UNICEF Situation Analysis this year in Malaysia will include analyses on the impact of the crisis on children and women, the effectiveness of social expenditures there and the effectiveness of existing safety nets.

UNICEF in Viet Nam has just released a study on the impacts of the economic crisis on international labour migrants from Viet Nam. This study showed that families of international migrant workers returning home after being laid off were having difficulties coping with this as the incomes of these workers usually happened to be the only source of income for the entire family. Although the full impacts are not evident in the results as the interviews were conducted in February, households reported emerging consequences for children as reduced incomes forced some households to delay payments of school fees, to take their children out of school, or to compromise on visits to health care facilities.

The Lao PDR national conference mentioned earlier resulted in a preliminary assessment entitled “Potential Impacts of the Global Financial Crisis on Children in Lao PDR and Options for Responses.” Government revenues are anticipated to be 10% short of pre-crisis projections. This study highlights the dangers of reduced health expenditure and falling incomes for the poor and vulnerable. In a country where 67 % of total health expenditure is out of pocket, lower household income is likely to reduce pre- and antenatal service utilization, particularly by pregnant women and new mothers who may have to participate in income generating activities to compensate for lower household income. Given that over 35% of under-5 child mortality is from peri-natal conditions, a fall in pre- and antenatal service utilization may increase child mortality rates as well as maternal mortality with further detrimental implications for child survival.

Clearly, EAPR Country Offices have been very active in conducting studies that either form a baseline against which developments during the crises that impact children can be judged or

studies that actually detail the possible implications of these crises for children. All of these studies have been shared with government counterparts to ensure that they are fully aware of existing vulnerabilities among children that might be exacerbated by the crises. Such studies complement the monitoring activities mentioned earlier and greatly aid UNICEF's advocacy work by shedding information on complex challenges the crisis pose for children in this region.

Workshops and conferences

UNICEF Country Offices have been organizing meetings, consultations and conferences at the national level to mobilize and give momentum to advocacy efforts. The conference in Indonesia on "Monitoring the Impact of the Global Economic Crisis on the Poor and Vulnerable in Indonesia" jointly organized by UNICEF, UNDP, ILO, WFP and BAPPENAS in March provided the ideal opportunity for UNICEF to present the concept note on monitoring and child-centered approaches and existing tools. Ahead of this conference, a two day social budgeting workshop for Country Office staff was organized in February to develop a consistent advocacy strategy to help narrow down the key priorities that UNICEF wants to input into the new five-year national development plan (2010-2014). In addition, a Social Policy Workshop held in June, 2009 focused on the issue of the economic crisis. In Thailand, UNICEF, UNDP, the World Bank partnered with the National Economic and Social Development Board to organize a workshop on the Impact of the Financial Crisis in Thailand on March 6, 2009.

The Lao PDR conference in February was notable for reasons mentioned earlier and, given UNICEF's relative advantage in engaging the government on social issues, a similar opportunity was made use of in Myanmar when a Social Sector Analysis Workshop for senior government officials was conducted there at the end of July.

The sub-regional conference being organized by UNICEF Pacific in Vanuatu in February 2010 deserves particular mention due to the unique sources of vulnerabilities and manner in which Pacific Island nations will be affected by the crisis. Fuel prices and higher prices of imported food – due to changing lifestyles and diets – have imposed a greater strain in these countries that necessitate a separate discussion on the vulnerabilities and potential impact on children from the crises. It is anticipated that the first two rounds of data collected from the monitoring effort mentioned earlier will be used at the conference, strengthening the link between evidence generation and advocacy.

Even in instances where UNICEF has not taken the lead in organizing such gatherings, Country Offices have taken part in national level discussions on the crises to ensure that children's issues receive adequate coverage.

National safety net strategies and social budgets

This is an area in which UNICEF's role at the national level has been quite prominent in EAPR countries. UNICEF is either assisting governments draft national safety net strategies where none existed before or providing assistance to strengthen existing social protection strategies, especially in terms of bringing a child sensitive approach to this. A focus on

children and particularly vulnerable children because of existing disparities in this region has marked UNICEF's participation in all such efforts. UNICEF Country Offices in Cambodia, China, Indonesia, the Pacific Island Countries, Philippines, PNG, Timor-Leste and Viet Nam all have contributed in one way or another in this.

In PNG, the Minister for Community Development has committed to developing a national social protection strategy – there was none before – after attending the Singapore Conference in January. PNG's Minister of Treasury, who also attended the conference, has in fact requested the World Bank to liaise with UNICEF to support social protection development there. As a result, UNICEF enjoys unique leverage in its social protection strategy advocacy.

UNICEF Cambodia is working through a National Working Group on Safety Nets to advocate for a social safety policy in the country. The Child Protection Section is contributing to this effort to ensure that it is child-friendly in orientation. In China, UNICEF is involved in a number of efforts that help strengthen social protection responses to the crisis, particularly as this relates to children and women. It is helping the government draw lessons from international experiences on social policy responses to economic crises as part of an effort to outline a comprehensive social policy response to address the impact of the crises on women and children. UNICEF China is also advising the government in making its social protection responses targeted and evidence based to respond to children's needs. In Malaysia, UNICEF expects to support the government in a similar capacity by providing analytical work that helps enhance the efficiency and effectiveness of social expenditures via incidence and impact analyses. Due to the rising budget deficit, this could be important work to help safeguard essential expenditures on children. The Mongolia Country Office is contributing to redefinition of social safety net welfare transfers with UNDP, WB and ADB

Complemented by the studies on the roots of child vulnerabilities in crises, and the monitoring efforts, these advocacy efforts have provided the fora for national level advocacy in protecting social budgets and boosting social protection strategies in EAPR. Governments are particularly appreciative of the technical expertise UNICEF brings to the table on these issues which gives it the leverage to include provisions in social protection strategies that address the specific needs of vulnerable children and women.

5. Partnerships – Synergies and Lessons Learned

Regional

EAPRO is involved in a number of partnerships at the regional level that are aimed at consolidating social protection advocacy during the crises.

The Singapore Conference was a product of partnership with two notable academic institutions in the region: The Lee Kuan Yew School of Public Policy in Singapore and the University of Hong Kong. This link with academia in the region clearly helped EAPRO in engaging top-class academics in technical analysis at the conference. This was also very well received by government delegates who attended the conference. In fact, some governments in the region rely on these experts' technical support in designing their responses to the crisis.

