Implementing the 20/20 Initiative

Achieving universal access to basic social services

A joint publication
of UNDP, UNESCO,
UNFPA, UNICEF, WHO
and the World Bank

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UNICEF/93-1740/Lemoyne

Education for all is a long-standing goal of the world community. Yet in the developing world, about 130 million children remain out of primary school, nearly 60 per cent of them girls. Primary school girls enjoy a class in Yunnan Province (China).

The 20/20 Initiative: Committing resources to basic social services

During the first half of the 1990s, goals and targets for infant mortality, child malnutrition, adult literacy and other social indicators were set at landmark world summits and global conferences. The report by the Development Assistance Committee, *Shaping the 21st Century*, set the year 2015 as the deadline for achieving the goals of universal primary education, reducing under-five and maternal mortality, universal access to reproductive health services, gender equity and the halving of extreme poverty. Fulfilling these goals, targeted for the year 2000 and beyond, will require a substantial increase in investment in basic social services—basic health, including reproductive health services, basic education, nutrition programmes and low-cost water and sanitation.

The 20/20 Initiative provides a framework for translating this need for increased resources into reality. A compact between developing and industrialized countries, 20/20 calls for the allocation of, on average, 20 per cent of the budget in developing countries and 20 per cent of official development assistance (ODA) to these basic social services. It also aims to ensure that these resources are used with greater efficiency and equity.

> ***"The test of our progress is not whether we add more to the abundance of those who have much, it is whether we provide enough for those who have too little."***
>
> ***—Franklin D. Roosevelt***

Access to basic social services not only forms the core of development but is also increasingly recognized as a human right. By enabling the world's poorest to lead healthier and more productive lives, such services are key to reducing the worst manifestations of poverty and to breaking its vicious cycle.

Yet the challenge remains great. The Initiative highlights the fact that current allocations fall short by about a third of the financial requirements to achieve universal coverage of basic social services. These requirements are estimated at around $206 billion to $216 billion per year. Today, the amount of funds channelled to these services is conservatively estimated at about $136 billion. Therefore, an increase of at least $70 billion to $80 billion will be needed annually to provide coverage to all. *(See annex I for quantitative estimates of the shortfall.)*

The $206 billion to $216 billion needed to ensure universal access seems high, but it actually represents less than 1 per cent of the value of today's global output. If implemented fully, the 20/20 Initiative will narrow the funding gap and help improve the lives and capabilities of the poor. In the absence of such a commitment, children of poor and vulnerable households will continue to be the first victims of hunger, disease and ignorance and will likely pass along social and economic disadvantages to their children.

Genesis of the Initiative: Supporting the global goals

Though there is still far to go, great strides have been made since 1990 towards achieving development goals, especially in disease prevention and control and reduction in micronutrient deficiencies. As a result of progress made, about 1 million fewer children under the age of five died in 1997 compared with 1990.

The mid-decade immunization goal of 80 per cent coverage against diphtheria, pertussis, tetanus, measles, poliomyelitis and tuberculosis among children under one year of age was reached or almost reached in three fourths of targeted countries. Reported cases of poliomyelitis declined from 23,000 in 1990 to 4,000 in 1997, and the disease has been eradicated throughout the Americas.

Guinea worm disease is also near eradication, the number of cases having declined roughly 97 per cent worldwide since 1990. Only countries experiencing armed conflict have not made progress.

Micronutrient deficiencies have also declined steadily with the adoption of practices such as the iodization of salt. An additional 1.5 billion people started to consume iodized salt between 1990 and 1995 as part of a global effort to reduce iodine deficiencies, thereby protecting around 12 million infants every year against mental retardation.

And the use of family planning among women of childbearing age has expanded from 53 per cent in 1990 to around 58 per cent in 1997.

Despite these gains, however, many shortfalls remain. One reason is that in virtually all countries where goals remain unmet, the resources allocated to basic social services have been insufficient and have been used inefficiently and inequitably.

The 1995 World Summit for Social Development in Copenhagen was the first global summit to address the resource problem and officially endorse the 20/20 Initiative in its Programme of Action. Commitment to the Initiative was reaffirmed later that year in Beijing at the Fourth World Conference on Women.

World Summit for Social Development

"Implementation of the Declaration and the Programme of Action in developing countries… will need additional financial resources and more effective development co-operation and assistance. This will require:

…Agreeing on a mutual commitment between interested developed and developing country partners to allocate, on average, 20 per cent of ODA and 20 per cent of the national budget, respectively, to basic social programmes…."

—The Copenhagen Declaration and Programme of Action, March 1995 (paragraphs 88 and 88c)

Fourth World Conference on Women

"Adequate financial resources should be committed at the international level for the implementation of the Platform for Action in the developing countries…. Strengthening national capacities… will require …agreeing on a mutual commitment to allocate, on average, 20 per cent of official development assistance and 20 per cent of the national budget to basic social programmes…."

—The Platform for Action, Beijing, September 1995 (paragraphs 353 and 358)

Unmet basic needs in developing countries *(figures in millions)*

Indicators	Sub-Saharan Africa	Middle East & N. Africa	South Asia	East Asia & Pacific	Latin America & Caribbean	Total
Annual under-5 deaths (1996)	4.2	0.7	4.2	1.8	0.5	11.4
Maternal deaths (1990)	0.219	0.032	0.224	0.080	0.022	0.577
One-year-olds not immunized against measles (1995-1996)	9.7	1.3	7.4	2.6	2.4	23.4
Illiterate adults (1995)						
Total	134	76	395	208	42	855
Women	82	47	245	150	24	548
Children (6-11 years old) not in school (1993-1997)						
Total	44	11	61	6	8	130
Girls	24	6	35	4	4	73
Population without access (1990-1996) to						
Safe water	308	63	266	622	115	1,373
Adequate sanitation	334	92	877	1,208	144	2,655

Sources: UNESCO, UNICEF and WHO.

