

Background paper



Making Europe and Central Asia Fit for Children

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Second Intergovernmental Conference

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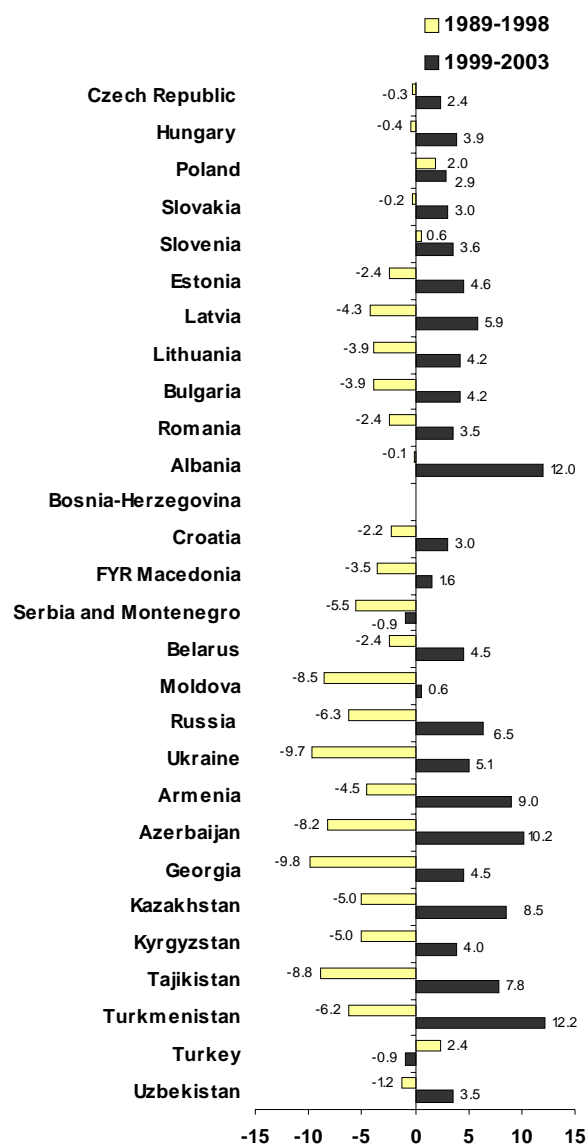
INVESTING IN CHILDREN: AN OBLIGATION TO BUILD A JUST SOCIETY

1. The decade of opportunity

In Eastern Europe and Central Asia, the recent period has seen a return to economic recovery in almost all countries. Following an average GDP per capita growth of 7 per cent in 2000 and 2001, the region continued to see economic expansion at an average of 5 per cent in 2003. This is in contrast with the dramatic decline of their per capita income in the 1990s (see Fig.1). Economic growth, however, remains largely unbalanced. A number of countries report continuing high levels of poverty, increased unemployment and continued high rates of inequality. The impact of the recovery on poverty reduction and on inequality in particular remains uncertain.

In Western Europe, experience with the market economy has led to impressive growth and unprecedented increases in wealth. As a result, the region is often seen as a model. Social outcomes are, however, more mitigated. While economic growth continues into the most recent period (albeit in a somewhat fragile form – see Fig. 2), it is clear that growth in aggregate income cannot by itself eliminate deprivation. Extremes of poverty and wealth have both grown. And while globalization has brought integration of economies, it has also had the perverse effect of reducing the freedom of governments to put in place effective social safety nets. Economic integration has also brought the opening of new markets, large movements of labour and, with it, new challenges of social integration.

FIG. 1: Average annual change per capita GDP (%), CEE/CIS and the Baltics, 1989-2003



Sources and notes: EBRD. Data for 2003 are preliminary. Data for Albania are through 2001. Data for Serbia and Montenegro and Turkey are through 2002. Data are not available for Bosnia and Herzegovina.

It is striking that, at this juncture, economic growth is a feature of both sides of Europe and Central Asia. The next decade appears to offer most countries in Europe and Central Asia an unprecedented **opportunity** to shape their future, in promoting greater social justice, and in determining the development pattern both in their individual countries, and in an enlarged European Region as a whole.

Governments and civil society in the region must, however, realize that this opportunity is time bound. The next 10-15 years present a set of unique circumstances which, if not used to improve the situation of the generation that is being born right now, will not be available to another generation.