EAPRO is also working with the UNDP's Regional Centres in Colombo and Bangkok on a multi-country study on the impact of the economic crisis on countries in Asia-Pacific. EAPRO's contribution is the emphasis on social indicators in addition to the macro-economic indicators of the study. UNICEF COs are exploring avenues of collaboration with UNDP counterparts in countries where the studies are being conducted including Cambodia, China, Indonesia, Lao PDR, Malaysia, Mongolia, Philippines, Thailand and Viet Nam. So far, they have reported limited success.

National

UNICEF Country Offices across EAPR have been active in partnering with other UN agencies and IFIs in joint policy advocacy and programme response. The nature of these partnerships varies greatly, from UNCT based responses to specific collaboration with other agencies. All are driven by the common aim to create awareness about the vulnerability of children and to strengthen collaboration on technical advice given to governments.

UNICEF in Philippines and Thailand is responding to the socio-economic impact of the crisis via the UNCT. A UN Task Force to respond to the financial crisis was created in the Philippines – which includes non-UN agencies like CIDA, AusAid etc –and Thailand has a similar Working Group. Both the Philippine and Thai governments have appreciated these teams, as evidenced by the Philippines' willingness to create a socio-economic crisis monitoring initiative at NEDA, and the Thai Government's acceptance of technical support on monitoring tools and effective mitigation plans. It appears that the UNCT in Lao PDR too will create a special working group similar to the ones in Thailand and Philippines.

Country Offices in Viet Nam, the Pacific Islands, Myanmar, Indonesia, Timor-Leste and PNG are working on a host of initiatives with other UN agencies in responding to the crises. Viet Nam is working on a monitoring initiative with the UNDP and World Bank, described earlier. The Pacific Islands Country Office is partnering with many UN agencies and IFIs (ESCAP, UNFPA and the ADB among others) in organizing the Sub-Regional Conference early next year. It is also working with WHO, UNFPA and UNDP in its monitoring initiative. UNICEF in Myanmar is working to include child-related indicators in UNDP's efforts to assess the impacts of the crises. The Country Office in Timor-Leste too is partnering with WHO, WFP and FAO to enhance monitoring of the situation of food security and nutritional status among children and women. UNICEF in Indonesia is supporting a similar initiative by WFP to assess the impact of the food prices on families and communities. As stated earlier, the national workshop there too was organized in conjunction with other UN agencies such as ILO and UNDP.

Some countries have also already started engaging with UNDP in the country studies of its multi-country initiative to explore the impacts of the financial crisis. UNICEF Country Offices in Mongolia, Malaysia, Thailand and Lao PDR have indicated that they are working on providing data and analysis on child-related concerns stemming from the economic crisis.

Overall, partnerships at the national level have been concrete and effective in raising child-related concerns in national discussions on the crises and taking actions to mitigate these.

6. Conclusion

The UNICEF East Asia and the Pacific Region has been at the forefront of UNICEF and UN efforts to tackle the adverse social impacts of the food, fuel and economic crises. The issue has been taken very seriously by the Regional Offices and all Country Offices. The high-level conference in Singapore was successful in sparking interest in government and UNICEF/UN Country Offices as evidenced by the number of national follow-up conferences and activities.

This success can primarily be attributed to the efforts of Country Offices in bringing the right high-level counterparts – a deputy prime minister, 4 ministers of finance and 9 more sectoral ministers or vice-ministers – and the high quality of the background papers produced by notable academics from the region. Follow up governmental requests for UNICEF assistance in monitoring efforts have been satisfied in a number of priority countries. A future regional crisis monitoring workshop could be one way of sharing experiences from countries that are undertaking such efforts with countries that plan to do so.

Collaboration with UNDP in 9 countries is being pursued to include evidence of the impact of the economic crisis on health and nutrition, and education in the country case studies. This information solicited from country studies through his partnership will be used by the Regional Office to produce synthesis studies on health and nutrition, and education during the crisis. The impact of these studies and the publication of Singapore background papers in a special issue of the journal *Global Social Policy* by the Regional Office are yet to be examined.

In conclusion, from monitoring the impact of the crisis on children to producing and disseminating high-quality technical analyses and studies to create evidence to assist governments to formulate policies to protect children from such impacts, UNICEF EAPR's efforts so far have been successful in keeping children at the heart of the agenda in debating the impacts of the crises in countries throughout the region.

Annex 1: Responses underway and planned – 2008 and 2009

May 2009: Responses and planned responses

UNICEF Responses	Cambodia	China	DPRK	Indonesia	Laos	Malaysia	Mongolia	Myanmar	Pacific	Philippines	PNG	Timor-Leste	Thailand	Vietnam
UNCT Discussion	x	x	x	x	x	x	x	x		x	x	x	x	
Situation Analyses	x	x			x	p			x	x	x	x	x	x
Identification of children at risk		x	x	x	x	p			x	x		P		x
Monitoring and Surveillance		x		x	p		P			p				P
Food Prices	x	x	x		x	x			P					
Malnutrition	x	x			x				P		x	x		
Programmatic responses														
School feeding														
Breast feeding		p									x			
Micronutrients		p			p						x			
Cash transfer/subsidy		p									p			
Policy analysis									x	x				x
Food subsidies						p						x		
Advocacy				x		x				x	x	x	x	
Advocacy for safety nets	x	x		x	x	x		x	x	x	x	x	x	x
Input to safety net policy revision	x	x		x		p			x		p	x	x	
National consultation with Government	x	x		x	x			x	x	x	x	x	x	x
Partnerships														
UNDP	x1/x2	x1		x1/x2	x1/x2	x1/x2	x1/x2	p	x2	x1/x2	x2		x1/x2	x1/x2
World Bank	x						x2				x		x	x
x: underway responses	x1: Partnership with UNDP on multi-country study													
p: planned responses	X2: Partnership with UNDP on other issues													