20/20: Imperative in today's world

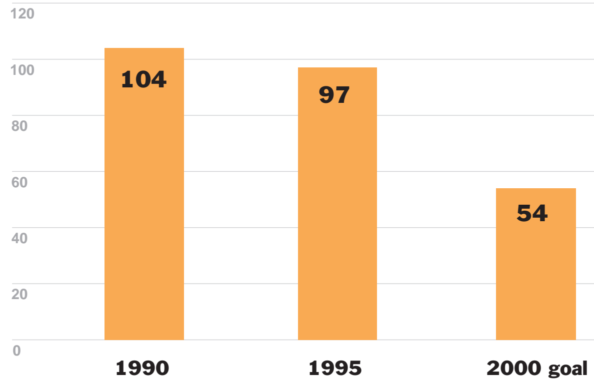
The 20/20 target, important at mid-decade, has become ever more crucial to sustainable development, particularly in light of inadequate social outcomes in many areas, deepening poverty, continued high debt burdens, declining ODA and, on a more positive note, the increasing prominence of human rights in development.

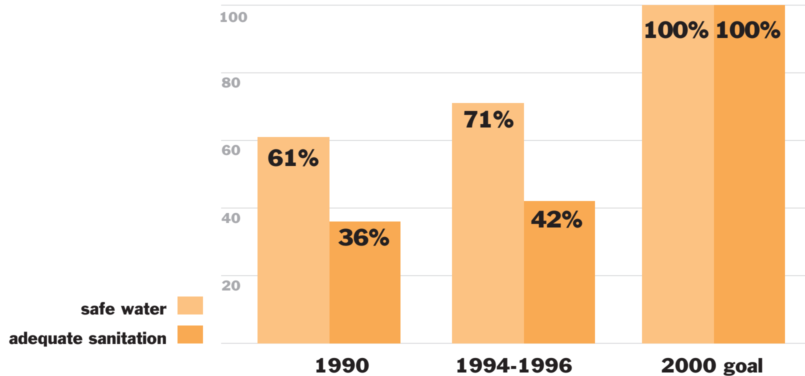
Inadequate social outcomes: While inputs, such as money and resources, measure commitment and potential, outcomes measure results. Many social outcomes still show disappointing progress, as illustrated below.

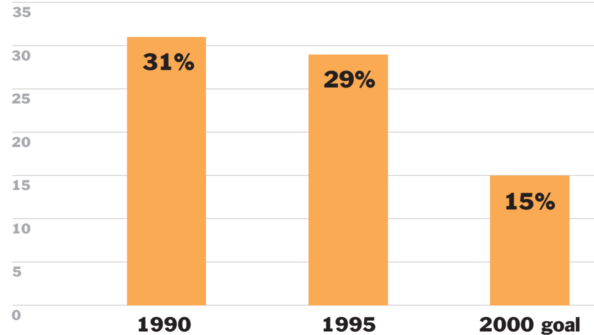
Under-five mortality. Every year nearly 12 million children die of mainly preventable causes, including diseases for which vaccines are routinely administered in many countries. Yet 23.4 million infants in developing countries are not immunized against measles by their first birthday.

In order to reach the end-decade goal of reducing the under-five mortality rate (U5MR) by one third (or to 70 per 1,000 live births, whichever is less), the rate of decline

Progress towards the year 2000 goals in developing countries







Source: ACC/SCN, UNICEF and WHO.

of U5MR would have had to accelerate from 1 per cent per year in the first half of the 1990s to about 14 per cent per year in the second half. Such an acceleration is unlikely to occur in the short term, particularly given the resurgence of several communicable diseases and the escalating impact of the HIV/AIDS pandemic.

Malnutrition. The year 2000 goal is to halve the malnutrition rate among children under five. Yet around 30 per cent of children in this age group (about 183 million) remain severely or moderately underweight in developing countries, a figure that represents little progress since 1990.

Safe water and sanitation. Although access to safe drinking water increased from 61 per cent in 1990 to 71 per cent by mid-decade, 1.4 billion people in developing countries still lack such access. The proportion of people with access to adequate sanitation rose from 36 per cent to 42 per cent during the same period, but in absolute terms 2.7 billion people still do not have adequate access to sanitation. As a result, many millions of children remain at risk of diarrhoea and other water-borne diseases. The goal of universal access to safe water and sanitation by the year 2000, therefore, is unlikely to be met.

Maternal mortality. In 1990, more than half a million women were dying each year from causes related to pregnancy and childbirth, and another 50 million women were estimated to be living with permanent injuries or chronic disabilities following complications from pregnancy or delivery. The goal is to halve the maternal mortality rate by the year 2000, but there is no evidence of significant progress towards this goal in recent years.

Education. The 1990 World Summit for Children called for universal access to primary education by the year 2000, and the 1995 World Summit for Social Development set a goal of achieving universal primary education by 2015. At the global level, the gross primary enrolment ratio (the number of children enrolled regardless of age) is estimated to have increased from 79 per cent to 82 per cent between 1990 and 1995. Yet in the developing world, about 130 million children still remain out of primary school, nearly 60 per cent of them girls. Adult illiteracy remains high, affecting roughly 855 million people, nearly two thirds of them women.

