



**FINANCE DEVELOPMENT
INVEST IN CHILDREN**

unicef 
United Nations Children's Fund

FINANCE DEVELOPMENT INVEST IN CHILDREN

Development today has become synonymous with poverty reduction. And since children are often the ones who bear the brunt of society's poverty, development efforts must focus first and foremost on freeing children from poverty.



POVERTY BEGINS IN CHILDHOOD

Poverty can cause irreparable damage to children's minds and bodies, crippling their development. Impoverished children are unable to lead full and productive lives. Later, as parents, they often transmit poverty to the next generation in a vicious cycle. Malnourished girls, for example, commonly grow up to be malnourished mothers who give birth to underweight babies. Likewise, poor and illiterate parents are less able to optimally care for their children or support their learning. As a result, these children are likely to become the next generation of poor.

Since the foundation of an individual's health and well-being is laid during the first years of life, early childhood is the most opportune time to break the poverty cycle. Financing for development must aim to give children a healthy start in life. At a minimum, children need a package of basic social services of good quality health care, education and safe water and adequate sanitation, so that they can grow to their full potential, free of disease, malnutrition, illiteracy and deprivation.

Poverty has many dimensions. It manifests itself not only in terms of low income, poor health and missed education, but also in social and political marginalization and gender and other discrimination. It is therefore also necessary to create an environment free of insecurity, violence and discrimination, to enable children to live with dignity and make use of available opportunities. These are their rights enshrined in the Convention on the Rights of the Child and the very building blocks of a free, peaceful and prosperous world.

GLOBAL COMMITMENTS

Despite the commitments made at the 1990 World Summit for Children to fulfil concrete goals for children's well-being, and reaffirmations made at subsequent high-level meetings during the 1990s, progress has been below expectations. Today, nearly 11 million young children still die each year, most of them from preventable causes; 150 million children are malnourished; 120 million children between 6 and 11 do not attend school; and more than half the world's children still have no access to safe water and sanitation.

More recently, the Millennium Summit 2000 has strongly affirmed the global commitment to reduce poverty by 2015 through the fulfilment of the Millennium Development Goals. But inappropriate policies, weak institutions, and resource constraints remain major obstacles in implementing the goals. Currently, many developing countries spend too little on education, health, water and sanitation. Defence and debt payments often dwarf spending on social services. In sub-Saharan Africa, for example, debt repayment uses up 4.5 per cent of GNP – more than twice the proportion allocated to primary education. International donors, too, have not contributed as expected. In fact, official development assistance steadily *declined* during the 1990s, and is now less than one third of the internationally agreed upon target of 0.7 per cent of industrial countries' GNP.

ERADICATING CHILD POVERTY

The world can afford to free children from poverty and its worst manifestations can be eradicated in less than a generation. With a modest amount of help, even countries with low levels of income can achieve universal access to basic social services for children. This does not have to wait until rapid economic growth is achieved – nor should it.

No country has ever sustained rapid growth with high levels of illiteracy, malnutrition and morbidity. Countries that have successfully achieved growth are those that have simultaneously promoted economic and social development, not those that have postponed social development until the arrival of more prosperous times.

Eradicating child poverty, while feasible, will require, first of all, a firm commitment to implementing the Millennium Development Goals. To achieve the goals, developing countries need to improve policies, make government more responsive, and allocate more resources to basic social services. They need additional external resources of around US \$50 billion a year for achieving the goals for education, health, water and sanitation. To raise this amount, developing countries certainly need increased official development assistance, as well as other forms of external assistance, such as debt forgiveness and favourable trade systems. In a \$30 trillion world economy, raising additional resources of this magnitude should be eminently feasible.

GLOBAL PUBLIC GOODS

But we must go beyond focusing on costs alone and look at the enormous benefits of investment in child-specific development. Take the eradication of polio, for instance, which will require less than half a billion dollars in the next few years. Once polio is eradicated, the world will save \$1.5 billion every year thereafter.

It is not just the polio-endemic countries that will save and benefit. At present, industrialized countries have to spend hundreds of millions of dollars every year to vaccinate their children because, until polio is eradicated everywhere, no child anywhere is safe. Once polio is eradicated from the world, the United States alone could save \$350 million every year, Europe and other industrialized countries could save \$500 million, and the rest of the world could save \$650 million.

