Why in an aging society we must invest in children

Connect Data and Finance

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Who will pay for the aging society?

- An ageing population is an expense for families and a fiscal problem for the government.
- Need to make now the investment to support the future costs
Global growth is expected to decelerate sharply to 1.7 percent in 2023—the third weakest pace of growth in nearly three decades, overshadowed only by the global recessions caused by the pandemic and the global financial crisis.

**Demographic changes**

**Getting Old before getting Rich**

Thailand, with a GDP per person of $7,000 in 2021 is getting old before it has got rich.

When Japan had a similar portion of oldies, it was roughly five times richer than Thailand is today.

Vietnamese are about half as rich as Thais and ageing even faster.

To protect its ageing citizens, many of whom are poor, Thailand’s government will have to spend more on health care and pensions.

Developing countries need to start planning for old age earlier.

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**Figure 2: Time taken in years to move from ageing to aged society**

<table>
<thead>
<tr>
<th>Country</th>
<th>Years to Move From Ageing to Aged Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Viet Nam, 2020-2039</td>
<td>19</td>
</tr>
<tr>
<td>Thailand, 2002-2024</td>
<td>22</td>
</tr>
<tr>
<td>Sri Lanka, 2007-2022</td>
<td>25</td>
</tr>
<tr>
<td>China, 2002-2007</td>
<td>25</td>
</tr>
<tr>
<td>United States of America, 1944-2013</td>
<td>69</td>
</tr>
<tr>
<td>Australia, 1938-2011</td>
<td>73</td>
</tr>
<tr>
<td>Sweden, 1890-1975</td>
<td>85</td>
</tr>
<tr>
<td>France, 1665-1980</td>
<td>115</td>
</tr>
</tbody>
</table>

Source: ESAP calculations based upon Kin sale and Gleich (1999); UN Census Bureau (2000); and Viet Nam GIS (2010)
1. Increasing dependency ratio:

Reduction of birth rate + increased life expectancy

- Children are getting more people or their shoulders
2. Changed ratio

- More elders and less children
3. The cost of supporting the dependents will be heavier.

- Public spending on health care will **double** between 2015 and 2050 because of population ageing.
4. Children are weaker than few years ago

- Increased in Poverty
- Decreased access to basic services
Child poverty in East Asia increased for the first time in 30 years

Understanding the **dynamics** of poverty

- Severely worsening the situation of children already poor and vulnerable.
- Those who had managed to emerge from poverty in the last years are quickly falling back.
- Children expected to escape poverty will not be able to do so;
- And finally, there will be children who never experienced poverty before, now falling into poverty (more urban, more educated)

Poverty is not static (not just for COVID)
• Difference in health strategies
• Closed school = loss of “the most important tool to equalize opportunities”
• Uneven level of social protection intervention
• Assistance through fiscal exemptions and has benefited mainly large firms
• Spike in food, fuel and fertilizer prices
• Increasing political challenges
• Increasing level of inequalities among and within countries will have severe economic, social and political impact
Disruptions in Health Services

Despite

- In EAP, the number of zero dose children (children who did not receive a single dose of Diphtheria-Tetanus-Pertussis (DTP) vaccine) more than doubled between 2019 and 2021 (3.4 million zero dose children in 2021 vs 1.9 million in 2020, and 1.6 million in 2019)
- The magnitude of zero dose children in 2021 is the highest since the year 2000. Out of the UNICEF regions, EAP is the one with the sharpest decline in DTP1 coverage between 2019-2021.
Disruptions in Education Services

Learning loss will have significant long-term consequences for today’s students and even the wider society if students are unable to make up their losses.

• More than 325 million children across EAP have been affected by COVID-19-related school closures since they began in February 2020.
• On average, schools had been fully closed for 28 weeks in South-East Asia, and 8 weeks in the Pacific as of February 2022.
• 80 million children in EAP could not be reached by digital and broadcast solutions.
• ECD In Cambodia, young children receive much less early stimulation and responsive caregiving from adults, from 59% in 2019 to 45% in 2021.
• In the Philippines, the disruption of ECD centres has affected young children’s access to ECE services (52% to 47% enrollment rate in 2020 for children aged 3-4).
We lost a lot in the last 3 years in education.

Persistence of poverty from learning losses will exceed the contemporaneous crisis-induced poverty shock for many countries.

The drag on growth could persist for decades if unaddressed—even though the implications of learning loss for aggregate growth may appear modest within any one year.”
4. Children will face severe and new challenges

Economic costs of natural and biological hazards could soon exceed total government spending in several countries

Emerging conflicts

The economic cost of climate change

- under the current pathway for climate change, the average costs to the economy for most of our countries will double as a minimum.
- completely undo regional progress towards SDGs
- divert funding away from key areas for children
Children paid the largest cost on COVID economic crisis

What are we doing to make sure they will benefit from the recovery?
1. Knowledge

We need to understand the rapid changes on population

• Birth registration and Vital statistics
• Administrative data
• Importance of quality research

Indicators “indicate”, but do not explain
2. Do not leave any children behind

In an aging society we need to maximize the potential of every single child

- We need to make sure all children are reached
- Understand the systematic exclusion from services
- Addressing growing inequalities: privatization of services
- Services for the poor are often poor services
3. Protect children from crisis:

**Social Protection**

Protecting children through comprehensive child-focused social protection is essential to respond to current needs, and sustain future growth.
4. Improve quality of services

Maximize the potential of all children

- Rapidly evolving and knowledge-intensive global economy,
- teaching students how to learn effectively.
- equip students with the ability to adapt and stay current with the ever-changing requirements of the workforce.
- ECD + Health + participation
5. Monitor Financial commitment and investment

The budget is the skeleton of institution priorities stripped of all misleading narratives (Schumpeter)
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The budget is the skeleton of institution priorities stripped of all misleading narratives (Schumpeter)
Me need to make serious investment on all our children

It is right in principle

It is right in practice

Art 4 CRC

States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention.

With regard to economic, social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international co-operation.
Economic crisis always crashes over poor children in big waves

But economic recovery and growth seldom trickle down to them