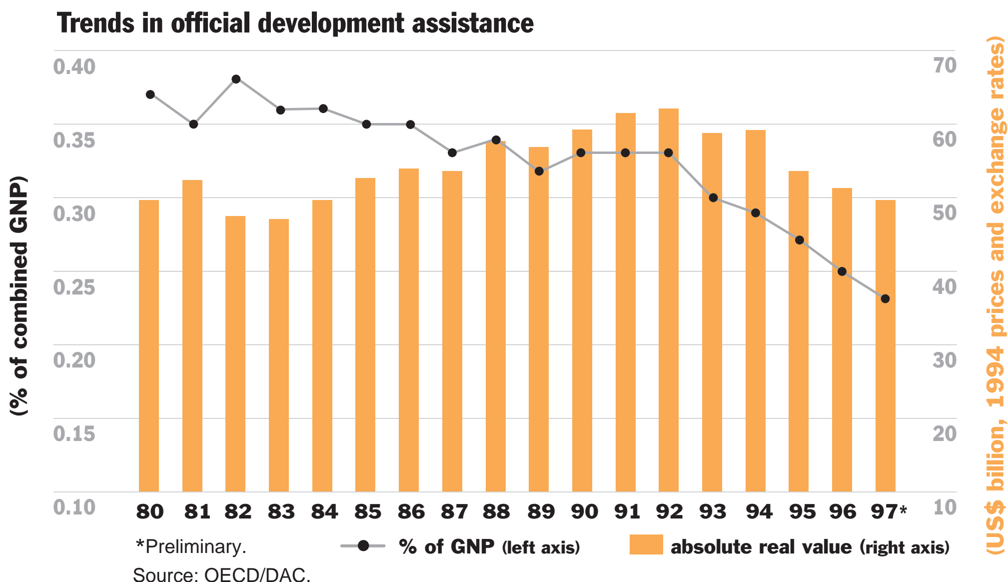
Poverty: The number of people living in poverty continues to increase. The World Bank estimates that 1.3 billion people in developing countries lived below the poverty line of $1 a day in 1993, and that their number increased by approximately 15 million every year between 1987 and 1993. Evidence also suggests a deepening of poverty. Even in countries where the proportion of poor people has decreased, the extreme poor have often seen their meagre standard of living decline, and they are able to buy less food and fewer goods and services.

Several countries are witnessing the paradoxical combination of renewed economic growth on the one hand, and widening disparities and deepening poverty on the other, which seems to indicate the emergence of a two-tier global economy. Even in Latin America and the Caribbean, where economic growth has been widespread, for exam-

ple, the number of poor increased by about 3 million a year in the first half of the 1990s, according to statistics from the World Bank and the Economic Commission for Latin America and the Caribbean.

Rising debt burden and shrinking budgets: During the 1980s and 1990s, reforms have required reducing State expenditure while the budgetary share of interest payments on foreign debts has nearly quadrupled, diminishing the proportion of resources available for economic and social development. In spite of reduced national budgets, the 20/20 Initiative focuses on how the resources are allocated and argues that adequate resources for basic social services can be accommodated even under conditions of fiscal constraint. Earlier debates on adjustment focused on the total size of the budget. What matters, however, is whether priority is given to basic social services within a government's budget.

Decline in official development assistance: As a proportion of industrialized countries' output, ODA has been declining since the early 1980s. ODA now stands at less than one third of the target of 0.7 per cent of gross national product (GNP). Recently, the absolute amount of assistance has started to decline as well—by nearly 5 per cent each year since 1992. The decline has not been accompanied by either a greater emphasis on health and education or by a focus on the least developed countries. Therefore, an even greater need exists to use scarce ODA resources on basic social services targeted on the poorest and most vulnerable groups.



Human rights: In several international conventions, access to basic social services is recognized as a human right. The Convention on the Rights of the Child, for example, which is the most widely ratified international human rights treaty, explicitly recognizes access to the highest attainable standard of health and to primary education as rights. The Convention is also explicit about the State's obligation to guarantee access to these services, calling on governments of both developing and industrialized countries to provide the necessary resources to ensure access to all.

Convention on the Rights of the Child

Article 4: States Parties shall undertake all appropriate…measures for the implementation of the rights recognized in the present Convention…to the maximum extent of their available resources and, where needed, within the framework of international co-operation.
Article 24: … State Parties shall strive to ensure that no child is deprived of his or her right of access to [the highest attainable] health care services….
Article 28: State Parties…shall…make primary education compulsory and available free to all….

The 20/20 Initiative: A practical partnership

The 20/20 Initiative is meant to encourage governments and donors to allocate more resources to basic social services and to use them more effectively and equitably. It does not, however, require governments and donors to allocate exactly 20 per cent of their budgets and ODA, respectively, to these services in every country in every case. Specific allocations will depend on the needs and strategy of each individual country.

The Initiative is a concrete expression of shared responsibility for social development at the global level, but it does not impose a new condition for giving or receiving international assistance. Nor does it conflict with other agreements regarding assistance. For example, it complements the commitment of industrialized countries to allocate 0.7 per cent of their GNP to development cooperation.

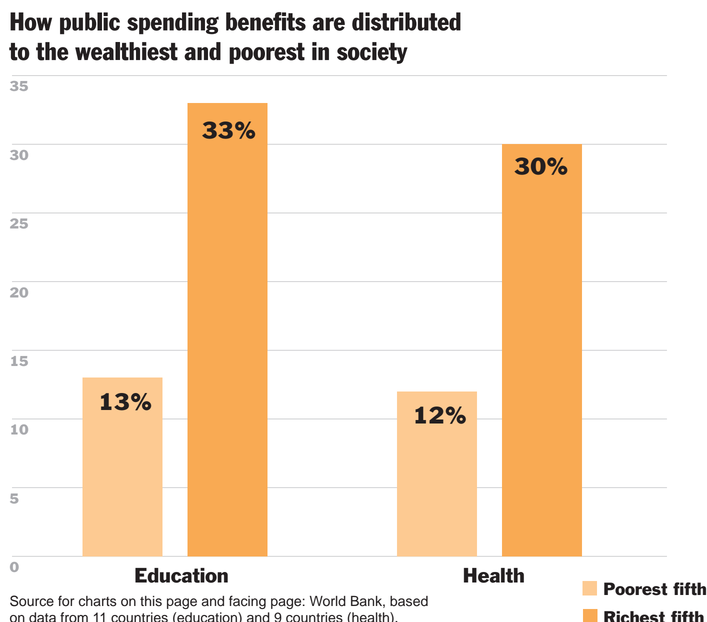
The Initiative was conceived of as a compact between developing and industrialized countries involving not only joint responsibilities but joint benefits. The eradication of polio, for example, will not only free developing nations from risk of the disease but will also eliminate the need in industrialized countries for expenditure on polio vaccination, which today amounts to several hundreds of millions of dollars per year.

