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## **Access to basic social services**

Human rights that make excellent economic sense

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*“The association of poverty with progress is the great enigma of our times.  
From it come the clouds that overhang the future of most nations.  
It is the riddle which the Sphinx of Fate puts to our civilization,  
and which not to answer is to be destroyed.”*

Henry George (New York, 1882)

## 1. A sad story

Last August, two ordinary teenagers aged 14 and 15 boarded a flight from Conakry to Brussels. They were found dead upon arrival. They had stowed away in the undercarriage of the plane, hoping to escape to a better life in Europe. A letter was found on the bodies that revealed that the two boys were fully aware of the risks they were taking, but were willing to sacrifice their lives to bring the plight of their continent to the attention of the world. They wrote ‘we need your help to fight against poverty and bring war to an end in Africa. *However, our greatest need is education.*’<sup>1</sup> (italics added).

## 2. Protecting children’s rights

In spite of the unprecedented wealth in the global economy, the promise to give every child a good start in life remains unfulfilled. At the dawn of the Information Age, the world has achieved the sorry distinction of excluding one-third of its children from completing 5 years of primary education — a minimum required for basic literacy. Millions more are being taught by untrained and under-paid teachers in over-crowded and poorly equipped classrooms. Obviously, their social and economic rights are being denied.

Providing public services of good quality is key to building the basic capabilities needed to live in dignity. Ensuring universal access to an integrated package of basic social services is one of the most efficient and cost-effective contributions to the protection of human rights.

Several reasons account for the unsatisfactory progress towards the global goals for social development, but one reason stands out: most countries under-invest in basic social services. In addition, goals are frequently pursued through a predominantly sectoral approach that fails to exploit the complementarities and positive externalities that characterise basic social

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<sup>1</sup> The letter was translated into English and published by the International Council on Social Welfare (ICSW) in the September 1999 issue of *Social Development Review* (Volume 3, Number 3).

services. The 20/20 initiative seeks to respond to these two shortcomings.<sup>2</sup> Country studies have been carried out in more than 30 countries to examine the level, equity and efficiency of public spending on basic social services. This paper briefly summarises the main results and presents some relevant policy lessons for the social development agenda.

### **3. Spending on basic social services**

Even though countries differ substantially in their budget allocation to basic social services, they all under-invest in these services compared with what would be required to reach the global goals by the agreed target date. In most countries, basic social services absorb between 12-14 per cent of the national budget (Diagram 1). Few countries spend less than 10 per cent on basic social services; fewer still spend close to 20 per cent.

One of the reasons why governments under-invest in basic social services is the fiscal weight of the external debt burden. Two-thirds of the countries surveyed spend more on external debt servicing than on basic social services — with some spending three to five times more on debt (Diagram 2). In several countries, debt payments absorb a third or more of the national budget. To spend more on external debt than on basic social services — when hundreds of millions of children lack access to basic education, primary health, adequate food and safe drinking water — is not only morally wrong, it is also economically senseless. Hunger, disease and ignorance have never been a foundation for rapid and sustained economic growth.

The country studies also gathered information on Official Development Assistance (ODA)<sup>3</sup>. Data show that the ODA share directed to basic social services varies greatly between countries, as well as over time — making it extremely difficult to estimate the average share donors spend on these services.

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<sup>2</sup> As a compact between developing and industrialised countries that was endorsed at the Social Summit, the 20/20 initiative calls for the allocation of, on average, 20 per cent of the national budget in developing countries and 20 per cent of donor aid to basic social services. Its main purpose is to ensure that an integrated package of basic social services becomes accessible to all within the foreseeable future.

<sup>3</sup> The relative aid effort of OECD countries has gradually declined since the early 1980s — especially in G7 countries. Far from spending 0.7 per cent of GNP on ODA, donor countries currently spend, on average, less than 0.7 per cent of their national budget on international cooperation

It is safe, however, to state that not more than 10 per cent of total ODA is currently allocated to basic social services.