The next few years will be crucial in shaping the region's future:

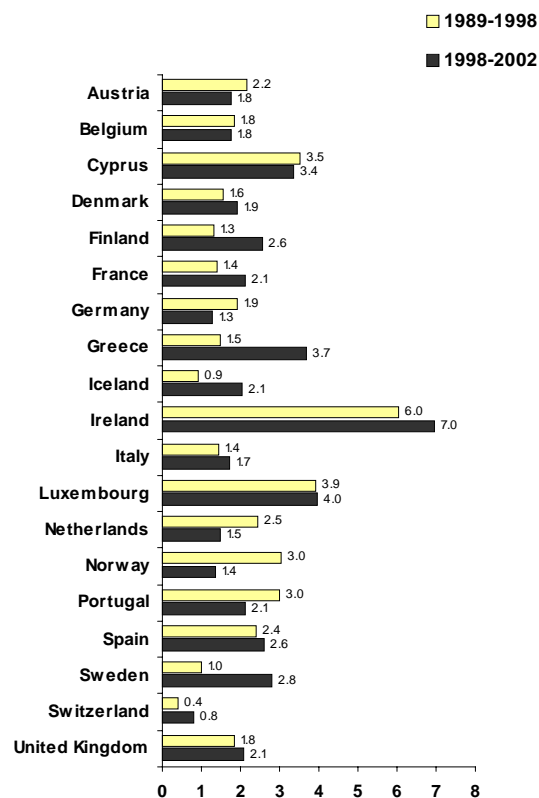
- In Eastern Europe and Central Asia, economic growth in a number of countries is taking place on a very narrow industrial base, and has benefited from the current high price of energy. While offering access to a flow of financial resources, this bonanza cannot be expected to continue indefinitely. If growth is not accompanied by policies that promote social development and human rights, the result will inevitably be income growth without human development. Now is the opportunity to direct the benefits of this growth to social progress.

- The Eastern part of the region has already missed an opportunity in the 1990s. A large proportion of children who were born the day the Berlin Wall came down had to forego many opportunities to grow and develop to their full potential – this is especially true for children whose parents

live under the poverty line. These children are 15 years old today, and their contribution to society will necessarily be less than what it could or should have been. The generation born now will be 15 in 2020. This is a generation that, in many countries, can be more productive and socially integrated than any other in the past. That is, if the right choices are made now. For any country, to have two successive generations with unachieved human capital would represent an unbearable burden. This new generation represents an opportunity that Europe and Central Asia as a whole cannot afford to miss.

- Recent political stability in a majority of the transition countries has allowed space for social reform. Many countries are engaged in – and are at different stages of – major transformations of their governance systems, and are reforming their social sectors. This

FIG. 2: Average annual change per capita GDP (%), Western European countries, 1989-2002



Source: The World Bank, World Development Indicators.

represents another opportunity which was not present in the 1990s. These reforms are challenging governments with new roles and have the potential, if systematically pursued, to enable the State to tackle old problems in new, more effective ways. These transformations, however, are far from being completed. If innovative reforms are inadequately supported and resourced, they will stall and may eventually evaporate. The consequence of such reversal of progress for a large proportion of the population is profound, and could in turn fuel a return to political instability, jeopardizing any hope for a move towards a coherent and progressive region for generations to come.

- The new opportunity for Western Europe comes with 10 countries adhering to the EU and with a large group of new countries queuing to join. Assisting these countries now to become part of a New Europe offers great potential for furthering social development as a Region. There is indeed an immediate risk that fiscal constraints as well as new standards set as part of accession targets, will conflict with social goals and that budgetary cuts will fall disproportionately on health and education services. More broadly, across Eastern Europe and Central Asia countries have shown, in taking up reform, a remarkable openness to change, often under difficult circumstances, and experimenting with different patterns of social development and participating in exchange of ideas. The next ten years will decide on what basis transactions between and within the new larger Europe will be. Will it be based primarily around markets and profit, or will it be on a broader more inclusive and mutually beneficial basis? The contribution of the East is one of bringing notions of solidarity, and experience of social rights implemented on a universal scale. It is a window of opportunity that is closing because such experience is increasingly at risk of being lost.
- Within Western European countries, there is an opportunity of a different kind. Over the last few years, there has been a concerted drive in a number of countries to address some of the most flagrant manifestations of deprivation. In particular, the tools of macroeconomic and fiscal policy have been used to attack child poverty. The jury on these efforts is still out. What has been shown, however, is that it is possible to reduce (and possibly all but eliminate) child poverty in modern societies. That is, if the political will is there and sufficiently strong. This is an opportunity that needs to be built upon swiftly. Efforts need to go beyond child poverty defined narrowly in terms of income poverty to include sources of exclusion. Many countries in the region are discovering that their society is, *de facto*, increasingly multi-ethnic. The risk is that the model of multi-ethnic society fails to take root and is discredited due to the tensions that come with the persistence of poverty and deprivation – increasingly concentrated in marginalized groups.

The nature and rapidity of change underway across both sides of Europe and Central Asia are such that it has never been so important to consider afresh where and how to invest for children. While in the past decade political and economic barriers, instability, transformation and economic difficulties have been taken as reasons not to actively seek growth with equity, there is now a compelling case for a major increase in investment in children. In the next few years the opportunities at hand are such as to make mistakes of adults simply unforgivable for children.