Finally, the Initiative also reinforces other measures to reduce poverty, including devoting resources to develop basic infrastructure, agricultural programmes, micro-credit

schemes, and other economic and social policies to stimulate growth. It also reinforces policies aimed at increasing participation and decentralization, devolving responsibility from central to local levels of government. Funds for these purposes can be found in the 80 per cent of public expenditure and ODA allocated to services other than basic social services.

Why give priority to basic social services?

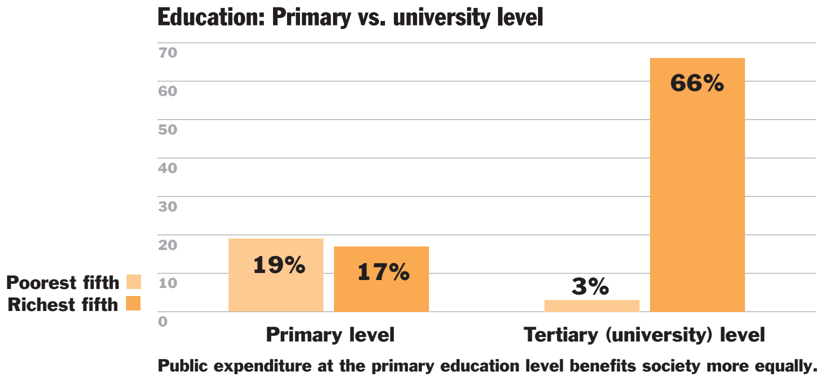
In general, the major beneficiaries of government spending on social services (as opposed to basic social services) are the non-poor. For example, an average of 33 per cent of public spending on education benefits the richest fifth of the population, while only 13 per cent benefits the poorest fifth. In health, the respective shares are 30 per cent and 12 per cent.



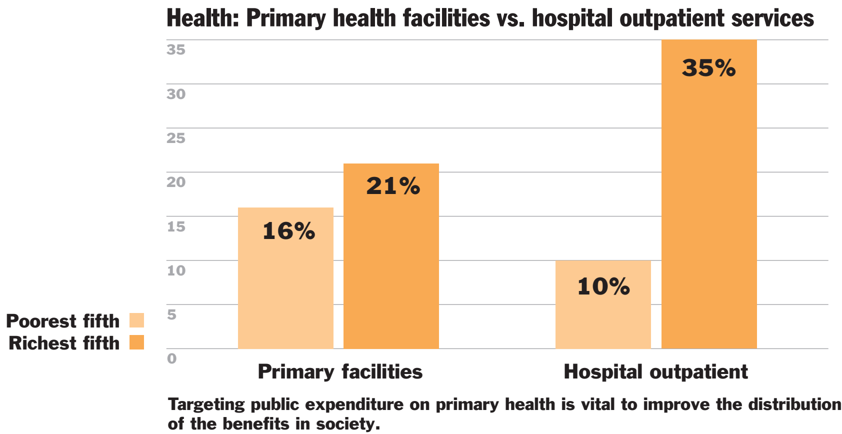
The distribution becomes even more inequitable as the level of services increases. For instance, 66 per cent of spending at the university level benefits the richest fifth of the population, while only a meagre 3 per cent benefits the poorest fifth. At the hospital level, the richest receive more than three times the benefits the poor receive.

Where data are available, they show that the benefits of basic social services are more equitably distributed in society. At the primary school level, for instance, the gap in distribution of benefits is non-existent. At the primary health care level, the gap is small: The rich receive 21 per cent of benefits and the poor 16 per cent.

How public spending benefits are distributed



Public expenditure at the primary education level benefits society more equally.



Targeting public expenditure on primary health is vital to improve the distribution of the benefits in society.

The 20/20 Initiative calls for a focus on basic social services because the more egalitarian distribution of the benefits that results from such investment enhances social outcomes, helps reduce poverty and augments the capabilities of the poor. All these factors are vital for spurring economic growth and breaking the cycle of poverty.

Why 20 per cent of budgets and ODA?

It is believed that the 20 per cent targets would yield the approximate amount needed globally to finance universal access to basic social services in developing countries. It has been shown that countries allocating this proportion of their budgets to social services—and in some cases even more to achieve rapid universal coverage—have succeeded in substantially reducing mortality and illiteracy. Since provision of these basic

social services is recognized as the joint responsibility of developing and donor countries, it was agreed that the funds should come both from national budgets and ODA.

Consideration was given to basing the target shares on GNP. However, it was decided to base them on national budgets and ODA instead, because their size is determined by parliaments and national authorities—unlike GNP, which is influenced by many external factors.

Partial evidence indicates that developing countries allocate, on average, about 13 per cent of their national budgets to basic social services, while donor countries devote around 10 per cent of ODA to supporting these services.

UNICEF/1566/Witlin

Roughly 855 million people in the developing world are illiterate, two thirds of them women. In Bolivia, village women learn to read and write.

How much is needed?

Though it is impossible to pinpoint the exact investment needed to provide basic social services to all, as has already been noted, rough estimates and regional averages suggest that the minimum price tag would be about $206 billion to $216 billion per year.*

Thus, given the current expenditure of about $136 billion, the annual shortfall is about $70 billion to $80 billion per year. This means that current expenditures on basic social services will need to increase by at least half to reach the social development goals set by the world summits and global conferences in the 1990s.