Thus, investment in polio eradication and other health, education and environmental measures is truly beneficial to all of humanity in monetary as well as moral terms. These measures should be considered global public goods.

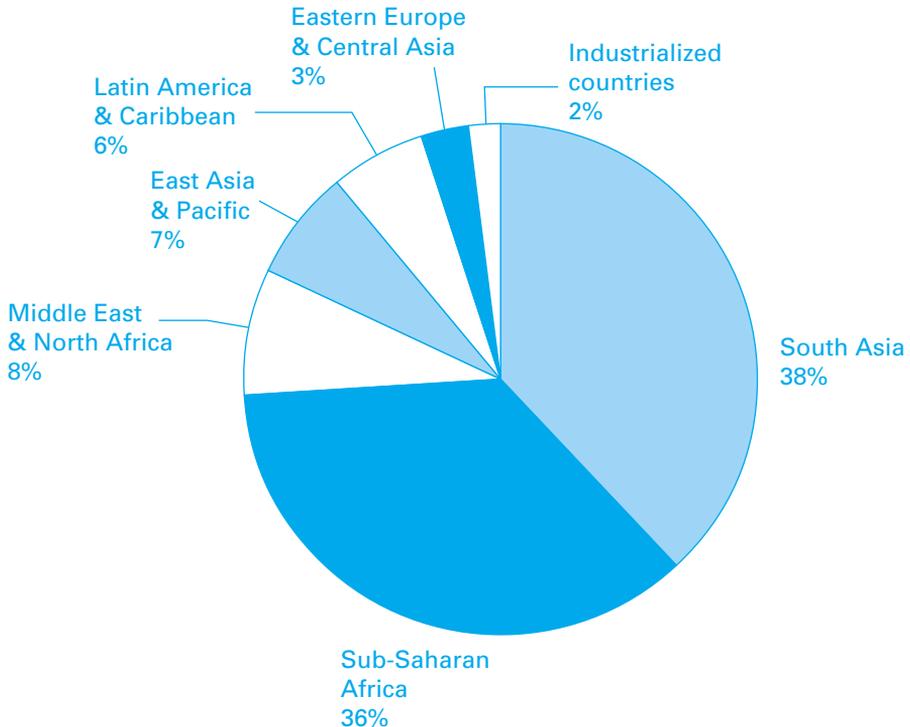
In the following sections, the costs of reaching education, health, and water and sanitation goals are presented separately. It is important to recognize that these goals are mutually reinforcing.



EDUCATION FOR ALL IS AFFORDABLE

Since the 1990 World Summit for Children, primary school enrolments have increased in all regions of the world. Yet, 120 million primary-school-age children are still denied their right to education, the majority of them girls. Nearly three quarters of out-of-school children can be found in sub-Saharan Africa and South Asia.

WHERE THE 120 MILLION CHILDREN OF PRIMARY SCHOOL AGE NOT IN SCHOOL LIVE



QUALITY IS ESSENTIAL

Viewing education issues solely in terms of out-of-school children only paints part of the picture. Investment in quality is as important as investment in access. There is little point in a child enrolling in school if he or she drops out because of the poor quality of education, or completes schooling unable to read, write, count, assess options or make key decisions in life.

EDUCATION FOR GIRLS IS ESSENTIAL, TOO

The single greatest stumbling block to the achievement of Education for All is gender discrimination. Both girls and boys have hurdles to overcome. But for girls the barriers to quality education, such as school fees, indirect costs of education and inadequate laws and regulations, are usually higher and more difficult to overcome. Moreover, girls are more likely to drop out of school than boys. When a child is female and faced with situations of crisis and instability, or with discrimination based on ethnicity, HIV/AIDS, work (including child labour and prostitution), rural-urban residence, poverty and disability, that child is at a double disadvantage.

Therefore, in order to achieve the goals of gender parity in enrolment by 2005 and Education for All by 2015, an emphasis on girls' education is essential. In fact, without the promotion of national and international partnerships, such as the United Nations Girls' Education Initiative, and the mobilization of adequate resources for girls' education, the Millennium Development Goals, including gender parity in education by the year 2005, will never be approached, let alone reached.