2. The new imperative of investing in children

2.1 Economic and human development

There has always been a strong case for investing in children. However, the arguments have become more forceful over the past few decades, with new understanding of development

providing a renewed sense of urgency around the need to invest in children as well as a means to achieve social equity and justice.

Different schools of thought have shaped the idea of investing. The first, and perhaps most influential, remains the economic paradigm. Investing in children is important in that they are seen as future producers (and consumers). Utilitarian in spirit, this paradigm measures the returns that society obtains from resources invested in children. It is closely linked to models of human capital, and is based on the strong links that exist between economic growth and accumulation of knowledge and skills in different forms. As technical advance comes from investing in knowledge-producing sectors such as education, and markets are not very good at dealing with knowledge, a 'public good' case emerges for government intervention. Governments focus on investing in children to ensure that they have the skills and opportunities to succeed in the labour market, for their socialization and for other social goals such as equity.¹

The economic model provided the main policy instruments needed, at both macro and micro-economic levels, to create an environment of economic growth and stability in which income poverty can be combated. Public sector economics also allows a much more sophisticated calculation of the burden of taxes/social assistance benefits and gives the means to unravel some of the intergenerational connections between wealth and economic status of parents and their children that remain core contributors to the persistence of poverty. Tools of the trade include cost-benefit analysis to assist choices in allocation of resources. And its use has given strong economic justification for investing in areas of high social returns such as primary education. Recent methodological efforts seek to better understand how poverty and inequality interrelate and their combined impact on social welfare.

A 'human development' approach takes a broader approach to the idea of a country's advancement. Human development goes well beyond purely economic factors and takes into account political arrangements (including the role of pressure groups and the media). It has a distinct view of what should make up a standard of living that includes health, education, political liberties, and the environment. These embody 'capabilities' that are valued for their own sake, as well as through any contribution they might make to economic growth.² The analysis of what determines standard of living and its improvement goes hand in hand with an assessment of what governments can do to protect individuals through social programmes. Investing in basic education and health, and the empowerment of young women are seen as having a major influence on social outcomes, and become means towards achieving human development goals.

The human development approach itself represented a paradigm shift. One of its major contributions has been to broaden the concept of poverty: taking it from a largely income-based concept into one that is multidimensional, involving not only command over resources but explicitly taking into account 'what people can do' and enlarging their choices. And hence concern for outcomes such as health, education, food and dignity.³ This shift has been

¹ The human capital model has its microeconomic foundation. As economies become richer, the rearing of children becomes expensive. Families tend to reduce fertility and invest more in children. In so doing, family decisions reinforce the process of human capital accumulation. (viz Becker *et al.*, 1983)

² In its 1996 Human Development Report, UNDP defined human development by its three most important components: (a) capability to be healthy and well nourished (b) capability for healthy reproduction and (c) capability to be educated and knowledgeable. In a broader sense human development was defined as 'enlarging people's choices'.

³ The World Bank recently defined poverty as: "*Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear of the future, living one day at a time. Poverty is losing a child to illness brought on by unclean water. Poverty is powerlessness, lack of representation and freedom.*" www.worldbank.org

institutionalized in new measures to define progress. For children, it has inspired a particular focus on investing in education, health, and nutrition, and equity between boys and girls.

2.2. A human rights perspective

The economic and human development paradigms are necessary but not sufficient to provide guidance on how to achieve more complex social goals. A human rights approach, complements the other two paradigms by taking the human development perspective on social justice further, emphasizing solidarity and non-discrimination, and by putting special emphasis on obligations and accountabilities.

The importance of the human rights perspective is underlined by the fact that, in both parts of Europe and Central Asia, new threats to children are emerging. A key concern is the rise in exclusion: longstanding but hidden problems affecting the lives of children are only now gaining public attention – including violence against children in families and institutions. With the free movement of goods, services and people has come increased vulnerability to exploitation and trafficking. At the same time, there are parts of Europe and Central Asia where children still do not benefit from minimum standards to guarantee their rights to survival, health and development.

Justice and non-discrimination

The centrality of the ‘non-discrimination’ principle reinforces efforts of other development approaches in addressing exclusion and poverty. For example, in the specific case of poverty, the human rights approach⁴ underlines that for many of the poor, poverty is experienced not only as lack of effective command over resources but as ‘**exclusion**’.⁵ The principle of non-discrimination requires much deeper understanding of the root causes of exclusion and discrimination: why it is that they persist and what are the structural forces that support them. It is on account of whom people living in poverty are, their ethnicity, what their beliefs are, or their gender that prevents them from breaking the cycle of poverty, for themselves and their children. Seen through a human rights lens, deprivation is recognized as frequently arising from inequalities of legal status or citizenship, from policies that ignore the needs of particular groups or from social values and norms that endorse and permit discrimination.⁶

One of the important limitations of this discussion has been the absence of explicit indicators dealing with exclusion affecting children. This has important implications for the kind of evidence that is sought to help decide policy, including ensuring that information about the most vulnerable are collected and help shape the vision and clearly identify priorities.