The estimated shortfall should be considered conservative, as it includes neither provisions for increasing the quality of services nor components, such as adult literacy and early childhood care and development, that have been left out of calculations because of lack of data. Moreover, the expense of reaching the 'unreached'—extremely poor and disadvantaged groups not yet covered by basic social services—could be particularly high, with the unit cost (per beneficiary) likely to exceed that of providing existing services by a large margin.

Only the full implementation of the 20/20 Initiative can close the resource gap. Implementing the Initiative while at the same time achieving the ODA/GNP target of 0.7 per cent would generate an additional $100 billion per year for basic social services, an amount sufficient not only to cover the estimated minimum cost but to start addressing quality-enhancing measures as well.

*The assumptions for these estimates are set out in annex I. All figures are expressed in 1995 prices.

However, this is an unlikely scenario for the near future. A more realistic one would involve governments and donors moving closer to the targets over the next decade. Even though this intermediate movement would represent a great improvement over recent trends, it would still result in a shortfall of about $20 billion to $30 billion each year—too wide a gap to be bridged by efficiency gains alone.

Common misconceptions about the 20/20 Initiative

1. *The Initiative is too focused on inputs, such as salaries for teachers and nurses, and money for textbooks, medicines and water pumps, whereas development cooperation in the 1990s is increasingly concerned with social outcomes, such as higher school enrolment, lower infant mortality and greater access to safe water.*

The 20/20 Initiative does not deny the importance of outcomes, but it emphasizes that they are achieved at a price. At the current level of spending, it would be unrealistic to expect that desired outcomes, such as improved nutrition levels or higher school enrolment, could be achieved without the allocation of additional resources to basic social services. Moreover, by making these and other social goals a priority in budget planning, the Initiative ensures that people remain at the centre of development.

2. *20/20 calls for more money, whereas a fundamental problem is inefficient utilization of resources.*

Although the Initiative clearly focuses on funding, it does not sidestep issues of efficiency (that is, producing better results with the same level of resources). However, many inefficiencies in public spending take root when resources are scarce. For example, when nearly the entire education budget of a country goes to meet teachers' salaries—a basic expense—little scope exists to increase enrolment or to improve the quality of education. Reducing the number of teachers or lowering their salaries is not an option in most developing countries, where classrooms are overcrowded and teachers' pay already falls below the minimum living wage.

3. *20/20 implies that the State is the sole provider of basic social services and overlooks the role played by the private sector and civil society in the delivery of such services.*

The Initiative is based on the premise that the financing of basic social services—not necessarily their provision—is a fundamental task of government. Basic social services are public goods that benefit all members of a community. For example, draining a malarial swamp protects an entire community against mosquito-borne disease. Moreover, the benefits of basic social services are enjoyed by far more than those who

directly receive the services. Immunization against communicable diseases, for example, not only protects the individuals who are vaccinated but also reduces the risk of infection for everyone.

Experience has shown that high levels of such social outcomes are found in countries where the State played a central role in guaranteeing the financial resources to achieve them. Private provision of services based on particular needs or price incentives and without State intervention has fallen short of the level of intervention required to produce widespread benefits.

The *World Development Report 1997* of the World Bank also affirms that investment in basic social services is among the first priorities of the State.

This is not to say that the 20/20 Initiative encourages the exclusive provision of basic social services by the State. The Initiative recognizes the crucial role played by the private sector and civil society in the delivery of these services, and it values the enormous benefits stemming from community empowerment in the process.

Yet community involvement in the delivery of basic social services should not necessarily translate into cost sharing, nor should it absolve the government of responsibility for financing and management. Participants at a 1997 international meeting in Addis Ababa on cost sharing in education and health arrived at a consensus *(see Addis Ababa Consensus, annex II, page 22)* on 15 principles, one of which states that primary education and preventive health care services should be either free or heavily subsidized. The policy of requiring users—individuals, families, communities—to contribute to the financing of social services should be considered only after a thorough review of other financing options, including general taxation, and should be limited to non-basic services.

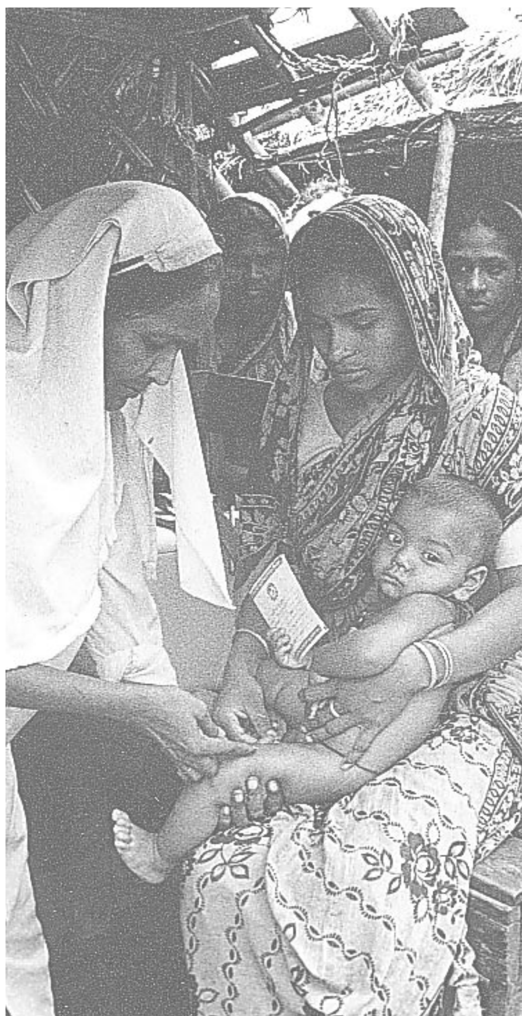
Schemes to exempt certain members of society from paying these fees have generally failed to protect the poor and vulnerable. The Addis Ababa Consensus recommends that cost sharing should be carefully tested before being introduced on a wide scale to ensure that children, women, the poor and other disadvantaged groups are not adversely affected.