THE SMALL PRICE OF UNIVERSAL EDUCATION

The total additional yearly bill for bringing quality basic education to all the world's children by 2015 is estimated by UNICEF, the World Bank and UNESCO to be between US \$9 billion and US \$15 billion. This investment will benefit all children but its greatest impact will be in sub-Saharan Africa and in South Asia.

It will be necessary to focus on those who are most likely to be excluded from or marginalized in education. Overall, this would mean working towards ensuring that:

- All learners, girls and boys alike, reach school healthy, well nourished and ready to participate and learn;
- The content of the education received is gender sensitive and relevant;
- All teachers are trained, and classrooms, schools and education systems are well managed and functioning efficiently;
- The school environment is inclusive, gender sensitive, safe, effective, healthy and protective, and there are adequate supplies, materials and infrastructure;
- All children are literate, numerate and have skills to make key decisions in life.

The burden of financing education for all is not uniform. Countries in sub-Saharan Africa, South Asia, and the Middle East and North Africa would require relatively larger resource-mobilization efforts.



HAVE OUR CHILD
DURING
CANAL IMMUNIZATION

HEALTH FOR ALL IS AFFORDABLE

UNHEALTHY CHILDREN

Nearly 11 million children die every year before their fifth birthday, largely from preventable causes, and malnutrition is a contributing factor in more than half these young deaths. More than 50 per cent of the 11 million children die at home due to poor access to any health facilities. Acute respiratory infections are the biggest single killer (2 million every year), followed by diarrhoeal diseases (1.6 million), malaria (1 million), measles (0.9 million), pertussis (0.4 million), tuberculosis (0.4 million) and neonatal tetanus (0.2 million). It is estimated that more than half a million children die of HIV/AIDS every year. Maternal mortality ratios have remained very high in some parts of the world, at 1,100 deaths per 100,000 live births in sub-Saharan Africa and 440 in the developing countries as a group, compared to 12 for the industrialized countries.