This enhanced analytical framework puts much more emphasis on the importance of legal frameworks, standards and norms as ways of ensuring non-discriminatory service delivery and the support needed by the family. Such a perspective explicitly calls for laying out a

⁴ In terms of tackling deprivation and poverty, the Convention on the Rights of the Child calls on States to ensure a “standard of living” that “is adequate for the child’s physical, mental... and social development” (Article 27). It also lays out a set of interlinked rights of children to health, education, survival and protection. This strongly focuses attention to a broader concept of poverty and deprivation.

⁵ Exclusion has been defined as people who “are prevented from participating fully in economic, social and civil life and/or when their access to income and other resources (personal, family, social and cultural) is so inadequate as to exclude them from enjoying a standard of living and quality of life that is regarded as acceptable by the society in which they live. In such situations people often are unable to fully access their fundamental right”, European Commission, 2001.

⁶ OHCHR, *A Human Rights Approach to Poverty*, Geneva, 2004.

normative framework to evaluate social progress against agreed upon principles and provisions that are clearly identified in international human rights law and practice. It also anchors the discussion of what is needed to tackle poverty and deprivation clearly to obligations, underlining the role and importance of state accountability.

Finally, the human rights approach integrates participation and empowerment of disadvantaged groups as imperative of any development agenda. In the specific case of children, one of the boldest of the rights enshrined in the Convention on the Rights of the Child (CRC) is the importance of young people's and children's participation. Giving voice to children in decision-making that affects their lives, and taking into account the level of their maturity, has not yet been taken seriously by adult society.

Obligations and accountability

Economic and human development approaches have relied upon 'Plans of Action' and Declarations to set the overall framework for development agendas. These were invariably based on a 'promise' that a signatory government was making to the concerned population group.

In contrast, when a State ratifies a Convention, such as the Convention on the Rights of the Child,⁷ binding obligations arise from it to realize and guarantee all rights enshrined in that Convention. In becoming party to the CRC, the State takes on an international obligation with respect to children – one that is binding on all arms of government. In so doing, the principles and standards of the CRC not only help define a minimum set of standards for children but also articulate concrete government obligations to respect, protect, and fulfil children's rights. While bringing neglected areas into sharper focus, a human rights approach provides guidance on what kinds of actions are needed, by whom.⁸

For children, a rights approach is particularly compelling. If one accepts that children have their own rights, then it is important to look at children in the context of a social equity and justice that makes explicit some of the elements that are overlooked in a just society for adults alone. Children then are seen as having independent claims on society as a group that not only is 'vulnerable' in the sense that they not only require protection due to their age, but have rights and freedoms as individuals in their own right. Investing in children derives less from social cost-benefit analysis than as a response of society to legitimate claims.

Accountability and transparency are, therefore, central to the human rights approach. Under the CRC, parents are seen as having a primary responsibility '*within their abilities and financial capabilities*'. It is the State, however, that has the clear obligation and duty to assist parents in this role.

Plans of Action and Declarations are still necessary, since the State is accountable for spelling out how it plans to achieve a particular objective related to realization of a right. This implies setting targets that the State is accountable for. Commitments made in recent world conferences such as the UN Special Session on Making a World Fit for Children (WFfC) and the Millennium Declaration (MD) and the Millennium Development Goals (MDGs) must, however, be understood as derived from normative and binding standards that are based on Human Rights Treaties. The experience of the 1990s has shown that objectives contained in such plans are unlikely to be achieved in a sustainable way without using the framework of

⁷ A special feature of the CRC was the speed with which it was ratified. This, and by virtue of being ratified by each and every State in Europe and Central Asia, gives the CRC a special status, and implies a broad consensus on the values and principles enshrined therein (even if interpretation/implementation of these values may differ across countries).

⁸ OHCHR, *A Human Rights Approach to Poverty*, Geneva, 2004.

analysis that human rights offer, which will enable public policy to pay much more attention on tackling underlying causes and to obligations and accountability on who has a duty to address those problems.

The vision for investing in children also needs to take into account that the CRC embraces obligations of the State that cover both the political and civil rights, and the social and economic rights of children. For Europe and Central Asia in particular, it is important to remember that this distinction originated during the Cold War, when the human rights debate was dominated by the East-West ideological dispute over whether civil and political rights should be accorded priority over economic, social and cultural rights, or vice versa. The two Covenants⁹ were not treated in the same way by the two sides of the Iron Curtain. The West focused more on civil and political rights; the East emphasized economic, social and cultural rights.

In terms of understanding obligations and accountabilities, Europe and Central Asia has therefore a unique advantage: within the region there is a wealth of experience in tackling the challenges of implementing each of the two treaties.