May 2008: Responses and planned responses

UNICEF Responses	Cambodia	China	DPRK	Indonesia	Laos	Malaysia	Mongolia	Myanmar	Pacific	Philippines	Timor-Leste*	Thailand	Vietnam
UNCT Discussion	x		x	x	x	x	P			x	x	x	
Situation Analyses	P	x	P		x	P			x	x	x	x	x
Identification of children at risk		x	P		x				x			x	x
Monitoring and Surveillance				P									
Food Prices		x			x				x		P		x
Sentinel sites: Malnutrition					P				P		P		P
Programmatic responses				P ³									
School feeding		x ²			x		x ²		x ⁶	x ⁴			
Breast feeding							x						
Micronutrients							x		x				
Cash transfer/subsidy		x ²					x ²		P	x ⁴			
Policy analysis		x			x				x	x			x
Food subsidies		x ¹				x ²			x ⁵	x ²	x ²		
Advocacy													
Advocacy for safety nets	x								x	x ⁷			

x: underway responses

P: planned responses

1: government eliminated tax rebates of 84 exported grain products (2007), levied export tariffs and quotas on wheat, corn, soybean, rice (Jan 08)

2: by government

3: Nutritional policies

4: already implemented by government, being reviewed by unicef

5: Fiji government reduces import duty on food items by 10%, removes VAT from locally produced egg

6: to mainstream food initiatives through Child Friendly School

7: advocated by WFP

* Timor-Leste: UNICEF is piloting a Community Management of Acute Malnutrition program; food stock for severely malnourished children if needed

Annex 2: Specific Regional and Country Office Responses

EC: Economic Crisis

FPC: Food Price Crisis

EAPRO

- **CO support on monitoring effects on children and crisis studies:** Missions to LPDR and Indonesia + e-support to others (Vietnam etc)
- **Real-time monitoring:**
 - Concept note on monitoring real time impacts of crisis on social indicators: health, education and social budgets
 - Workshop on social budgeting being organized by section in October to strengthen capacity to define crisis effects on sectoral budget and to respond in-country throughout region
- **Advocacy:**
 - Background papers from conference to be published in *Global Social Policy* in September– final papers/forum pieces have been submitted and draft of distribution plan also ready
 - The communication section has initiated a project to track the economic crisis and its affect on children through stories that highlight the human impact of the economic downturn. The planned series of stories will cover ten countries in Asia and the Pacific.
 - Regional review of gender impact of the crisis.
- **Inter –Agency work:** Reviewed and commented on UNDP Crisis Study protocol and assisted development of linkages between in-country study teams and UNICEF Country Offices. Will produce two studies on the impact of the economic crisis on health & nutrition and education in South and East Asia.
- **List of countries for UNDP study:** East Asia - Cambodia, China, Indonesia, Lao PDR, Malaysia, Mongolia, Philippines, Thailand, and Vietnam; South Asia – Bangladesh, India, Maldives, Nepal, Sri Lanka.

National Level

Cambodia

Impact of Crises:

- Particularly vulnerable to crisis as sources of growth remain relatively few - direct hits to three of its growth engines: reduced demand for garment exports, slowdown in construction and lower tourist arrivals and spending (leading to GDP growth recession in 2009)

- FPC has led to worsening child nutrition and health from late 2008 - estimated that 50 percent of households have reported cutting back on food. Inflation peaked in 2008 at 25% year-on-year. Cost of living in 2009 is double what it was in 2007.

UNICEF actions/contributions:

- Number of studies relating to the crises:
 - Cambodia Anthropometric Survey (CAS) 2008 shows some alarming impacts on wasting – wasting in poor urban children increased by more than 6 % from 2005 to 2008 (15.9 % now-“humanitarian emergency”)
 - UNICEF/UNDP (with inputs from ILO, WFP and UNESCO) study on the relationship between increased food prices and child labour and worsening educational outcomes – expected in Sept/Oct
- RGC has also talked about routine nutrition surveillance effort – hoping to get it done in Nov/Dec – leanest season to see who is most affected
- Sub Working Group on Social Safety Nets established, tasked with developing a social safety nets/social protection strategy and policy by December 2009.
 - WB leading production of a concept note (UNICEF contributing, together with GTZ, WFP) to be presented and discussed at National Forum
 - National Forum on Social Safety Nets to be held 6-7 July, with closing speech by PM- UNICEF facilitating the working group on cash transfers

China

Impact of Crises:

- Has weathered the storm better than many other countries as it does not rely on external financing, banks have been largely unscathed by international financial turmoil and it has fiscal and macroeconomic space to implement forceful stimulus measures. Urban and rural incomes continue to grow, albeit at a slower pace
- Migrant workers, their children and recent graduates most affected
- US\$585 billion fiscal stimulus for 2009-2010 – about 5% of GDP per annum – includes spending on infrastructure, public services and rural development. In social sectors, government 2009 budget has increased as follows: on health (by 38%), education (by 24%), social safety, and low-income housing (by 171%)
- In line with the past food price increases, the national poverty line has been raised to RMB1196, and the population coverage as well as benefit level of the minimum living allowances (cash transfers) and pro-poor subsidies have increased in both urban and rural areas

UNICEF actions/contributions:

- Social Policy team in China has been very active in engaging with government partners to mitigate impacts of crisis on children. Examples include:
 - Surveying and analyzing the impact of the crisis on the rural & migrant poor women and children (counterpart - LGOP)
 - Analyzing and drawing lessons from international experiences on economic crisis management and social policy response to mitigate impact on women and children (counterpart - NDRC)
 - Outlining comprehensive social policy package to address impact of crisis on women and children (counterpart - NDRC)
 - Developing a model to simulate the needed adjustment in social safety benefits according to the price fluctuation of necessities (counterpart - MCA)

- Analyzing and advising on the financing of social protection to address the impact of the crisis (counterpart - MOF)
- Analyzing tax reform options to secure fiscal revenues for the rising social spending in the context of economic slowdown (counterpart - MOF)
- Providing advice on and contributing to the international expert workshop “Social policy responses to economic crises” (partners - State Council Development Research Centre & DFID)
- In the context of the global economic slowdown, evaluating the contribution of China’s current development strategies (such as the current Five-Year Plan and Ten-Year Poverty Reduction Strategy) to the wellbeing of children and women, and assisting the Government in outlining China’s new development strategies (namely the new Five-Year Plan and Ten-Year Poverty Reduction Program, both to be launched in 2011)

DPRK

Impact of Crises:

- Very hard for any information to come by and thus difficult to analyze situation comprehensively. But fairly certain that the country is in the thick of a pretty difficult situation being short of food by 1.5 million tons as food coming from WFP and other sources got cancelled
- Food price increases in China have meant imposition of a 25 % tariff on food being imported from there, further complicating matters
- Difficult to get actual numbers on number of malnourished children due to this but safe to ‘an increase in the number of malnourished children visiting hospitals’ has been asserted
- The impacts of the economic crisis are, given DPRK’s isolation, even harder to gauge

UNICEF actions/contributions:

- CO response: very little to be done without having any food in the country! Yet, a number of things are being pursued:
- Stockpiling RUTF and F 100 as much as possible
- Community based identification of malnourished children and community therapeutic care for RUTF
- New York staff helping assess nutritional status and Roger Shrimpton is visiting soon
- Bottleneck analysis for MDGs 4 and 5

Indonesia

Impact of Crises:

- WB classifies Indonesia as a *high exposure* country that faces significant economic crisis-induced deceleration of growth and a significant increase in poverty.
- Rp73.3 trillion fiscal stimulus package but mostly consists of infrastructure spending and direct subsidies – hardly anything on scaling up social protection
- Indonesia’s experiences with economic crisis of the late 1990s are very strong basis for efforts underway at present.

UNICEF actions/contributions:

- Editorial in leading influential daily “*Kompas*” by economist (Dr. Muliadi Widjaja) who attended Singapore conference promoting safety nets
- Two day social budgeting workshop for CO staff in February to develop advocacy strategy to help narrow down the key priorities that CO wants to input into the five-year national development plan (2010 - 2014). Social Policy Workshop on 18/19th of June to also address economic crisis.
- Workshop organized with UNDP, ILO, WFP and BAPPENAS on “Monitoring the Impact of the Global Economic Crisis on the Poor and Vulnerable in Indonesia” on 31 March-1 April –monitoring concept note on possibility of using sentinel sites to provide real time information and summarized other possibilities and country responses was presented. Indonesia Office Chief of Social Policy/Protection also participated and presented on child-centered approaches and existing tools.
- UNICEF part of the Task Force established by Government to set-up monitoring system and participated in first meeting held in June. Bureau of Statistics as well as research institute (SMERU) developing quantitative and qualitative research on the impact with support from Ministry of Planning, World Bank and others.
- UNICEF continuing to support WFP on assessment of the impact of the food prices on families and communities. Additional questions added in second round on child labour and children’s education.

Lao PDR

Impact of Crises:

- EC’s likely impact via a substantial reduction in merchandise exports (especially in mining, garments, wood processing and commercial plantations growing cash crops) and related layoffs; unemployment and under-employment; reduced worker remittances from outside the country as well as from urban to rural areas within country; slower tourism; and reduced FDI.
- -Rapid assessment of the situation of children living/working on the streets in Vientiane showing increased numbers and impact due to the crisis - UNICEF collaboration with international NGOs
-

UNICEF actions/contributions:

- UNICEF LPDR was the only UN Agency invited to the government conference, held as internal follow up to UNICEF EAPR Singapore Conference to assess impacts of food price/economic crises on children there on 20 February 2009.
- Preliminary assessment entitled “Potential Impacts of the Global Financial Crisis on Children in Lao PDR and Options for Responses” produced based on this conference
- Concept note on monitoring impacts for LPDR developed thereafter with some assistance during mission of Regional Adviser to the Country Office and discussions with ministries of health and education.
- Based on the Concept note, a draft TOR for establishing sentinel surveillance systems in Ministries of Education, Health, and Labour and Social Welfare was prepared. The TOR is expected to be finalized in mid June. UNICEF LPDR plans to provide financial and technical support to the three line ministries through DOS starting in August/September 2009.

- Impact of food/financial crisis on Consumption trends (Joint UNCT study co-funded by UNDP and UNICEF) using the recently conducted Lao Expenditure and Consumption Survey (LECS) conducted every 5 years (2002/3 and 2007/8).

Partnership with UNDP/WB:

- There is a possibility that the UNCT in Lao PDR will establish a special working group to coordinate UN response to the social impact of financial crisis (including social safety-nets). The working group would be able to facilitate optimal access to and distribution of MDTF. UNICEF has been working with UNDP to prepare a draft TOR of the working group. A key objective of the working group is to prepare agencies to take swift response actions in case any significant impact of economic crisis is detected or anticipated. Expected outputs of the working group may include pre-arrangement of pooling and distribution mechanisms of funding, clarification of different roles to be played by different agencies, and identification of potential programmes/projects that can be scaled-up or quickly launched.
- UNDP Lao PDR is participating in the UNDP's Asia-Pacific Regional Centre study on the impact of the financial crisis. UNICEF can provide inputs for the study, particularly on issues concerning children.
- WB is currently conducting a qualitative study on the impact of the financial crisis through focus group discussions. WB is willing to share its results with UNICEF, and there is potential for UNICEF-WB collaboration in using the findings of the study for future programming.
- - Rapid assessment of the impacts of the global economic crisis on the informal sector in Lao PDR - study implemented by World Bank with UNICEF inputs on the methodology WB is interested in organizing a workshop with the MOLSW on social protection. Experts from the region can be invited to speak in the workshop to introduce different aspects of social protection and share good practices with the stakeholders in Laos. UNICEF can possibly contribute by inviting key social policy experts from UNICEF.

Malaysia

Impact of Crises:

- Despite financial system soundness, the economy remains vulnerable due to its dependency on exports, FDI and commodity price developments, and Fitch just downgraded its long-term local currency rating amidst concerns over rising public deficits.
- GDP declined by 6.2 percent (y/y) during the first quarter of 2009, largely driven by the manufacturing sector, and the economy is now expected to contract by around 4 percent for the year as a whole.
- Mitigating measures to ease the social impact of recent crises have included raising the eligibility threshold for welfare assistance; stepping up investment in the social sectors; and maintaining substantial subsidies on fuel and food items.
- The government passed two stimulus packages amounting to RM 7 billion (November 2008) and RM 60 billion (March 2009), equivalent to almost 10 percent of GDP, for a period of two years. While the lion's share of these funds is targeted at stimulating economic activity, more than a third of additional investment expenditure (or 0.5 percent of GDP) will go towards the social sectors, further bolstering already

substantial social sector budgetary allocations (at 10 percent of GDP in 2009, original budget).