#### **4. Spending equitably**

The studies also examine how equitably the resources are used. Incidence studies of budget expenditure in 20 countries indicate that health and education spending often by-pass the poor. Available data suggest that the top quintile of the population benefit, on average, about twice as much from public spending on education and health than the bottom quintile (Diagram 3). We refer to this phenomenon as the ‘Matthew effect’ — an allusion to a verse in the gospel of Matthew: “For whoever has, to him shall be given and he shall have more abundance; but whoever has not, from him shall be taken away even that he has.”<sup>4</sup>

The Matthew effect is particularly strong at the university level. While the top quintile capture more than half the subsidies for tertiary education, the poorest quintile receive less than 5 per cent (Diagram 4). At the primary level, by contrast, the bottom quintile receives more benefits than the richest quintile.<sup>5</sup> Indeed, spending on basic social services is much less regressive than spending on secondary and tertiary services.

Averages mask important gender differences. In general, girls have less access to basic social services than boys do. This is partly due to the failure of the delivery system to avoid gender stereotypes or to take account of the specific needs of women and girls. Other factors — such as social values, household preferences and higher opportunity costs of female time — frequently deny women and girls access to health facilities or primary school. To make a bad situation worse, the gender gap often widens as poverty deepens.

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<sup>4</sup> The ‘Matthew effect’ occurs in many markets. For example, of the 1,223 new drugs licensed worldwide between 1975 and 1997, only 13 were for tropical diseases. Of those 13, two were slight modifications of existing drugs, two were produced by the US military, and five were the result of veterinary research. Thus, private drug companies came up with only four new drugs specifically for tropical diseases in the past two decades.

<sup>5</sup> Poor families have more children than rich ones, so the poorest quintile account for more than a fifth of the school-age children. A similar point can be made for the health needs of the poor, but relevant information is not readily available to quantify it. Evidence from industrialised countries suggests that factors such as low self-esteem, insecurity and unemployment — all characteristics of poverty — are associated with higher morbidity and premature death. Sparse evidence from developing countries confirm that the poor often die young.

## 5. Spending efficiently

The efficiency of public spending on social services can be improved through appropriate policy reforms. Even though no consensus exists on the appropriate set of policy measures, the following list highlights some areas for potential improvements in the impact of public spending on social outcomes:

- female teachers, toilet facilities and elimination of gender stereotypes in educational materials to retain girls in schools;
- adequate budget allocations for essential drugs, spare parts for hand pumps, teaching materials and textbooks;
- procurement of generic drugs;
- more reliance on nurses and other medical staff than on physicians;
- elimination of school and health fees for basic services;
- automatic promotion in primary education, provided quality is maintained;
- use the mother tongue, especially in the early grades;
- multi-grade teaching and multiple shifts in low-density areas;
- accelerated learning programmes for over-age pupils; and
- programmes of early childhood care and development.

Irrespective of the selected policy reforms, a minimum level of spending is required to provide services of good quality. Fiscal austerity frequently leads to insufficient allocations for either wages, inputs, maintenance or infrastructure, which undermine the efficiency of social spending. For example, when 95 per cent or more of the budget for primary education is needed to pay for teacher salaries — a basic expense — there will be little scope for improving the quality of education. Reducing the number of teachers or lowering their salaries are seldom viable options because classrooms are overcrowded and teachers' pay already falls below the minimum living wage. Extra resources for basic social services will, therefore, frequently enhance the efficiency of social spending. Those who focus their attention on the inefficiency of public spending seldom make the point that insufficiencies often aggravate inefficiencies.

## 6. Targeting basic social services

A holistic human rights approach to development can be overwhelming, even for the most committed and least resources-constrained government. Therefore, narrowly targeted programmes are increasingly prescribed for reasons of efficiency and flexibility. Such programmes claim to minimise leakage to the non-poor and create opportunities for rapid response. We caution against an excessive reliance on narrow targeting, particularly in the area of basic social services.

