

FINANCING A WORLD FIT FOR CHILDREN

[This document, together with other information on the Special Session on Children, is available on the official site:

<http://www.unicef.org/specialsession>]

Bold global promises must be matched with the funds needed to achieve the goals set at the Special Session on Children. The SSC caught the wave of the Millennium Development Goals, Poverty Reduction Strategies and the International Conference on Financing for Development, to focus increases in ODA on children, the primary victims of poverty worldwide. The consensus emerging from the SSC that children are the best investment for sustainable human development must be heard, loud and clear, at the upcoming World Conference on Sustainable Development in Johannesburg, South Africa, from 26 August to 4 September 2002.

The topic of resources arose in nearly every panel, workshop and discussion throughout the Special Session. During a working breakfast Gordon Brown, Chancellor of the Exchequer in the United Kingdom, called for a new development compact to ensure funding for programmes helping children in developing countries committed to good governance, poverty reduction and economic development. In a key supporting event, 'Financing a World Fit for Children', high level national and international officials offered their perspectives and experiences in a serious, frank and well-grounded discussion about what needs to be done, how it can be done and what stands in the way.

CALL FOR A NEW DEAL FOR CHILDREN

The United Kingdom's Chancellor of the Exchequer Gordon Brown called for a "new deal for the world's children" to break the vicious circle of poverty, deprivation and hopelessness. He underlined the importance of new measures to ensure funding for programmes for children in developing countries that are pursuing corruption-free policies for stability, opening up trade and creating a favorable environment for investment. In return, he urged that industrialized countries be prepared to open up trade to developing countries for everything but arms, and to increase funding towards the \$50 billion needed annually to achieve the Millennium Development Goals. He identified three of these goals as key areas for investment in children's well-being: food for all children; universal primary education; and quality health care for all.

He pointed to the importance of building a "virtuous circle of debt relief, poverty reduction and sustainable development." He drew the link between trade liberalization by all countries – rich and poor – and the elimination of hunger. He specifically called on the donor community to

increase funding for education in the poorest countries, currently less than 5 per cent of ODA. He explained how the United Kingdom, in addition to contributing to the Global Fund to Fight AIDS, Tuberculosis and Malaria, has created new tax incentives to accelerate research on these killer diseases. Mr. Brown urged pharmaceutical companies to match this commitment by creating drugs and vaccines in ways that can help the poor.

He asserted that aid could be made 50 per cent more effective by better collaboration among donors. Aid should be disassociated from the award of contracts, budgets should be pooled and monitored to achieve economies of scale, and aid should be untied and better targeted. He declared that the UK Government would substantially increase its development aid, raise its share of national income, untie aid and be ready to reshape policies, adjust expenditures and refashion priorities "so that the actions of each of us make possible the attainment of goals set by all of us."

"If we can lift not just one child, but millions of children, and then all children, out of poverty and hopelessness, we will have achieved a momentous victory for the cause of social justice on a global scale," Mr. Brown said. "Whether we help the world's children should be the true litmus test of globalization."

A LONG AND BUMPY ROAD

During the 'Financing a World Fit for Children' supporting event, participants agreed that basic social services should have the highest priority in development funding with an emphasis on education. But, according to Mark Malloch Brown, UNDP Administrator, progress on the hoped-for goal of 20/20 (20 per cent of national budgets and 20 per cent of ODA allocated to basic social services) is lagging and stands closer to 12/12.

"Children are nice, but they won't balance the budget," stated Zambia's Minister of Foreign Affairs, Katele Kalumba, summing up an all-too-common attitude among government ministers. He cited the many challenges in the way of budgetary reform, including resistance to change and unrealistic public expectations. Institutional change takes a great deal of work, energy and time, he said. Putting them in place requires resources that are already stretched very thin.

Although improved access to quality education often means high recurring costs, said Brown, "there is no better way of spending ODA and domestic budgets." In Zambia, major health sector reform meant raising per capita expenditure from \$3 to \$12 annually. The only reason this could be done without raising taxes was due to outside assistance and partnership with the international community.

Social sector leaders are not always good at lobbying. Sometimes they are too willing to tailor their requests to what they think will be supported, rather than what is the best. In other cases they have not learned to speak the language of numbers and cost-effectiveness – the basis of consent for most financial decision makers.

REFORMING REFORMS

An initial education sector reform analysis in Brazil, according to Minister of Education, Paulo Renato Souza, showed that educational resources were not linked to basic education, and that

allocations were not matched by accountability. The states got the money while municipalities were held accountable. The Constitution was amended so that the proportion of budgetary resources was fixed at each level of government. The higher the numbers of children in school, the more local administrations were eligible for increased resources.

Mr. Souza said that Brazil's success story in educational reform was a marriage between vision and earthbound practicalities. Innovation, commitment and pragmatism with the full weight of the government turned reform-as-usual on its head, resulting in a rising primary school enrolment rate from 87 per cent to 97 per cent. Education for All in Brazil abolished school fees and other charges, and in 2000 initiated a scholarship programme, providing money to mothers who sent their children to school. To pay for this reform, the government eliminated user fees and levied a 'Tobin' tax of additional .08 per cent on all citizens with bank accounts. This 'Robin Hood' approach generated \$700 million a year to make access to quality education more equitable. The government also introduced legislation empowering communities to allocate resources to basic social services at the local level.

GOVERNMENT ACCOUNTABILITY AND STAKEHOLDER EMPOWERMENT

Drawing from Brazil's example, participants agreed that governments must be accountable and stakeholders must have confidence and be part of the process. They pointed to the importance of monitoring the Millennium Development Goals and of developing good indicators that measure completion as well as enrolment. Social reform often happens only when benchmark indicators are in place and monitored. Information and indicators should be used by stakeholders and advocates as well as statisticians.

Panellists commented that Poverty Reduction Strategies and Millennium Development Goals are mechanisms that will change what are known as "political deals on entitlements" to "political deals on performance". Advocates and stakeholders will track budgets and expenditures. Voters can generate political pressure. Information and indicators can be used to create momentum behind investment, in turn fueling debate and demand.

Panellists argued that it **is** possible to ensure higher levels and better use of ODA. But this will require the elimination of the uncoordinated 'donor circus' approach to financing, according to Hildefra Johnson, Norway's Minister of International Development Cooperation, which places enormous demands on local administration and their financial capacities. She proposed the formation of a watchdog body to monitor ODA flows in light of progress toward the Millennium Development Goals, and the creation of a new alliance of donors called the 'G0.7 group' (a word play on the G7) that would include those who have reached the OECD target of 0.7 per cent of their gross national product allocated to ODA.