UNICEF actions/contributions:

- Analytical paper on ‘The Impact of the Food Crisis on Vulnerable Groups in Malaysia’ was shared with the government (September 2008).
- 2009 Situation Analysis to serve as a vehicle for analyzing jointly with government partners the impact of the crisis on children and women; the efficiency and effectiveness of social expenditures; and the comprehensiveness of the social safety net. Supporting analytical work has been initiated.
- Active engagement with government partners to advocate for crisis monitoring and a strengthening of the social safety net as appropriate.
- Active engagement with UNDP to contribute towards study on the impact of the financial crisis.

Mongolia

Impact of Crises:

Reduced global demand could slow growth in resource oriented economy threatening fiscal cuts in a host of positive social protection initiatives:

- Some funds for the well-known Child Money Program have dried up according to the government and the amount of cash disbursed is planned to be slashed to 1/3rd of the original amount
- Recent improvements in price of gold and copper on the World market led the Government of Mongolia to sustain and continue universal child money transfers at initial amount of monthly MNT 3,000 (US\$ 2) and quarterly MNT 10,000 (US\$ 7).
- National Development and Innovation Committee leads the operationalization of the Government’s Plan of Action to mitigate the crisis. Improving targeting and raising the level of social support to the very poor is an important component of the above plan.
-

UNICEF actions/contributions:

- Planned to continue to advocate with Government for effective targeting of vulnerable population.
- Maintain implementation of existing nutrition interventions: multiple micronutrient supplementation to pregnant and lactating women and children aged 6-59 months; promotion of exclusive breast-feeding; Vitamin A and vitamin D supplementation
- CO contributing to redefinition of social safety net welfare transfers with UNDP, WB and ADB
- With the support of the regional policy advisor Dr. Mahesh Patel, monitoring of sentinel sites and monitoring indicators were discussed with the Ministry of Education, Culture and Science. The Ministry is to follow-up and to introduce the monitoring of sentinel sites starting new academic year 2009.
- Further meetings to be organized with the Health and Social Protection Ministries under the leadership of the Deputy Prime Minister. Deputy Prime Minister’s Office will coordinate the crisis monitoring activities and impact of the crisis on children and social budgets.
- With the support of the DPP, HQ targeting options for Child Money Programme will be analyzed and proposed to the Government.

Myanmar

Impact of Crises:

- Compared to other Asian countries, the impact of EC is limited due to the insulated financial system since the collapse of the Myanmar banking system in 2003 and economic sanctions. But for the same reason, it is also difficult to single out the impact of this event. So far, compared to EC, the other negative socioeconomic and political conditions prevailing locally, such as the government's economic and fiscal policies and the impact of cyclone Nargis, have been affecting Myanmar children's situation much more strongly. The EC has affected Myanmar economy and living conditions largely through the reduction of remittances and declining international trade.
- *Remittance and Migrant workers:* There is no accurate data on the number of Myanmar nationals working abroad and the number of dependents they support, nor on the employment and income on international merchant shipping personnel from Myanmar. A large number of Myanmar nationals have been returning home from Thailand, Singapore, Malaysia, South Korea and middle-eastern countries. The decreased volume of remittances seems to be having considerable impact on household incomes. Total flow of remittances was recorded at US\$ 113 million in fiscal year 2006/2007 although this is considered to be an underestimation. At this level, remittances made up 11% of the current account balance and 0.7% of gross national income in 2007.
- *Decline in Export Business:* External trade has been affected by the global economic downturn. It is also the other transmission channel of the impact, which has not only affected Myanmar's export earnings but indirectly also agricultural income, public investment, domestic employment, and living conditions of the poor.
- A sudden fall in world prices of mineral resources and primary (incl. agricultural) commodities since the beginning of third quarter of 2008, following a surge in prices in the preceding six to nine months, has had an impact on the Myanmar economy.
- First, the drastic fall in oil and gas prices in the international market caused a considerable dent to the export earnings of gas which had made up more than 40% of export earnings in 2007. Gas export earnings accrue to the Government; hence the fall in income from gas exports may have impacted on the public budget (it is difficult to say whether this has occurred, since export earnings are booked at the unrealistic official rate of 7Ks/USD rather than the black market rate of about 1080Ks/USD. As a result of this conversion, most gas income is "off-budget.")
- The slide in world prices of agricultural commodities - rice, pulses and fishery products in the Myanmar case - has not only reduced hard currency export earnings but has seriously affected the rural populations - farmers. For instance, small and medium farmers are finding it is hard to maintain margins on their paddy production (which may as a result decline in the future).
- *Tourism earnings have continued to fall.* Following the public protest in August-September 2007 against a rise in fuel prices and deteriorating economic conditions, tourist arrivals dropped considerably. The global economic downturn since has precluded any improvement in conditions.
- *Domestic food prices* have decreased, for example, the price of rice decreased almost 32% in Northern Rakhine State between September 2008 and April 2009 due to the decline of demand from outside the country according to WFP reports. However, the

price is still 25% higher than that in 2007. Also note that domestic rice prices are subject to government intervention.

- **FDI** is largely concentrated in the oil and gas industry; it amounted to an average of US\$ 250 million annually over the five period 2002/03 – 2006/07. Most FDI has been in the oil and gas sector and in recent years has originated from private and public corporations in China, India, Malaysia, South Korea and Thailand. FDI in other sectors such as manufacturing, agro-based industries and hotels has not picked up to any appreciable level since early 2003 when uncertainty in economic, investment and financial policies kept foreign investors away.
- *Fiscal Impact:* There is only a limited impact of the decreased governmental revenue due to declining prices of natural resources. Governmental spending on the social sector is anyway extremely limited (less than 2% of the governmental budget) in the past. It may be observed that already, there are no operational costs allocated at schools and health services (with predictable results in terms of user fees and informal payments). In addition, the government is recently trying to reduce the budget deficit (caused by other spending priorities such as the state-owned industrial sector) by decreasing across-the-board expenditures. In this context, the impact of the EC via decreased governmental revenue may therefore actually be minimal.
- *Government Response:* The governmental response to the EC is limited. The Ministry of Labor is working on provision of support for returning migrant workers and assisting failing export businesses just offering consultation and giving employment and business information.