Implementing the Initiative

In April 1996, the Governments of the Netherlands and Norway invited interested countries, multilateral organizations and non-governmental organizations (NGOs) to an international meeting in Oslo to review the implementation of the 20/20 Initiative. The meeting resulted in the Oslo Consensus *(see annex III)*, which included an agreement on the elements of basic social services. The meeting also acknowledged that better monitoring of expenditures on these services will be required to conduct meaningful policy dialogues, especially regarding the allocation

of resources and establishing 20/20 compacts. These policy dialogues require not only government commitment but also public participation and support from the international community.

The main obstacle to monitoring is the dearth of data on allocation to basic social services from both developing countries and donors. Therefore, building national capacity to gather and analyse these data was singled out as an important step in implementing the 20/20 Initiative. To pursue this objective, a number of national studies analysing the budgets and aid flows required to reach the 20/20 targets are under way, and more are needed. Rather than strive for a perfectly comparable measure of government efforts across countries, these studies are meant to contribute to a flexible and workable approach to encouraging all partners to implement the Initiative.


UNICEF/91-B033/Noorani

Public spending on primary health care such as immunization can help save many of the nearly 12 million children who die each year of mainly preventable causes. A health worker immunizes young children against measles in Bangladesh.

Efforts have begun within the Development Assistance Committee (DAC) to arrive at a common understanding of two key elements: first, which development programmes and projects support basic social services and their components; and second, how can ODA commitments in support of these services be assessed most comprehensively on an international scale. Issues under discussion include how to capture support for safe water supply and sanitation targeted to the poor; how to earmark assistance to basic social services within programme assistance for entire social, geographic and cross-cutting sectors; and how to harness the assistance provided through the multilateral system and NGOs. Initial findings from the studies suggest that the Development Co-operation Reports of the United Nations Development Programme (UNDP) can potentially be used to assess assistance for basic social services at the country level.

Country studies: Some emerging lessons

Country studies confirm that most developing and donor countries fall short of the 20 per cent benchmark. They also point to the fact that merely increasing resources is not enough to improve social outcomes. It has been shown, for example, that countries devoting roughly equal shares of their budgets to basic social services can achieve uneven results in terms of social outcomes *(see table, page 15)*. Some countries spend between 0.5 per cent and 2 per cent of GNP on primary education and succeed in enrolling all children in school. Other countries spend about the same amount but enrol fewer than two thirds of children in school. Similar patterns can be seen in the health sector.

Variations in levels of development only partially explain these uneven results. Of equal or greater importance are the differences in efficiency, cross-sectoral synergies and the distribution of benefits. The scope for improving efficiency and equity in delivering basic social services is considerable.

These issues reflect the complexities of the development process. While adequate funding is crucial to promote social development, it is important to look beyond the amount of funds spent to assess how they are used and what factors influence demand for basic social services at the household level.

The country studies on 20/20 aim to answer some of the following questions:

1. What proportions of national budgets and ODA are currently allocated to basic social services?
2. Are per capita expenditures on basic social services increasing or decreasing in real terms?
3. Are they the first resources to be cut back during fiscal austerity and the last to benefit from recovery?
4. Who benefits from basic social services expenditures: the poor or the non-poor, and in what proportions?
5. Are basic social services expenditures more effective than economic growth in reducing the worst manifestations of poverty?
6. What effect would reaching the 20/20 targets have on these resources?
7. What is the scope for the reallocation of resources to basic social services both within and between sectors?
8. How can the unit cost of basic social services be reduced without affecting quality?
9. In which areas can equity and efficiency of public spending on social services be improved?

Public expenditure on basic social services and social indicators				
Country	Percentage of public expenditure 1992-1996	Under-5 mortality rate 1996	Underweight (percentage of under-5s) 1990-1997	Female net primary enrolment ratio 1986-1997
Côte d'Ivoire	11.3*	150	24	46
El Salvador	14.8*	40	11	80
Guinea	13.3	210	26	26
Nepal	12.9	116	47	60
South Africa	12.5	66	9	96

*Preliminary data.

Sources: Country studies and UNICEF, *The State of the World's Children 1998.*

The monitoring process

The country studies under way are only the first step of a continuous monitoring process. Governments have to support the Initiative actively so that the different ministerial departments share information about their expenditures on basic social services. The Oslo Consensus recommended that public expenditure reviews include the monitoring of budget allocations to basic social services. It is important to mention in this regard that efforts are being made to update the *Manual on Government Statistics*, published by the International Monetary Fund, to improve the collection and presentation of data on public social expenditure.

Recently, many donor countries have started to report on their allocation to basic education and basic health within the framework of the 21-member Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD). During the period 1993-1995, the number of DAC members reporting their allocation to basic health and/or basic education increased from 11 to 16. In 1995, these 16 countries reported allocations to basic health and basic education that accounted for less than 5 per cent of ODA. Over time, it is expected that all donors will report their expenditure separately for basic health and basic education, as well as for the other elements of basic social services and that the figures will cover more fully donor support for basic social services.

International level: Practical steps ahead

International forums devoted to development policies provide good venues for sharing information and making follow-up plans related to 20/20. At such meetings, especially Consultative Group and Round Table discussions, governments are urged to present information on allocations to basic social services and on gaps in coverage. These discussions will help governments explore the possibility of making 20/20 compacts with their partners in development.

UNICEF/5199/Murray-Lee

Investing in basic social services enables the world's poorest to lead healthier and more productive lives—and helps break the vicious cycle of poverty. In Guinea, a girl drinks from a new pump.

Once the country studies reveal what current allocations are devoted to basic social services, interested parties could agree to set targets to increase the amounts as well as to pursue other actions to ensure universal access to these services. Public statements of intent made at Consultative Group and Round Table meetings should be followed up at subsequent meetings with monitoring reports. As part of follow-up, governments would report on budget allocations, as well as changes in social outcomes, while ODA levels would be presented through the Development Co-operation Reports of UNDP. Meanwhile, the OECD Development Co-operation Report could be used to monitor allocations globally.