Obviously, the relative advantages of targeting depend on the type of goods and services. The merits of a narrowly targeted fertiliser subsidy or micro-credit scheme, for instance, are very different from those of targeted vouchers for primary education. Generalisations about targeting must, therefore, be avoided. With respect to basic social services, we believe that narrow targeting cannot be relied upon as the mainstay for ensuring universal access. Narrow targeting has important hidden costs, five of which deserve to be highlighted:

- the cost of mis-targeting due to the difficulty in identifying the poor and/or vulnerable;
- the cost of failing to reach the poorest as the non-poor seldom accept to be by-passed by special subsidies;
- the administrative cost of narrow targeting is at least twice as high as for untargeted programmes. They also create opportunities for mismanagement so that extra outlays for oversight and control add to the cost;
- the out-of-pocket costs for beneficiaries: narrow targeting frequently involves expenses for documenting eligibility. These costs can easily exclude the poorest — who already resent the social stigma associated with means testing and are usually not aware of special programmes; and
- the cost of non-sustainability: once the non-poor cease to have a stake in the quality and scope of narrowly targeted programmes, the political commitment to sustain them is at risk. The voice of the poor is usually too weak to maintain strong political commitment.<sup>6</sup>

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<sup>6</sup> Likewise, the privatisation of some public services in cities around the world has made it possible for people with higher incomes to insulate themselves from urban problems, whereas in the past they would have pushed for improved city-wide services.

## 7. Queuing for basic social services

Gaining access to basic social services can be compared with queuing; and the poor are often at the end of the line. All too often, access for the poorest becomes a reality only when the other socio-economic groups got their turn first. Diagrams 5-7 attempt to illustrate this point for primary education, based on the results of Demographic and Health Surveys.<sup>7</sup>

The comparison between Mali and Morocco in Diagram 5 is instructive. Although the proportion of children not completing 5 years of education drops from 80 per cent in Mali to 50 per cent in Morocco, the proportion for poor children (i.e. belonging to the lowest 40 per cent) is similar in the two countries. It is thus the non-poor who benefit first from the increased availability of services. As primary education becomes more widely accessible — as is illustrated in the diagram by Colombia and the Philippines — poor children gradually share in the benefits. All indications are, however, that the last child to complete 5 years of schooling will be a poor child.

The same picture emerges when changes over time in the socio-economic composition of the children who fail to complete 5 years of schooling are analysed within countries. Diagram 6 indicates that recent improvements in this particular education indicator for Bangladesh benefited foremost the middle class. In the case of Peru, where access to education appears to have worsened in the 1990s, it was the poor who bore the cost — whereas the non-poor were not affected.

Diagram 7 shows that in countries with similar national averages, the socio-economic profile of the children that fail to complete 5 years of education can be very different. In Brazil, for instance, the proportion of poor children not completing 5 years of schooling is nearly double that in Côte d'Ivoire — even though both countries have a similar percentage of their children who do not complete grade 5 (52 and 55 per cent respectively). A similar difference can be observed between Bolivia and Kenya.

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<sup>7</sup> DHS surveys do not collect income or consumption data, but their information allows to cross-tabulate social indicators by socio-economic groups. These groups are based on household assets including a bicycle, radio, size of the dwelling, type of construction materials, and source of drinking water.



Similar socio-economic disparities persist in Latin America, a region where access to primary education is much higher than in many other developing countries. Data for 12 countries — that account for about three-quarters of the region's population — show that, on average (weighted), 94 per cent of the children belonging to the top income decile complete primary education, but this share falls to two-thirds for the middle decile and drops below 40 per cent for the bottom decile (Diagram 8).

In sum, the evidence strongly suggests that it is only when access to basic social services becomes universal that the poorest children will be reached. This raises the question whether narrow targeting can be an effective way of helping the poorest jump the queue. As far as basic social services are concerned, we do not believe in the efficacy of such shortcuts. The human rights approach dictates that the principle of universality takes priority over that of selectivity when it comes to basic social services. High-achieving countries such as Costa Rica, Kerala, Korea, Mauritius, Sri Lanka and others have all applied broad targeting in the past. None of them relied on shortcuts through narrow targeting.