In the Western part of the region, much progress has been achieved in developing democratic societies, which has led Western Europe to be often seen as a model for other countries. While overall wealth continued to increase, economic growth through a market economy has not been an automatically effective mechanism for diminishing inequality. Indeed distribution of national wealth in an equitable way has become a major challenge for modern states. Generous welfare state policies have managed to mitigate the negative effects of the market economy (and effectively expanded the benefits of growth to larger parts of the population). Sustainability of these policies has come under question. The enormous growth of the state sector, and the shifting demographic balance as the post-war baby boom generation ages, has brought intense pressure on government budgets.

In the East, the failure of the centrally planned economy in political and material terms should not be misunderstood as a failure to generate social gains in people's own capabilities. On the contrary, the level of achievement in terms of education and health standards in many Eastern European and Central Asian countries was, before the end of the cold war, as high as in Western European countries. As a result, even fifteen years after the fall of the Berlin wall, the eastern part of the region is still endowed with a well educated population and levels of child mortality and morbidity that are still relatively low in most of the countries. The East has an important heritage not only of the 'human capital' that was inspired by social and economic rights. It also has the experience and values of universal access that was taken for granted along with solidarity and a clear understanding of the responsibility and role of the State for social outcomes.

Societies that underwent transition had to quickly adjust their policy agenda to reflect political and civil rights, as well begin to systematically propose reforms that would respond to the needs and demands of a more socially stratified population. This, in practical terms, called for radical shifts in institutional arrangements and in the role of various government levels,

⁹ This dispute was the major cause of two, rather than one, Covenants being prepared: The International Covenant of Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). Both were adopted by the UN General Assembly in 1966 and entered into force in 1976. The ICCPR includes the following rights: life; freedom from slavery, servitude, forced or compulsory labour; liberty and security; freedom of movement; equality before the law; freedom of thought, conscience, and religion, freedom of expression and peaceful assembly; and the right to vote and be elected. It also establishes the right of every child to be registered, have a name and a nationality. The ICESCR includes the right to work and to form trade unions, the right to social security; and the right to food, education and health. It also affirms the rights of children to be protected from economic and social exploitation and all work that is harmful to their normal development.

the introduction of a plurality of stakeholders in policy makers and service provision and distributive policies that would favour the poorest sections of the population.

The wealth of experience suggests that the two sides of the region can complement each other in putting in place adequate legal and policy measures to comply with their obligations.

3. Strategies to comply with obligations

The countries of Europe and Central Asia are increasingly linked and interconnected by common trends, such as labour movement, trade and investment. In this new world, individual country policies affect their whole region. They need to be consistent with each other and compatible to fulfill standards for children.

What would social and economic policies look like if they are informed by a vision of social justice for children that, contrary to the past, is not just based on promises, but gives special weight and place to duties and obligations to achieve equitable outcomes for all children, without discrimination? What would the implication be if such vision is applied in a region such as Europe and Central Asia where resources actually do exist, systems are in place, and yet there is still a significant number of children excluded from the mainstream, and further number are unable to break away from intergenerational poverty?

The notion of social justice will need to be the basis for the negotiations that often take place in practice and result in a social agreement between government, the private sector, civil society organizations and communities in fulfilling obligations to children. Each of these becomes crucial points of interventions for strengthening capacities and seeing where the gaps in performance of the different stakeholders are greatest.

3.1 Agreeing on clear priorities and focusing on children

It is important to recall a distinction made in the different types of obligations incurred in the original two Covenants between civil and political, and social and economic rights.¹⁰ When the CRC was prepared, Article 4 made a similar distinction:

“With regard to economic, social and cultural rights, State Parties shall undertake such measures to the maximum extent possible of their available resources and where needed within the framework of international cooperation.” (Article 4, CRC)

A lot of discussion has taken place regarding the interpretation of Article 4 in the CRC. In 1986, ECOSOC adopted the Lindberg principles¹¹ which outline a set of rules and recommendations for the interpretation of State obligations in relation to economic, social and cultural rights.

Ten years later on, a group of experts met in Maastricht to elaborate on the Limburg principles. Their work resulted in more detailed guidelines on what constituted violation of economic, social and cultural rights, as well as a minimum core obligation to ensure the satisfaction of at the very least minimum, essential levels of each of the rights in the ICESCR:

¹⁰ Civil and political rights are still mostly associated with an obligation of ‘result’, while social and economic rights are more associated with an obligation of ‘conduct’.

¹¹ *“...the obligation to achieve progressively the full realization of the rights requires State parties to move as expeditiously as possible towards the realization of the rights. Under no circumstance shall this be interpreted as implying for States the right to defer indefinitely efforts to ensure full realization. On the contrary, all States have the obligation to begin immediately to take steps to fulfill their obligations under the Covenant.”*

“Resource scarcity does not relieve States of certain minimum obligations in respect of the implementation of IESCRs.” An important recommendation in the new guidelines was that more of the obligations in relation to economic and social rights should move from obligations of conduct to obligations of result.