UNICEF actions/contributions:

- Social sector analysis workshop for senior governmental officers to be conducted in end of July, which includes a module on the economic crisis.
- On social protection, the inter-agency working group was established in March based on a social protection seminar to which various governmental departments were invited last December. Currently the group is working on mapping the social protection interventions by various ministries. The next meeting will discuss the legal framework related to social protection of children and identifying gaps, so to create the foundations for recommending policy and legal directions.
- UNICEF Child Protection section in collaboration with Social Policy and M&E is about to implement a pilot cash grant livelihood program in the Delta to increase the livelihood capacity of vulnerable families. The lessons learned from the program should be able to provide good program directions to reduce economic risks and vulnerability through future interventions.
- Although the presence of the World Bank is limited here (unresolved defaults, no policy-level dialogue), UNDP interested in assessing the impacts of the crisis and UNICEF Social Policy is in consultations with UNDP on how child-related indicators can be included. Information is being regularly shared between the two agencies. UNDP and UNICEF have been negotiating a joint agreement on the conducting the Integrated Household Living Condition Survey (Living Condition Assessment), which will assess various aspects of the economic conditions of households including expenditures, remittances, access to loans, livelihood capacity etc. The data will be a good basis of assessing the change of economic situations and their impact on the

situation of children relative to 2004/05. The World Bank is offering technical support to the survey and there will be more dialogues with UNDP and the World Bank through this joint effort.

Pacific Island Countries

Impact of Crises:

- Food, Fuel and Financial (FFF) crises put Pacific Island nations at particular risk due to isolation, heavy reliance on diesel-generated electricity and increased demand for imported food due to changing diets. In the short term:
- Increased risk of child mortality
- Increased risk of nutrition insecurity in vulnerable and marginalized

UNICEF actions/contributions:

- Preparing to host a sub-regional conference from February 2010
- Very much modeled along lines of the EAPRO Singapore Conference - UNICEF Pacific CO facilitating this
- Data to be collected from sentinel sites in at least 5 countries starting in September/October 2009 to be used during this conference
- Pacific CO produced a discussion paper on impact of crisis on children and women and conference to be based on issues raised by this paper
- Analysis of any impacts felt in the Pacific during '97 Asian economic crisis to glean relevant lessons and examination of social safety nets (already underway)

Papua New Guinea

Impact of Crises:

- Direct impacts on children are not very obvious at this stage, however:
- CO currently has a USD1 million funding shortfall, due to the depreciation of the Australian dollar by 35 per cent on funds received from AusAID. UNICEF HQ has been requested to cover this shortfall.
- PNG growth rates are projected to fall in 2009 and into the medium term due to a decline in commodity prices and deterioration of global demand for primary product exports
- Racially driven riots occurred in multiple regions in May 2009 – there is unconfirmed speculation that escalation and looting may have been compounded by food and fuel price rises

UNICEF actions/contributions:

- UNICEF-supported research on situation of children living and working on streets currently in progress through the Department for Community Development to establish vulnerability baseline (including hunger indicators) from which to monitor trends against crises such as FFF
- UNICEF is supporting Household Income and Expenditure Survey to include anthropometric testing of children and comparative analysis of the situation of the most vulnerable children
- Minister for Community Development (who attended Singapore Conference) has committed to developing a national social protection strategy

- The Minister of Treasury (another Conference attendee) requested the World Bank to support social protection development in PNG – WB were requested to liaise with UNICEF, who are well positioned as the regional experts
- A United Nations Social Protection Task Team, led by UNICEF, is developing a position paper on child sensitive social protection – draft expected in 2 months
- PNG to participate in sub-regional conference
- *Conceptual Framework for Cash Transfers to Improve the Protection and Care of Vulnerable Children and to Empower Families in the Context of the HIV Epidemic in PNG* is being submitted to the National Executive Committee, with recommendation that a ministerial task team be established to review document and action accordingly. The Conceptual Framework development was supported by EAPRO and CO in 2008.
- CO is providing technical input to Department of National Planning and Monitoring to incorporate child-sensitive social protection concepts into the Long Term Development Strategy

Philippines

Impact of Crises:

- The IMF recently revised its growth outlook for the Philippines from 2.25% to zero growth due to a significant contraction in exports and imports by 36% in the first quarter of 2009 and a weakened outlook for remittances which the IMF now anticipates to decline by 8% in 2009.
- Growth slowing down even further than originally expected, mainly because of the easing of demand in the country's major export markets.
- Overall, growth outlook is pessimistic, still uncertain and certain factors would prove helpful, like the fiscal stimulus and the steady inflow of remittances.
- The Philippines' fiscal flexibility has narrowed because of huge debts that could be made worse by higher deficit spending and higher borrowing. The Philippines' debt to GDP ratio is 60%.
- The Philippines' deficit problem is not cyclical but structural. It has a big social safety net programme and from the revenue side, stimulus should be available in 2009 and 2010. The recent announcement to increase the deficit target to close to 3% of GDP provides an upside risk to growth projections while not affecting investor confidence.
- The government may consider raising its tax effort to finance the planned increase in public spending. Given the high level of public debt, there should be a measured fiscal stimulus to avoid compromising fiscal sustainability and policy credibility.
- The government has safety net programmes that need to be financed. To provide more scope for fiscal easing and outlays like conditional cash transfers, the government may further improve its tax collection effort, broaden the tax base and rationalize tax incentives.
- Contraction in advanced economies may further reduce trade and could impact heavily on exports, investments and growth and further deterioration in global financial conditions might further tighten financing and could hurt the financial and corporate sectors. Private investors are now resorting to the bond market rather than bank borrowing.