## **8. Charging for basic social services**

Broad targeting is often dismissed on the basis of non-affordability. User fees for basic social services have been introduced in many developing countries, but they remain a controversial as a social policy. The position that dominated the debate in the 1980s was based on the pragmatic view that owing to budgetary constraints, user fees are the only way to expand the coverage and improve the quality of social services. To reject user fees in the name of principle, the argument continued, would mean that large segments of the population would remain un-served.

Proponents of user fees argue that the policy of providing nominally free social services has failed to meet efficiency, effectiveness and equity targets. However, some powerful criticisms have been raised against the policy of user financing. In particular, the negative impact of user fees on utilisation is now well documented. Malawi's experience illustrates that even a modest fee can be a formidable obstacle for poor families to make use of available public services.

Diagram 9 shows that in the wake of the elimination of school fees and uniforms in 1994, primary enrolment jumped up by about 50 per cent almost overnight.<sup>8</sup>

The growing attention paid to social and economic rights has reopened the debate on user fees. We undertook a review of the theoretical arguments and empirical evidence regarding user financing of basic social services. The following conclusions emerged:

- user fees do not guarantee greater efficiency and effectiveness because basic social services are public and merit goods that have strong positive externalities, and are subject to principal-agent interactions and asymmetrical information.
- user fees mobilise modest amounts of budgetary resources compared with those allocated to basic social services.
- user fees lead to a reduction in the utilisation of services, particularly among the poor.
- protecting the poor is difficult and exemption schemes seldom perform well and are costly to administer.
- user fees tend to aggravate gender biases, seasonal variations and regional disparities.

Although free basic social services should remain the ultimate goal, a second-best option of cost sharing with users and communities may need to be contemplated in the short-term.<sup>9</sup> In such cases, attention should be paid to the guiding principles contained in the Addis Ababa Consensus (Annex). This document offers a concrete model for preparing a set of good practices of social policy.

Broad targeting cannot be dismissed on the basis of the cost argument. Experience shows that universal access to basic social services can be achieved by all countries, even by those with low levels of per-capita income. Indeed, achieving universal access is as much about priority setting as it is about the availability of resources. The financial costs are very modest whereas the

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<sup>8</sup> Admittedly, the quality of education is unlikely to have improved after 1994, but the fact that primary enrolment continued to increase in subsequent years would suggest that its quality did not worsen significantly.

<sup>9</sup> A gradual approach has often been followed. In Sri Lanka, for instance, tuition fees were eliminated in 1945, free textbooks and free lunches were introduced in the 1950s, and a policy of free school uniform came into effect in 1991. In Botswana, enrolment received a major boost following the halving of fees in 1973, which were totally eliminated in 1980.

benefits that beckon are enormous. In the field of basic social services, narrow targeting is likely to yield savings that are ‘penny-wise but pound-foolish’.

## **9. Vaccinating against AIDS**

To the individual as well as to society, access to basic social services can make a huge difference. Recent data confirm, for instance, that education remains the best protection against HIV infection. During the initial stages of the AIDS pandemic in the 1980s, the more educated, mobile and better-off members of society seemed most vulnerable. With increased information, knowledge and awareness, however, their behaviour changed considerably in the 1990s; whereas that of the illiterate people did not see a similar change.

DHS results<sup>10</sup> indicate that, on average, women without education are 5 times less likely to have knowledge about AIDS than women with post-primary education. The belief that there is no way to avoiding AIDS is about 4 times higher for illiterate women than for their educated counterparts. The proportion of women who do not know that AIDS can be transmitted from mother to child is, on average, 3 times higher for uneducated women than for those with post-primary schooling. Illiterate women are also 3 times less likely to know that a healthy-looking person can be sero-positive, compared with those with post-primary education.