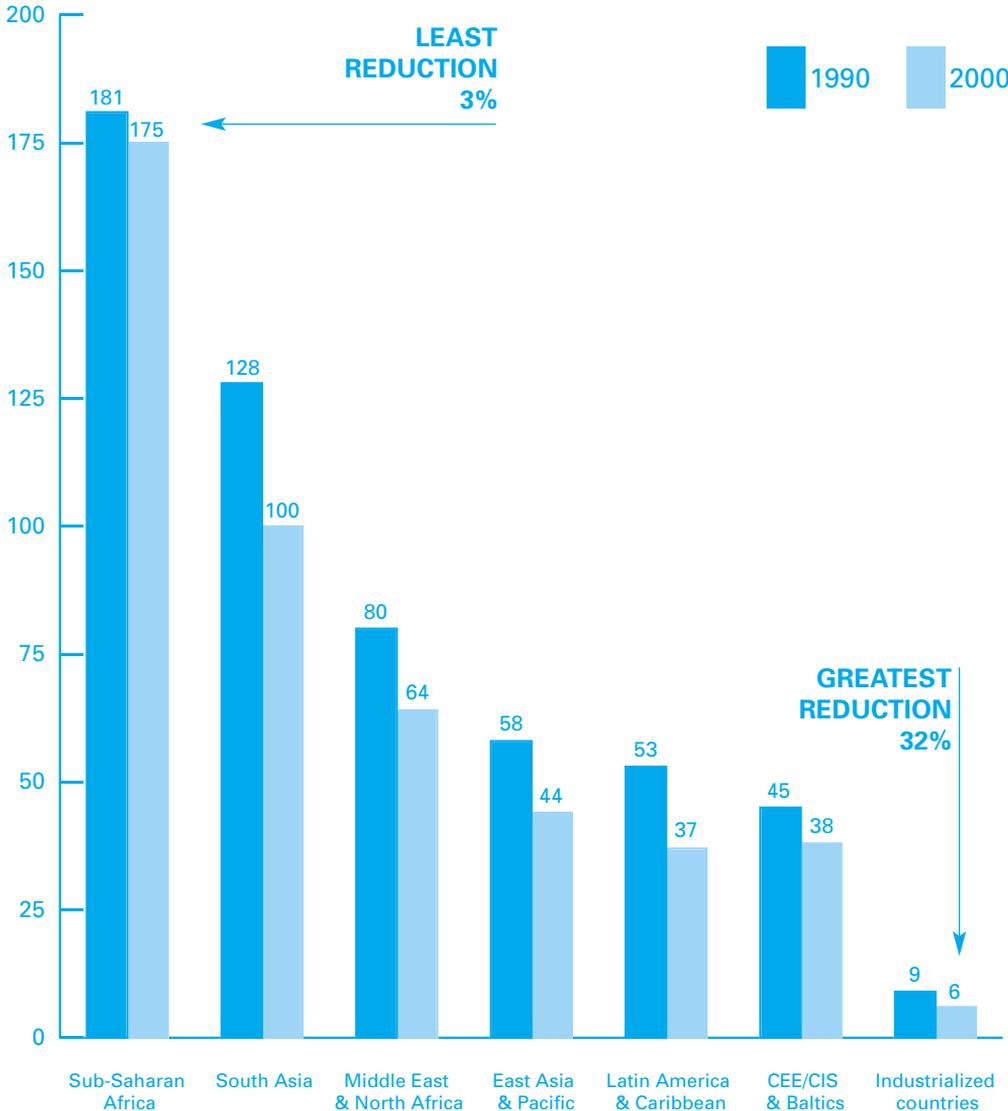
UNHEALTHY COUNTRIES

The capacity to grow and learn, live and work productively, and take care of a family depends on good health. A country's development therefore depends on its citizens being healthy and able to contribute to the economy. The recent report of the Commission on Macroeconomics and Health has estimated that improving the health of people in developing countries can produce an economic gain of \$360 billion a year.

DISPARITIES

Health conditions did not improve everywhere, as was envisioned by the 1990 World Summit for Children. The under-five mortality rate (U5MR), an indicator of nations' social development including health, improved by only 11 per cent. And this average hides serious disparities among regions and countries. The reduction was a bare 3 per cent in sub-Saharan Africa, and in several countries the rate actually increased, mainly due to HIV/AIDS and other infectious diseases. There are also disparities within countries. Children in the poorest households, on average, are two to three times more likely to die before age five than those from wealthier homes.

UNDER-FIVE MORTALITY RATE, CHANGE OVER PERIOD 1990-2000 (DEATHS PER 1,000 LIVE BIRTHS)



THE SMALL PRICE OF GLOBAL HEALTH

WHO estimates that a set of essential health interventions in developing countries would cost about \$34 per person per year, which is less than 2 per cent of the average per person spending on health care in high-income countries. The Commission on Macroeconomics and Health has estimated that in the world's 83 poorest countries, only \$13, on average, is currently spent on health care per person per year.

Additional yearly investments, which should start immediately, should rise to \$26 billion a year by 2007 and to \$44 billion a year by 2015 in order to tackle the major diseases found in these 83 countries (*see table*). In addition, further funds will be needed to improve management and increase capacity in the delivery of health services within individual countries.

To achieve global health goals, health spending will have to rise significantly in developing countries. Where per capita income is less than \$500, spending would have to increase by \$20-\$25 per person per year, or by 5 per cent of GNP. In sub-Saharan Africa, for example, this would mean tripling the proportion of GNP currently spent on health. While some countries are in a position to bear most of the costs themselves, the 83 poorest countries will need an additional \$31 billion in assistance each year to fill the gap.

Such additional investments will help make it possible to provide health coverage for all, save 8 million lives every year and reach the Millennium Goals for health.

ANNUAL INCREMENTAL COSTS BY SPECIFIC HEALTH CONDITION (IN US \$ BILLIONS)

	2007	2015
Tuberculosis Treatment	0.5	1
Malaria Prevention	2	3
Malaria Treatment	0.5	1
HIV Prevention	6	8
HIV Care	3	6
HIV Treatment	5	8
Child-related Illnesses	4	11
Child-related Immunization	1	1
Maternity-related Illnesses	4	5
Total	26	44

Source: *Macroeconomics and Health: Investing in Health for Economic Development*; WHO, 2001

NUTRITION FOR ALL IS AFFORDABLE

The experience of the 1990s has shown that it is possible to drastically reduce micronutrient deficiencies with relatively modest investments. Improved intake of micronutrients, especially of vitamin A, iron and iodine, would strongly reduce mortality and morbidity among young children and women, and would significantly improve children's learning capacity.