In the context of scarce resources, there is recognition that rights will be *‘realized progressively’*. There remains, even in the wealthiest parts of the region, a need to prioritize and to make difficult choices. In practice, unless children become a much higher priority in national plans and budgets, the most challenging task facing all countries across the region to decrease poverty and inequality will not be achieved.

Unfortunately, equity in intergenerational allocation of resources and poverty reduction has rarely been explicitly built into policy. For example, it is an often observed fact that the education system is not designed to give priority to the kind of services that benefit the children of lower income families. Historically, in Western Europe, the role of public policy has concentrated on expansion of universal primary and secondary education, and open access to higher level education. This remains an important direction of policy. However, research suggests that cognitive skills early on in life are increasingly important as a gauge of an individual’s ability to learn and to earn in the longer run and that, increasingly, exposure to early child stimulation and parental investment in cognitive skills of their child are major determinants of generational mobility. Data suggests that most mobility is determined by a ‘cultural capital’ the child receives by the age of three years. Yet early childhood programmes are not a public sector priority in most countries in the region. Building on this understanding requires a shift in strategic focus towards giving much more priority to access to early childhood services (as is indeed the case in many Nordic countries) and supporting mothers with both income and access to services.

Another example as to how children could be prioritized in macroeconomic policy choices comes from recent experience on child poverty reduction in Western Europe, which shows that child poverty can be successfully addressed independently of the success of policies to address adult poverty and unemployment.¹² Ranking of countries across Europe indicate that there is hardly any link between GDP per capita and levels of child poverty. A strong link has been found, however, between the value of child benefit packages and child poverty incidence. Those countries with the most generous packages have the lowest level of child poverty. It is not then the level of wealth of a nation, nor the characteristics of its labour market,¹³ nor the level of earnings but rather its social expenditure, and especially the share of expenditure that is going to the family that is decisive.¹⁴

A key debate is whether interventions should be directed to raising family income or ensuring access to quality services. In Western Europe, the emphasis has been on universal cash benefits and, in some countries, modifying the tax system to favour families with children, including moves towards ‘negative taxation’ for low-income families. Models now available, that can calculate the net burden of taxation and welfare on different household types, have helped target the least well off.

¹² Countries that have set themselves a bold target to eliminate child poverty by 2020 have, however, found themselves struggling with the definition. Defining poverty levels has political overtones that are hard to escape. Given the unresolved question of how to define child poverty in a given country setting, the very process of public debate on what is meant by poverty and reaching agreement on what that definition becomes very important

¹³ Although these can be important in certain settings. See Bradbury and Jantti, Innocenti Working Paper No. 71, 1999

¹⁴ Bradshaw, J. and Finch, N., *A comparison of Child Benefit packages in 22 countries*, Department for Work and Pensions Research, Report No 174, Corporate Document Services, Leeds, 2002.
<http://www.dwp.gov.uk/asd/asd5/rrep174.asp>

In Eastern Europe and Central Asia, the challenges are somewhat different. Preventing child poverty is linked with reform of the social assistance and welfare policy, designed to be well targeted, but numbers covered are extremely few. In addition, the tax base tends to be much less well established, and there is a large 'grey economy' that adds to the risk of benefits not reaching the families most in need. Poverty Reduction Strategies (PRSP), Medium Term Expenditure Frameworks have become important new instruments of social policy.

More generally, where a country's macroeconomic policies are heading towards economic growth without human development, the argument is a simple one: there needs to be a much greater share of public resources to be invested in those services that benefit children who live in poverty. The 20/20 compact proposed at the 1995 World Summit for Social Development suggested that 20 per cent of a country's public expenditure (the first 20 of the 20/20 compact) should be spent on basic services. This, together with the second 20 of the 20/20 compact (at least 20 per cent of aid to development on basic services), remain a minimum substantive benchmark for all countries in the region.

3.2 Focusing on systemic changes

It is clear that States have powerful means at their disposal to fulfill their obligations towards their citizens, including children. For example, through social policy, the State expresses a specific vision of a just society which has considerable implications for the realization of human rights. Legislative frameworks, public sector spending, and other regulatory mechanisms, national development plans and strategies, are all instruments to carry out social policy and progressively to achieve this collective vision. Social protection systems have for example the potential to lead towards social justice if the criteria for revenue collection, social spending and transfers are rooted in human rights principles. In addition, such principles must guide the normative and regulatory frameworks to provide for equitable re-distribution of resources and provision of inclusive services. In parts of Western Europe increasing GDP does not guarantee social outcomes, and there are signs of widening gaps and increased inequalities and poverty in a number of countries. The lesson learnt is that, unless social protection systems are explicitly guided by human rights principles, growth without equity is the most likely outcome and social justice may in fact become difficult to achieve.