A sentinel surveillance of HIV in Zambia shows that, initially, the correlation between sero-prevalence and education was very strong for pregnant women. This was particularly true for the age group 25-29 that became sexually active in the early 1980s when little was known about HIV/AIDS. However, the correlation between sero-prevalence and education is no longer observed for the age group 15-19 — the group that became sexually active a decade later when information regarding the pandemic was more widespread. Diagram 10 suggests that educated women started to change their behaviour in the 1990s — based on information and knowledge. In both urban and rural Zambia, a steep reduction in their average infection rate was observed. The infection rate among illiterate women, by contrast, remained relatively constant.

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<sup>10</sup> Since the early 1990s, DHS surveys have regularly incorporated AIDS-related questions. There are now 32 countries for which comparable information exists. The differences between the unweighted averages for three education groups — no education, some primary and post-primary — are all statistically significant.

A sentinel survey of child-bearing women in a town in Western Uganda provides further evidence of the changing socio-economic profile of the AIDS pandemic. Diagram 11 shows that in the period 1991-94, young women (age 15-24) with secondary education were more likely to be infected than their illiterate counterparts. This was no longer the case in 1995-97. The bar chart illustrates how the relationship between the level of education and the rate of HIV infection has reversed direction due to behavioural change among educated women. The infection rate amongst educated women decreased dramatically — dropping by almost half — whereas it fell much less and remained high for women without any formal schooling.

The changing socio-economic profile of the AIDS pandemic adds a powerful argument for renewed efforts to reach universal coverage of basic social services within the shortest possible target date. The ‘education-vaccine’ against AIDS does not necessarily originate from the information about the disease that is given at school, but because basic education equips and empowers a person — especially young women — to internalise information and transform it into behavioural change.

## **10. Learning lessons for social policy**

Several principles of good social policy emerge from the experience of countries that have made rapid social progress compared with their level of economic development. The so-called ‘high-achieving countries’ share the following principles and good practices:

- ❑ they simultaneously addressed economic and social rights; they did not pursue economic growth first, while keeping social development in abeyance;
- ❑ they considered universal access to basic social services as a public sector priority — none of them relied on the free play of the market, on trickle down or on narrowly targeted programmes as the mainstay for achieving universal coverage;
- ❑ they spent more on basic social services;
- ❑ they also spent better by (i) providing an integrated package of basic social services — thereby exploiting inter-sectoral complementarities and positive externalities; (ii) reaching the poorest (equity); and (iii) improving the impact of social spending (efficiency); and finally

- they protected the budget for basic social services during periods of crisis and austerity.

## 11. Integrating social policy in the global architecture

If globalisation holds the promise of fast economic growth and steep reductions in poverty — as its proponents argue — why is it mired in so much controversy? Part of the answer is that globalisation seems to be inherently un-equalising. Economic integration at the international level is leading to social disintegration at the national and local levels.

It is increasingly difficult to ignore the evidence that the fruits of liberalisation and globalisation are not reaching the table of the poor. Disparities are on the rise around the world, particularly among socio-economic groups within countries (Diagram 12).<sup>11</sup> At some point, those who are losing will use whatever means — their voice, their feet or their arms — to reverse market-outcomes. No one knows where that point is, and it would be unwise for any government or the international community to try finding out where the breaking point lies.

The association between globalisation and widening income disparities is of great concern because it undermines the sustainability of the globalisation process.<sup>12</sup> Indeed, the 20<sup>th</sup> Century shows that the sustainability of globalisation should not be taken for granted.

The benefits and costs that stem from economic and financial globalisation are being distributed very inequitably among socio-economic groups. To use a cliché: the rising tide is not lifting all boats. A two-tier global economy is emerging in which the global tide is lifting the yachts but not the rowing boats. Henry George put it succinctly in the 1880s when the world was experiencing an earlier spell of globalisation: “So long as all the increased wealth which modern progress

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<sup>11</sup> The critical distribution issues associated with globalisation do no longer refer to the gap between rich and poor countries, but to the disparity between rich and poor people irrespective of where they live.