About an additional \$40 million per year would be needed to reach preschoolers in the least developed countries where vitamin A deficiency is highly prevalent. Fortification of salt with iodine has led to great improvements in the lives of 70 per cent of the world's households at a total cost to governments of about \$400 million. To reach the final 30 per cent of the world's households may require an additional \$100 million. To combat iron deficiency, the fortification of staple foods such as flour is an effective strategy.

Therefore, about \$1 billion total would be needed over the next 10 to 15 years to fund the micronutrient supplementation and food and salt fortification.



WATER AND SANITATION FOR ALL ARE AFFORDABLE

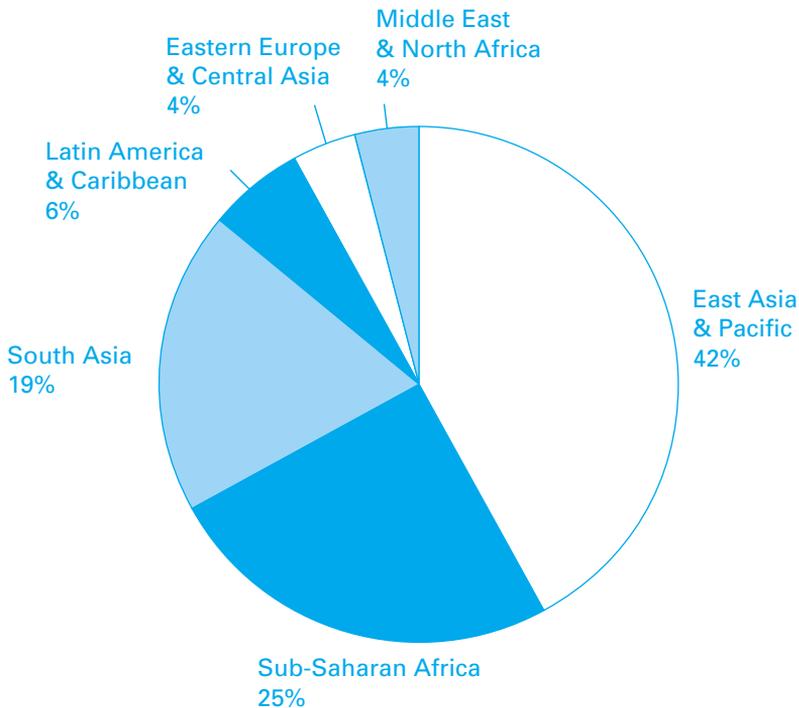
“... MORE IMPORTANT THAN INDEPENDENCE”

Safe drinking water and sanitation are basic to human survival, dignity and productivity. Lack of these fundamentals is one of the main underlying causes of malnutrition, disease and death in children. Preventing diarrhoea and other sanitation- and water-related diseases will have a huge impact on improving children's lives. Mahatma Gandhi once said about pre-independence India, "Sanitation is more important than independence."

BILLIONS LACK ACCESS

The World Summit for Children in 1990 set the goal of universal access to safe drinking water and sanitation by year 2000, but at the beginning of the 21st century the job is far from done. An estimated 1 billion people did gain access to improved drinking water sources in the 1990s and global coverage rose from 77 per cent to 82 per cent. But some 1.1 billion people, mostly from the poorest countries, still lack access to safe water. Gains were registered in increasing access to sanitary facilities – a 10 per cent improvement – yet a staggering 2.4 billion people still lack such access. Four out of five of them are found in Asia.

