



Credit crunch will hurt aid groups: Experts

They fear donations will dry up

WITH freshly-cut keys to their new brick-and-cement homes, families in an impoverished settlement on the outskirts of India's capital honoured a surprising hero this week: Mr Richard Fuld, head of the now-defunct Wall Street giant Lehman Brothers.

15 October 2008

WITH freshly-cut keys to their new brick-and-cement homes, families in an impoverished settlement on the outskirts of India's capital honoured a surprising hero this week: Mr Richard Fuld, head of the now-defunct Wall Street giant Lehman Brothers.

Mr Fuld is much reviled in the US, accused of being party to the economic meltdown.

But before the 158-year-old investment firm went bust, it sponsored construction of low-cost housing with Habitat for Humanity, in the destitute Bhalaswa neighbourhood in New Delhi, India.

Although the US\$50,000 (\$73,000) contribution was a pittance for a multibillion-dollar Wall Street firm, it was enough to help build 100 single-room houses for about 500 people, mostly children, who were living in shanties of tarpaulin.

The largess of Wall Street has fed hungry children in Haiti, funded trauma centres in Sudan's war-torn Darfur region and paid for rescue boats for flood-prone Bangladesh.

But with the economic crisis deepening, aid groups and economic experts fear that donations will dry up as quickly as easy credit.

Mr Simon Johnson, a former chief economist at the International Monetary Fund, said: 'This is a very real issue, which people are just beginning to think through. A top priority now is to find new sources of funding in a hurry, because aid will fall.'

The fear of shrinking aid comes as the poor in developing nations struggle with inflation and rising prices of food and fuel.

At least 100 million people who did not need food aid six months ago can today no longer afford food, aid experts said.

And US corporations, foundations, charity organisations and individuals together gave more aid (US\$23.5b) to the developing world than the US government did in 2006 (US\$23.5b), according to the Hudson Institute's Index of Global Philanthropy.

US corporations helped pay for rescue efforts during the recent flooding in Bihar, an impoverished state in eastern India, and donations from US corporations like Target and Coca-Cola helped fund efforts to reunite tens of thousands of parents with their children who went missing.

Fears for future

But the outlook is now bleaker.

Mr Tom Arnold, head of Concern Worldwide, an aid group that helps 12 million people in Africa, Asia and the Caribbean, said: 'Overall funding - from business, private individuals and government sources - will come under pressure.'

Those in the humanitarian community say the backlash will be felt in the coming months as fund-raising for next year begins.

Mr Thomas Chandy, head of Save the Children in India, said that foreign aid had helped buy clothing and hygiene kits for the needy in India and funded temporary schools for those in camps.

He added: 'That is what the money can do. The impact of the American economic meltdown will be experienced everywhere, and India is no exception.'

He said he is looking to alternative sources, such as governments in oil-rich countries or wealthy individual philanthropists.

Back in Bhalaswa, finding someone to blame for the economic meltdown is far from residents' minds.

Ms Kamlesh Saha, a 35-year-old mother of three, said that during the monsoon season, her old makeshift shelter was submerged in floodwater.

'Now, when I see my new house, I feel great joy and pride,' said Ms Saha, adding that she didn't know who Mr Fuld or the Lehman Brothers were but wanted to thank them anyway.

The Washington Post

Available online at <http://newspaper.asia1.com.sg/news/story/0,4136,180117,00.html>