<sup>12</sup> In his address to the ILO annual conference in 1999, President Clinton admitted “working people in the US strongly resist new market-opening measures”. According to a recent poll, nearly three-quarters of the US public believe that trade talks pay too much attention to corporate interests and too little to those of ‘working Americans’. As in many other OECD countries, the gap between the rich and the poor in the US has been widening in recent years. Even though the economy expanded by about a third over the past two decades, more than half the population saw their real incomes decline. Most of the gains were captured by the top 5 per cent.

brings goes but to make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent.”

It would be a great tragedy were the wheels of progress to be slowed down by the inability of the global system and national governments to assist the victims of globalisation.<sup>13</sup>

In his book ‘The Crisis of Global Capitalism’, George Soros writes “I was aware that in some circumstances, the social consequences of my actions might be harmful, but I felt justified in ignoring them on the grounds that I was playing by the rules”.<sup>14</sup> The quote raises the fundamental question: How can the rules that govern the global financial system be good economics when their outcomes are ethically unacceptable and socially indefensible?

The powerful forces of technological progress cannot be arrested, just as the benefits from market principles cannot be ignored; but the distribution of its costs and benefits among socio-economic groups must be made more equitable. There must be a better way of ensuring that the market delivers more equitable outcomes. One way of doing so is by incorporating the principles and good practices of social policy in the global economic and financial architecture. The onus of these practices should not be placed on national policies alone, but should also have a bearing on the formulation of global rules and regulations.

The architects of the global trading and financial system cannot ignore the warning of the 1944 Philadelphia Declaration that “poverty anywhere constitutes a danger to prosperity everywhere”.

## **12. Summing up**

Millions of children — primarily from poor families — are denied their social and economic rights, even though the resources, knowledge and techniques are available to avoid their violation. All children can enjoy a good start in life. We estimate that the global shortfall in

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<sup>13</sup> It is no coincidence that open OECD countries — particularly the small Benelux and Scandinavian economies — have the largest public sector; to cushion the negative impact of openness on its victims (e.g. displaced workers).

<sup>14</sup> The saving grace is that the author is among the few global financiers who recognise that their actions may have social consequences.

public spending to ensure universal coverage of a minimum package of basic social services amounts to about \$80 billion per year (at 1995 prices).

Although large in absolute terms, the gap represents about one quarter of 1 per cent of global annual income. Seldom has the international community had an investment opportunity that is so noble in its objective and so productive in its outcome. Breaking the hold of destitution in terms of basic social services is far less expensive than bearing the moral and economic costs of permitting poverty to persist and increase.

We believe that universal access to an integrated package of basic social services is the most effective and cost-efficient way of sustaining the globalisation process. These services are key to trigger the virtuous circle of social and economic development. Access to basic social services will equip and empower the poor to embrace change — the major characteristic of a globalising world — and will improve the equity of market outcomes.

The notion of participation is central to the human rights approach to development: the poor become engaged subjects of development, rather than being passive objects; they are strategic partners, rather than target groups. Universal access to basic social services will build the solid foundation for meaningful participation and for making the market place a level playing field.

In short, the incorporation of social principles and good practices for social policy in the global economic and financial architecture makes excellent economic sense, besides being a legal requirement for the member states that have ratified international human rights treaties. It is precisely what the now industrialised countries did in the late 19<sup>th</sup> and early 20<sup>th</sup> century when they established a market economy: they gave it a human face — based on the understanding of ‘enlightened self-interest’. The rewards of this action have been spectacular indeed.