Across Europe and Central Asia, it is not so much the absence of services, but other barriers, such as policies that contribute to exclusion, the absence of standards and accountability mechanisms and outdated practices that hinder the access to services, especially of disadvantaged groups. In this context, the pressing need is to ensure the sustainability of services that have been universal and are now eroding and to introduce different types of normative and regulatory frameworks that mandate inclusion and quality of services, including the respect of dignity for clients, as well as the possibility of choice, complaint and recourse.

Legal frameworks are only the first step in introducing the norms rooted in human rights. To mainstream these norms within different functions of the systems, they must be "translated", for example, into standards for services, codes of behaviour for service providers, information systems and accountability mechanisms. This becomes part of wider issues of accountability, transparency and public participation in debates on policy.

Another major lesson emerging from examples of effective ways to invest in children includes the need for coordinated intersectoral strategies for children. Indeed, there are many examples in transition countries where one of the key needs of social reform is building the mechanisms of intersectoral coordination. Too often coordination bodies are set up as Commissions and linked to important bodies such as the Prime Minister's office, but are

rarely adequately resourced, or given an institutional role beyond making recommendations. Unified criteria for the wider vision on investment for social progress are needed to guide decisions on public expenditure and the direction of social services and benefits. This requires mapping of the system to see which parts have an important role to play. For example, it may be that parts of the social service system need to be linked to Justice in order to have an impact and reach out to marginalized children or young people. With poverty and investment in children understood in a much more multidimensional form, coordination across sectors becomes not just desirable but an essential part of strategies to reach the most deprived children.

3.3 The decentralization dilemma

A human rights approach to investment in children also requires the active and informed participation of families who live in poverty and/or are excluded sections of the population in the formulation, implementation and monitoring of programmes. This calls for strengthening the awareness of civil society about their rights and their capacity to claim them. Specific mechanisms for such participation will vary across different institutional settings. Across the region, the area that is weakest is the ensuring of access of excluded groups to decision making and the creation of informed demand that this implies. This is because experience has shown that legislation does not provide assurance of compliance. The most successful experiences of combating exclusion have come from pressure for change from the groups experiencing exclusion themselves. There is need to ensure mechanisms for representation of people who may be unable to defend their own case and a system to ensure accountability of authorities. This must, however, be matched by strengthening of capacities of professionals, managers and planners in the social sector.

Decentralization, by bringing decision-making closer to local realities, offers much potential. There have been major moves in Europe over the last decade to devolve decision-making and resources to local authorities and municipalities. Local government is in many countries responsible for over 40 per cent of government expenditure. In many countries, the motive for decentralization has often been linked with shortage of resources at national level, but in fact this also offers opportunities for new patterns of service provision and reform of social policy.

It must be noted that decentralizing power and resources does not necessarily lead to better decision-making on behalf of children. For example, across the region, central governments have assigned new tasks to local authorities or municipalities and not followed up with provision of resources. This has led to a growth of 'unfunded mandates' of local authorities. The change in the pattern of obligations between central and local level must be carefully balanced. As responsibilities are decentralized, the capacity of the State must be strengthened to be able to ensure equity and non discrimination in the delivery of services and provision of benefits. This means, for example, that local authorities with budgetary capacities should be provided with 'social transfers' from central level to make up for the minimum cash and non-cash benefits which the State can guarantee to all people regardless of their place of origin and status.

Decentralization will contribute to moving children's development forward only if specific mechanisms are put in place. Indeed, in reforming transition States of South-East Europe, countries often find themselves in the face of what has been described as a dilemma of decentralization. Space for local planning is being created but capacities are weak. In particular, there are still vertical lines of reporting and difficulties in restructuring of mandates. The challenge involves transforming the existing system into a more decentralized one responsive to local needs, while at the same time establishing alternative services and reorganizing the work of professionals.

The dilemma relates to the sequencing of the two sets of processes. In a process of planning social reform, in principle the setting of standards and assessing what is feasible by way of service availability needs to take place first before proceeding to decentralization. On the other hand, the politics of a country may be such that decentralization appears to need early action to become established. It is this latter route that is often being urged by international organizations. Timing, building local capacities; and clear definition of roles and responsibilities and monitoring all take on special importance in building new services.

If resources and capacities at local level are not built or are insufficient, decentralization can in practice lead to less, not more, equity; and the situation of vulnerable groups can worsen. If the State is not redistributing resources according to criteria that take into account mandates and capacities, children living in better endowed localities will have an unfair advantage. Equally important, if the State relinquishes its regulatory obligation and leaves it to the local authority to set up standards for eligibility and provision of services, those localities where discriminatory practices against minorities are accepted by ruling local elites can easily result in more exclusion for isolated groups of children.

For decentralization to work effectively, the State must play an active regulatory role to protect and facilitate the rights of marginalized families. For example setting of targets, building up of inspection capacities, and ensuring that decentralization is linked to democratic processes of accountability in local elections and participatory monitoring of use of resources are all tools that can achieve decentralization with equity.