20/20: A moral and economic imperative

The goal of ensuring access to basic social services for the unreached, the vulnerable and the most disadvantaged members of human society is not only morally imperative but also economically rational. The total cost, though more than $200 billion, represents less than 1 per cent of global output. Indeed, this moderate investment can ensure for every person an opportunity to lead a healthy and productive life. It can also eradicate the worst manifestations of poverty over the next decade and lay the foundations for economic growth and productivity gains in the future. Seldom has the world community had an investment opportunity that is so noble in its objective and yet so productive in its outcome.

Annex I

Estimating the cost of universal access to basic social services*

Introduction

It is not possible to provide an accurate figure for the global investment needed to provide basic social services to all. A lack of data prevents a precise cost calculation of all the elements of these services. Rough estimates and regional averages have produced orders of magnitude for the resources required between now and the year 2005 *(see table, page 20)*, which amount to $206 billion to $216 billion per year.

This estimated range represents merely the minimum costs of ensuring access to basic social services and does not reflect the fact that additional costs may be involved in extending coverage to unreached populations. Moreover, the estimate does not include all elements of basic social services—such as adult literacy programmes and early childhood care and development—for which reliable data are unavailable.

The cost implications of improving quality and efficiency have also been excluded from the estimate. Improving quality will require additional resources, but it is not known whether this increased cost may be offset by future gains in the efficiency of service delivery, including a reduction in wastage.

The price tag of universal access to basic social services

1. Health and nutrition

a) Basic public health package and micronutrients: It is estimated that the total cost of providing universal access to a basic public health care package (covering such areas as immunization, school health, nutrition, vector control, monitoring and surveillance) and micronutrients (such as iodized salt and vitamin A supplementation) will amount to roughly $20 billion, far higher than the approximately $6 billion spent for these services in 1995. This $20 billion estimate is based on unit costs for low- and middle-income countries provided in the *World Development Report 1993* (World Bank). It does not include basic reproductive health services and HIV/AIDS prevention, which are covered below.

b) Essential clinical services: Based on unit costs for low- and middle-income countries provided in the same report, estimates of the total cost of ensuring universal access to essential clinical services (including the care of the sick child, tuberculosis treatment and treatment of infection and minor trauma) are approximately $55 bil-

*All figures are expressed in 1995 prices.

lion to $60 billion. Currently, less than $30 billion is spent on these services, according to rough calculations.

c) Basic reproductive health services: It is projected that in the year 2000, the total cost of providing basic reproductive health services, including family planning and basic HIV/AIDS prevention, will be approximately $18 billion, and approximately $20 billion in 2005. These figures were originally calculated in 1994 for the International Conference on Population and Development. Current expenditure on basic reproductive health services is around $10 billion a year.

2. Safe water and sanitation

Universal access to low-cost safe water and sanitation is estimated to amount to $25 billion a year, according to a report prepared for the United Nations Commission on Sustainable Development in May 1998. This figure is approximately three times the current estimated expenditure of $8 billion.

3. Education

a) Basic education: UNICEF has projected that around $8 billion of additional expenditure is needed to reach the goal of universal primary education by the year 2005. This estimate is based on current net enrolment ratios, expected population growth and present expenditure by education level, with data for expenditure taken from the *Statistical Yearbook* and the biennial *World Education Report* published by UNESCO. According to these expenditure figures, around $83 billion a year—roughly about half of the total expenditure on education—is spent on primary education.

b) Early childhood care and development: The summits and global conferences of the 1990s set non-quantitative goals for expanding early childhood care and development, emphasizing low-cost interventions that are family- and community-based. Yet, since insufficient information is available on costs and expenditures regarding early childhood care and development, no aggregate cost estimate for these activities has been included in projections of required funding for basic social services.

c) Measures to address adult illiteracy: Social development goals in the 1990s set a target of reducing adult illiteracy by half, with each country determining the age group to be reached. Yet because of insufficient data on costs, a projection of the additional financial resources required to reach this goal has not been factored into the estimate for basic social services.

The inclusion of costs for these two goals—expanding early childhood care and development and addressing adult illiteracy—would indicate a higher price tag for achieving universal access to these services.

Estimating current expenditure

Current expenditure on basic social services in developing countries can be estimated in two ways. The first method involves adding up rough calculations of expenditure by sector. As the table below indicates, this method yields an estimate of $136 billion per year spent on basic social services in the mid-1990s.

Estimated cost of universal access to health, water and sanitation, and education ***(orders of magnitude, $ billion per year*)***

Type of services	Current	Additional	Total
Basic public health package (including nutrition)	6	14	20
Essential clinical services	29	26-31	55-60
Reproductive health and family planning	10	8-10	18-20
Low-cost water and sanitation (rural and urban)	8	15-17	23-25
Universal primary education	83	7-8	90-91
Total	136	70-80	206-216

*Figures are expressed in US dollars at 1995 prices.

The second method involves estimating the proportions of the national budgets of developing countries and of official development assistance (ODA) that are allocated to basic social services. Partial evidence shows that developing countries, on average, allocate 13 per cent of their national budgets to basic social services, for a combined total of about $140 billion. The calculation of this dollar total is based on the assumption that national budgets represent, on average, roughly a fifth of gross national product (GNP). It is further estimated that roughly 10 per cent of ODA, which ranges between $55 billion and $60 billion annually, is allocated to basic social services. Accordingly, donors are estimated to spend almost $6 billion on these services each year. Thus, the second method yields a rough estimate of close to $146 billion: $140 billion from national budgets and $6 billion from ODA.