**Annex****ADDIS ABABA CONSENSUS ON  
PRINCIPLES OF COST SHARING IN EDUCATION AND HEALTH**

The Forum on Cost Sharing in the Social Sectors of Sub-Saharan Africa was held in Addis Ababa from 18-20 June 1997, under the auspices of the United Nations Economic Commission for Africa (UNECA). The Forum was held in collaboration with UNICEF and the World Bank and was co-sponsored by the Governments of the Netherlands, Sweden, the United Kingdom and the United States. The Forum agreed on the following 15 principles of cost sharing in education and health:

1. Cost sharing in the form of user charges should be considered only after a thorough examination of other options for financing social services, including tax reform, budget restructuring and expenditure targeting within government budgets and aid flows. General taxation and other forms of government revenue are more effective, efficient and equitable methods of raising revenue for financing social services than are cost sharing mechanisms.
2. Although, general taxation is a more cost-effective way to raise revenue, cost sharing meets two specific objectives. These are: (i) to limit the financial burden that stems from a rapid increase in demand for non-basic services, which the state cannot meet on its own without diversification of providers, and (ii) to overcome practical and managerial obstacles that may prevent an adequate level of resources from reaching basic education and basic health.
3. Efforts to contain costs in the delivery of social services, as well as to increase efficiency in resource allocations to the primary level, must be considered prior to the introduction of cost sharing.
4. Basic social services should be provided either free of charge, or be substantially subsidised. Basic education should be free and other out-of-pocket costs to parents such as school uniforms and school supplies should be minimised. Cost sharing in health should exempt preventive care in which benefits extend beyond users (e.g. immunisation) as well as selected primary services. Cost sharing should be a stepping stone towards other financing options for health care.
5. When considering cost sharing, it should be as part of a comprehensive sector strategy for both health and education, formulated by government with all stakeholders. The sector strategy should specify clear, measurable and verifiable objectives, the resources required to meet those objectives, and ways of mobilising and allocating them among competing priorities.
6. Resources generated through cost sharing should be additional and should not be a substitute for existing resource allocations to the education and health sectors.
7. To be successful and sustainable, cost sharing must lead to immediate and measurable improvements in the access and quality of services. In this regard, revenue generated through cost sharing must be retained, along with spending authority, at the local level. Disadvantaged regions and communities may need extra financial support to ensure that cost sharing does not lead to a widening of regional, socio-economic and gender disparities.
8. Cost sharing must be accompanied by special measures that effectively protect the poor. Experience shows that the poor have not been effectively protected against the negative impact of cost sharing on their access to basic education and health. While cost sharing may be necessary because of severe constraints on financial resources and/or institutional capacities, caution must be exercised wherever there is doubt about the ability to protect the poor. No one should be deprived of his or her right of access to basic education and basic health.
9. Non-discretionary exemption schemes are preferred, from the point of view of efficiency. Discretionary exemption schemes have not succeeded in identifying and protecting the poor. Although more benefits may leak to the non-poor, non-discretionary exemption criteria such as age, gender, region and type of service are less likely to affect the access of the poor to services. Moreover, discretionary criteria, such as income and physical assets, can be difficult and costly to administer.



10. Involvement of beneficiaries is critical to the success and sustainability of cost sharing. Community participation and control of resources must be fundamental in the process of designing appropriate cost sharing mechanisms and their management. The roles, rights and responsibilities of local communities vis-à-vis government and service providers must be discussed and clarified prior to the implementation of cost sharing.
11. Community participation and management must not be considered a substitute for government's responsibility in the financing and management of the social sectors, but should be seen as an essential element in improving service delivery.
12. Communities should be made fully aware of the principles and implementation mechanisms of cost sharing. Training and capacity building of community management committees and service providers is essential to its success.
13. Local management committees should be locally elected and fully accountable to the community, and should ensure adequate representation of all stakeholders, including balanced gender presence.
14. Cost sharing mechanisms should be carefully tested through phasing and/or piloting before applying them on a large scale. Testing is meant to assess their impact on effectiveness, efficiency and equity at the local level. The administrative costs of implementing cost sharing must be kept to a minimum.
15. Cost sharing mechanisms must be regularly monitored and evaluated, with a view to ensuring quick feedback on their consequences, particularly regarding their impact on the poor, women and children.

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## **Diagrams**