3.4 Managing change

Countries in Eastern Europe and Central Asia have been faced with these challenges in a particularly dramatic way in the last decade. The need for reform was imposed by the rapid and negative change in economic circumstances and the collapse of central command planning systems. National budgets were not in a position to absorb new commitments. At the same time, there was a need to design new standards for services in a wide range of social sectors and set out new kinds of services. The legacy of the previous system was often a civil service that had little sense of client orientation, and little understanding of human rights. NGOs knew how to respond but were often small and not able to influence national policy.

In Western Europe, a major risk has not been insufficient but too much innovation, not always well designed or sustainable. Innovation has often been the result of Central Government deciding it wanted to get something done, and setting targets for the introduction of new services. A feature of these efforts has often been a call for partnerships with local authorities and voluntary organizations. Such initiatives have frequently resulted in complex funding schemes between central/local/ and voluntary sources. New processes generated have been time consuming with resources proving difficult to obtain or renew. The overall effect has been to distract from mainstream service reform issues. Results have been more successful when innovation is linked to mainstream services from the beginning.

Under most conditions, social reform is a long-term process. Steps in the right direction can be taken immediately, if a strategy is in place for managing change in the short and medium term. In this sense, one of the key policy decisions is whether to legislate first or model new service development. Experience suggests that starting with legal reform may not always be optimal. It is not always advisable to introduce new laws and standards just to comply with international or regional benchmarks and criteria without first trying out and exploring their practical implications. The risk is to adopt and legislate for international standards that rapidly prove unaffordable and unachievable.

One of the major lessons from the reform process in Central and Eastern Europe has been that changing the individual pieces of a public sector system is possible. But if this change is not understood as part of a wider set of reform processes, the change of one part will not be sustainable in the longer run.

For example, a start could be made by the State by introducing financial incentives and/or cost sharing schemes for governmental and non-state actors to start developing alternative services. This will result in the inclusion of the non-state sector in the provision of selected social services through licensing, setting codes of conduct for professionals, and establishing rules to guide service provision. Such incentives would be equally available for state and non-state actors to foster partnership. Innovations should be demand-driven though, through, for example, a transparent tender process, and it should be set up so as to facilitate organizational learning and testing of new quality standards for changes in the social system which are not yet included in the legislation.¹⁵

This plurality of services provision will enable decision makers to see how the various actors perform their roles and duties and whether for instance, under the new arrangements, accountabilities towards clients are clearer and stronger, and whether the quality of services has benefited from the new set up. In this way, new services can be introduced in the short term, while a social cost-benefit analysis is conducted of what it is that the system can afford and can then be guaranteed by the State, and claimed by the clients. From there, it is then possible to adjust financial flows, and reformulate, if necessary, the law. This is a process through which local authorities have the opportunity to learn about adequate responses to local social priorities. It is also a process that legitimates demand for allocation of local resources and budgets to these priorities.

Innovation and new approaches on how to better invest in children need to be given space and funding mechanisms to work. There is need for clear funding rules, protocols that are designed in a way to explicitly bring different groups to work together and a close link with budget allocation mechanisms. The role of the private sector, and ensuring privatization processes are sound, need to be part of that momentum.

There is also need for new knowledge about the factors that lead to innovation in services affecting children that are rooted in an understanding of rights and foster reform at the same time. This becomes an important area of exchange of inter-country experience – both in the East and the West and between them – especially as they are all moving to adopt more equitable social development systems.

4. Conclusion

Children in Eastern and Western Europe and Central Asia increasingly share common challenges. They live in very different institutional settings but there is a striking convergence of policy needs that involves a combined battle against deprivation and exclusion. Both

¹⁵ One such mechanism that was found useful in building momentum behind reform was the Social Innovation Fund (SIF) developed and introduced in Serbia and Montenegro. In Serbia, the State had had a monopoly in provision of services, and a new role was being sought for NGOs and the private sector. The challenge was how to stimulate system change, and find ways so that non state actors are able to take the lead in innovation that the State could adopt for its own practice. Some 300 projects were funded under the SIF between 2000 and 2002. This approach to innovation was conceived to respond to specific situations in different localities. For example, where there is a minority population is of considerable size, the innovation would include different type of services in comparison to the localities where there is predominantly older population, or disabilities are more widely spread.

Europe and Central Asia are facing a decade of increased resources that provide a unique opportunity to translate economic gains into human development. The key question is whether these resources will be made available for the realization of children's and women's human rights, so that human development can be sustainably achieved. The answer depends on the foresight, and ability to rise above immediate pressing concerns, of the present generation. Central to any such response is the need for a common normative framework – one that is provided well by the Convention on the Rights of the Child. Investing in children becomes the bridge to translate this normative framework into action.

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