UNICEF actions/contributions:

Reiterated the objectives of the Task Force Response to Crisis (TFRC):

- Undertake efforts towards a joint analysis from a perspective on the impact of crisis in the Philippines, using the MDGs as the framework; integrate member TFRC agencies' responses to the crisis
- Provide Government with results of analysis and policy recommendations contributing to mitigating impact on social and poverty issues
- Share with Government and partners information, background materials, references on the crisis and its impact, thereby raising the visibility demonstrate the concern of international development agencies on this issue
- Look at crisis not only as challenge for development but also as an opportunity to offer alternatives linking to broader development issues such as climate change with low-carbon "solutions", inclusive growth, etc.
- Support the creation and functioning of a crisis monitoring unit that will provide real time information and rapid appraisal for immediate response (separate TOR for this unit will be prepared). Note that the proposed crisis monitoring unit will be maintained at NEDA as the regular arm of the Task Force for the gathering, generation and dissemination of information. It is proposed that the Task Force commits to a one-year lifespan, the extension of which will be determined on developments on the global crisis. However, as suggested by the World Bank during the UNCT meeting, the crisis monitoring unit should have both short-term and long-term functions and will function within NEDA even after the crisis to continue to serve as a rapid monitoring unit of the government on socio-economic issues.
- TOR for the development of a white paper on "Key Messages to Mitigate Impact of Crisis on the MDGs in the Philippines" has been sent out for bidding. Expected date of completion of the paper is October 2009
- TOR for the setting up of a Crisis Monitoring and Response Center (CMRC) has been sent out to bidders. The objectives of the CMRC are to monitor the impact of the global crisis on vulnerable groups in Philippine society, such as workers, both in formal and informal sectors, who live close to the poverty line; skilled and unskilled unemployed and underemployed workers; at-risk groups (single-parent women headed households with small children, older and/or chronically sick people, disabled people, etc); poor communities, both in urban and rural areas.
- Evaluate the impact of the current global financial crisis, in particular its impact on socio-economic conditions and dynamics within the broader reaches of society and its effect on the level and extent of poverty;
- Provide concerned stakeholders (the government, as well as international agencies, NGOs and civil society) with essential information and analysis through rapid real-time reporting on those matters of crucial importance regarding the impacts, which will assist in the formulation of effective policies and programs, especially any measures designed to support the poorest sections of the population;
- Design and implement a range of safety net programs to reduce poverty and mitigate the impact of shocks on poor and near poor households;
- Develop response schemes and any contingency procedures needed to accelerate anticipated support and programs to the poor and vulnerable population;
- Monitor and evaluate the effectiveness of any emergency policies and programs put in place to address the negative impact of the financial crisis.
- A Conference at the highest level on the World Financial Crisis and Economic Crisis and its impact on development will be held at the UN in New York on 1-3 June 2009 at the request of the member states and will also include non-member institutions. The Philippine delegation will be led by Secretary Ralph G. Recto of the National Economic

and Development Authority (NEDA); civil society has also been invited. The meeting aims to identify emergency and long-term responses to mitigate the impact of the crisis, especially on vulnerable populations and initiate a needed dialogue on the transformation of the international financial architecture, taking into account the needs and concerns of all Member States.

Thailand

Impact of Crises:

- GDP expected to contract in 2009 and fiscal stimulus measures expected to partially offset this
- The provision of free basic education and health services to poor families in Thailand will mitigate the worst impacts of falling household incomes but continued advocacy will be required to ensure that these services are not affected by fiscal budget cuts
- Impact of the crisis on the large population of cross-border migrants could be significant and affect the wellbeing of their children, both those accompanying and those left behind.
- Potential for urban to rural migration as export-oriented economy takes hit but only limited capacity of the rural economy to absorb returnees productively.
- US\$ 3.3 billion – 1.2 % of GDP – supplementary budget that includes: one time allowance for low income people in the formal sector, extension of limited public service subsidies, investment in upgrading rural schools and health facilities.

UNICEF actions/contributions:

- UNCT Working Group on Financial Crisis (UNICEF, UNDP, WB) led by the RC is developing advocacy plan to urge improved monitoring and mitigation effort by the RTG
- Seminar on Impact of the Financial Crisis in Thailand on March 6- UNICEF, UNDP and WB were lead agencies partnering NESDB from RTG
- Government has the capacity to assess and respond to the fiscal aspects of the crisis (as demonstrated by certain provisions in the stimulus package) but needs some support in identifying and developing coherent monitoring tools and effective mitigation plans to protect vulnerable groups. Initial approaches by the UNCT working group have been welcomed by RTG
- TCO Social Policy discussing with UNDP and WB on monitoring impacts and advocating for comprehensive social security in Thailand; UNCT Working Group will meet with Deputy S-G of NESDB on 22 June to discuss establishing a monitoring system.
- TCO Social Policy is using the financial crisis as an opportunity to advocate with RTG for the establishment of a permanent social security safety net to protect children in poor families during times of crisis: a study on the feasibility of child allowances in Thailand to determine: a) cost, and b) how to implement will be carried out in 2009/10.

Timor Leste

Impact of Crises:

- Economic Crisis has not really impacted country yet because of the country's fiscal space given its oil revenue –ability to continue with regular social protection measures such as CCTs to veterans and elderly, food for work packages in the countryside etc

UNICEF actions/contributions:

- Singapore Conference helped government re-affirm its commitment to CCTs and other social welfare programmes – government had been criticized for some programmes and the vice-minister attending the conference mentioned the government felt vindicated when it saw that others in the region also had such programmes, particularly Indonesia
- Vice-Minister of Economy and Development who attended the conference is now VM for Finance as well – he wrote a report on the conference which the PM circulated to all ministers highlighting issue of vulnerable groups
- UNICEF Rep. has met with the VM of Finance and talked about strengthening evidence-based approach and strengthening of DevInfo
- CO working with WFP, FAO, WHO and other partners to enhance monitoring of the situation of food security and nutritional status of children and women.
- In general, TL's situation has improved considerably in the past year but massive challenges remain (50 percent of children underweight, for instance) and responses to such challenges usually address any challenges arising from the current crises too

Vietnam

Impact of Crises:

- The economic crisis is taking its toll on the Vietnamese economy through two main channels – weakening exports and reduced FDI, not to mention overseas remittances and indirect foreign investment.
- Job losses are on the rise in export-oriented labour-intensive firms, such as textiles and garments, footwear etc
- Fear that if unemployment reaches a certain threshold, it might push the current economic slowdown into a vicious circle: job cuts result in reduced incomes leading to reduced consumption and hence, weakened demand, which in turn forces firms to scale down production with the resultant further job cuts in the next round.
- The crisis is having a significant impact on workers and their families. In areas where household income is highly dependent on remittances, families are cutting back on spending for education, delaying payment of school fees or reducing extra-curricular classes, as well as reducing expenses on food items, with some relying exclusively on home-grown food. Rapid assessments done so far also indicate that children are sometimes taken out of school and put to work, so that they can generate additional income for their families. In some cases households are being forced to sell assets in order to deal with unforeseen health expenses. The assessments also reveal that coping strategies and informal safety nets are now reaching their limits, and might not be sufficient during the second half of this year and beyond. In addition, many households that have emerged out of poverty in recent years face a risk of falling back into it as a result of the economic crisis.
- Following a first stimulus package worth US\$ 1 billion – 1.1 % of GDP, Government is currently examining a stimulus package of approximately US\$ 8 billion (which would represent an estimated 8.3% of GDP) – the stimulus package includes some social protection spending, the nature and extent of which remain unclear as is the relevance of the proposed measures.