WHERE 1.1 BILLION PEOPLE WITHOUT ACCESS TO SAFE DRINKING WATER LIVE

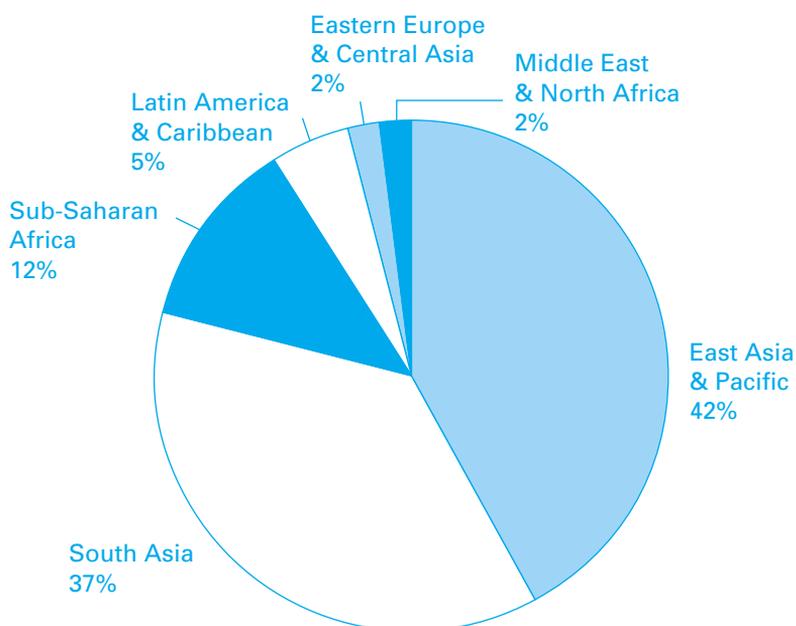


THE SMALL PRICE OF SAFE WATER AND ADEQUATE SANITATION

The Millennium Goals aim, by 2015, to halve the proportion of people without safe drinking water. For maximum health benefits, UNICEF also endorses recent calls to halve the proportion of people without adequate sanitation.

The cost to reach the underserved with low-cost, basic levels of service for drinking water and complementary sanitation by year 2015 is estimated at an additional US \$9 billion a year. Over 80 per cent of the total resources will be needed in the East Asia and Pacific region, sub-Saharan Africa and South Asia.

WHERE 2.4 BILLION PEOPLE WITHOUT ACCESS TO IMPROVED SANITATION LIVE





MOBILIZING RESOURCES FOR CHILDREN

Nearly \$50 billion more every year is needed in ODA to make primary education universal, ensure a basic level of health services for poor people and halve the proportion of people without safe water and sanitation. The World Bank has estimated a similar amount. Achieving these goals will require improved domestic governance and sound policies, as well as increased financial commitments by governments.

IT CAN BE DONE

Financing these goals ought to be eminently feasible through the global partnership to reduce poverty fostered by the Millennium Summit and other conferences. Reducing defence expenditure and the debt payment liabilities of developing countries can free up substantial resources. The reforms of the international trade system could generate as much as \$500 billion for developing countries by 2015, according to the World Bank report, *Global Economic Prospects 2002: Making Trade Work for the World's Poor*. Although the distribution of gains among countries will not be even, benefits to poor countries will be significant, and would result in increased public resources available for implementing the goals. These resources would be needed in addition to the US \$50 billion in ODA.

However, increased ODA is indispensable. An additional \$50 billion represents an increase that is no more than one fifth of 1 per cent of the combined GNP of the industrialized countries. Even with such an increase, total ODA would still be only 0.42 per cent of the combined GNP of these countries, and substantially less than the target of 0.7 per cent. The 0.7 per cent target remains necessary to provide monies for capacity building, infrastructure and other vital aspects of development.

The increasing role of the private sector and of civil society in development and poverty reduction provides yet another avenue to finance the goals. A large number of these organizations are becoming effective partners of governments and international development agencies in the fight against global poverty. The involvement of the Bill & Melinda Gates Foundation, the International Federation of Pharmaceutical Manufacturers Associations and the Rockefeller Foundation in the Global Alliance for Vaccines and Immunization (GAVI), and Ted Turner's support to the United Nations in its fight against poverty and for human rights, are some instances where significant funds are being received from the private sector.

A ROLE FOR LEADERS

As world leaders gather at the Financing for Development Conference in Monterrey, Mexico, and at the UN Special Session for Children in New York in the spring of 2002, the children of the world and their parents will be counting on many promises to be redeemed and translated into practical actions for children.

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