UNICEF actions/contributions:

- Officials who attended the conference from Government of Vietnam requested a debriefing from the Social Policy team there on what they could do to address the situation.
- UNICEF Viet Nam just released study on the impacts of the economic crisis on international labour migrants from Viet Nam. Done in conjunction with the Ministry of Culture, Sports and Tourism (Family Dept) and the Institute of Sociology (VASS), it is part of a larger study that looks at the impact of both domestic and international labour migration on the family members who are left behind, and started in 2007.
- VN Social Policy team part of a technical working group providing input into effort by WB/Oxfam to monitor crisis (more qualitative). Two rounds of rapid assessments have been conducted since the start of the year.
- The UN in Viet Nam (with leadership of UNDP and UNICEF) has developed a concept note and detailed methodological framework for (qualitative, real-time) monitoring of the impact of the crisis at 10 sentinel sites, which focus on populations that are expected to be hardest hit by crisis. This Rapid Impact Monitoring initiative builds upon the rapid assessments done by WB/Oxfam, using a more comprehensive thematic coverage and extended geographical scope. The approach was adopted by the technical working group on the crisis, which is chaired by the Viet Nam Academy of Social Sciences and reports regularly to Government and National Assembly. The next round of data collection is scheduled for July 2009. UNDP and UNICEF will provide financial support for the coverage of 5-6 sentinel sites [contract is currently being prepared], with Oxfam and Action Aid Viet Nam covering other sites through their regular poverty monitoring work.

Annex 3: EAP Fiscal Stimulus Packages

Examples of EAP fiscal stimulus packages planned/underway			
Country	Amount	Description	Date announced
CHINA	Fiscal expenditure (CNY 4 trillion/US\$585 billion; 13 % of GDP)	Low income housing (280 billion)	09-Nov-08
		Improving rural living standards (370 billion)	
		Healthcare, education (40 billion)	
		Ecological and environmental protection (350 billion)	
		Post-disaster reconstruction (1 trillion)	
		Technological innovation (160 billion)	
	Infrastructure (railways, highways, airports, power grids) (1.8 trillion)		
Expedited spending of planned projects (CNY 600 billion)	Expedited investment spending on scientific and technical innovation/upgrades	12-Jan-09	
Fiscal expenditure (CNY 850 billion)	Healthcare reform to provide basic medical security to everyone; improve quality of medical services; make medical services more accessible	21-Jan-09	
INDONESIA	Fiscal expenditure and tax cuts (IDR 73.3 trillion/US\$ 6.1 billion; 1.2 % of GDP)	Rural development (0.6 trillion)	Jan-09
		Waived import duties and taxes (13.3 trillion)	
		Infrastructure spending (12.2 trillion)	
		Diesel subsidy (2.8 trillion)	
		Tax breaks for individuals and companies (43 trillion)	
MALAYSIA	Fiscal expenditure (MYR7 billion/US\$ 1.9 billion; 1 % of GDP)	Investment funds to promote strategic industries and high-speed broadband (13.3 trillion)	Nov-08
		Small-scale infrastructure projects (1.6 billion)	
		Education and skills training programmes (1 billion)	
		Public transport and military facilities (1 billion)	
	Fiscal expenditure (MYR 60 billion/US\$ 16.2 billion; 9% of GDP)	Fiscal injection (15 billion)	Mar-09
		Equity investment (10 billion)	
		Tax incentives (3 billion)	
		Guarantee Funds (25 billion)	
		Private finance initiatives and off-budget projects (7 billion)	
PHILIPPINES	Fiscal expenditure and tax cuts (PHP 330 billion/US\$ 6.5 billion; 4.6% of GDP)	Job creation programme expected to provide 824,000 temporary jobs at govt departments by July 2009	Jan-09
		Tax reduction in corporate income tax and waiver of personal income tax for minimum wage earners	
		Infrastructure projects	
THAILAND	Supplementary budget (THB 116.7 billion/US\$ 3.3 billion; 1.2% of GDP)	One time living cost allowance of THB 2000 for those earning < 15,000/month	Jan-09
		Extension of 5 public service subsidy programmes for 6 months	
		Support to unemployed workers	
		Free education	
		"Sufficient Economy Fund for Improvement in Quality of Life" fund for rural villages	
		Old-age support payment of 500/month	
		Infrastructure projects	
		Tax measures to boost real estate sector, SMEs and tourism industry	
	Infrastructure investment over 3 years (2010-2012) (THB 1.56 trillion/US\$ 44 billion)	Infrastructure investment in mass transit; transportation and communications; energy; education; healthcare; housing; water resources	24-Mar-09

VIET NAM	Fiscal expenditure (VND 17 trillion/US\$ 1 billion; 1.1% of GDP)	4% interest subsidy on loans to SMEs	Dec-08
		Reduction in corporate income tax for SMEs	
		Exemption on personal income tax from Jan-May 2009	
	Fiscal expenditure (VND 300 trillion/US\$; 21% of GDP)	Infrastructure projects	Mar-09
		Measures to support manufacturing and export sectors	
		Projects designed to support social security and welfare	
PACIFIC ISLAND COUNTRIES			
Northern Mariana Islands	Fiscal expenditure earmarked in US stimulus package (US\$ 96 million)	Improve schools, roads, water systems and other infrastructure	Feb-09
		Create jobs and provide food assistance for low income families	
		Economic stimulus payments to eligible residents in line with US Economic Stimulus Act of 2008	
American Samoa	Fiscal expenditure earmarked in US stimulus package (US\$ 96 million)	Economic stimulus payments to eligible residents in line with US Economic Stimulus Act of 2008	2008

Note: Adapted from ESCAP, 2009