The two methods yield similar results. This figure of $146 billion could be revised downwards, given the possibility that ODA allocations to basic social services have been overestimated and are in fact less than $6 billion. Conversely, the $136 billion sectoral estimate could be revised upwards if costs for services such as early childhood care and development and adult literacy are figured into cost calculations for providing basic social services. As noted previously, lack of data has meant that the costs of these services are not included in calculations. The result of the first method ($136 billion) is probably the better estimate of current expenditure on basic social services at the global level because it is based on the work of sectoral specialists who have gathered data on costs in

a great number of countries, whereas the second method relies heavily on the estimated average proportion of the national budget and ODA devoted to basic social services.

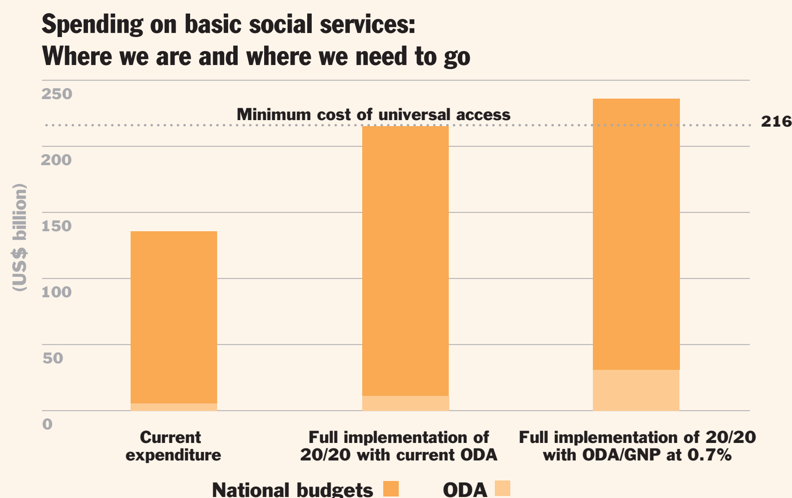
Closing the financing gap

Given the fact that approximately $206 billion to $216 billion is needed to provide basic social services to all, and that an estimated $136 billion is spent on these services, expenditure falls short by about $70 billion to $80 billion per year.

This shortfall is about twice as high as an earlier estimate of between $30 billion and $40 billion, which had been calculated in 1994, based on available data from the early 1990s. The approximate doubling of the estimated additional resources required for universal access to basic social services indicates that significant progress still needs to be made in achieving many of the social development goals of the 1990s. It also reflects an increase in population and prices, as well as better estimates of costs.

The $70 billion to $80 billion shortfall could be eliminated and a minimum level of basic social services would be assured if developing countries allocated 20 per cent of their budgets—and industrialized countries allocated 20 per cent of their ODA—to those services. This would be contingent, however, on two factors: first, that the budgets of developing countries continue to represent, on average, roughly a fifth of a country's GNP; and second, that overall ODA does not decline further below 0.25 per cent of GNP.

However, to provide all people with access to basic social services of good quality by the year 2005, it would take full implementation of both the 20/20 Initiative and the long-standing commitment of donor countries to bring ODA to 0.7 per cent of their GNP.



Annex II

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 to 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. About 60 people participated, including ministers and senior government officials from 17 sub-Saharan African countries, NGOs, bilateral donors and multilateral agencies. They took stock of lessons learned from recent country experiences regarding cost sharing, with a view to arriving at a common understanding on principles of cost sharing in education and health.

Cost sharing in health and education is an area of social policy in which there has been rapid change and innovation in recent years. Most countries in sub-Saharan Africa have increased cost sharing in these areas in one way or another, especially at the basic level, in an effort to achieve universal coverage in an era of fiscal austerity. Cost sharing in practice has had mixed results: Although some countries have succeeded in improving the quality and coverage of services, other countries have found that cost sharing has been associated with declines in utilization. Given these different experiences, a consensus emerged from the Forum that an agreement on the principles of cost sharing could make a significant contribution to the financing and delivery of social services, as well as to universal coverage in basic education and health.

The Forum reaffirmed the importance of investing in health and education for all, particularly at the basic level, in order to lay the foundation for sustainable and equitable human development. It emphasized that the financing of basic education and health should be the responsibility of government. The Forum, therefore, called for priority to be given by governments, bilateral donors and multilateral agencies to basic education and health in order to ensure a balanced development of social services at all levels. Basic education and primary health are two components of the 20/20 Initiative which was included in the Declaration and Programme of Action, agreed upon by all governments at the World Summit for Social Development in March 1995. The 20/20 Initiative calls for developed and developing country partners to allocate 20 per cent of official development assistance (ODA) and 20 per cent of the national budget, respectively, to basic social programmes, including basic education, primary health care (including reproductive health and population programmes), nutrition and low-cost water supply

and sanitation. The participants in the Forum considered the 20/20 Initiative a relevant instrument to use in prioritizing the allocation of government and aid funds.

Cost sharing includes all officially sanctioned contributions made by users to the financing and management of social services. Contributions can be made either by individuals, households, employers or the community. They can vary from cash to contributions in kind, or can be in the form of labour and/or participation in management decisions. Cost sharing, however, excludes private out-of-pocket costs that individuals incur in time, travel or other expenses when seeking access to these services. These costs are nevertheless important to consider in assessing the impact of cost sharing on the poor.

In addition to mobilizing additional resources for expanding coverage and improving the quality of social services, cost sharing can also be a powerful instrument for introducing a new relationship between users and providers of social services. The goal is to enhance the efficiency and effectiveness of service delivery, based on greater accountability on the part of providers and greater responsibility on the part of users.

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. Other options include 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. Even though general taxation is a more cost-effective way to raise revenue, cost sharing meets two specific objectives:

(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 health services.

3. Efforts to contain costs in the delivery of social services and 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 either be provided free of charge or be substantially subsidized. Basic education should be free, and other out-of-pocket costs to parents,

such as school uniforms and school supplies, should be minimized. Cost sharing in health should exempt preventive care, in which benefits extend beyond users (e.g. immunization), as well as selected primary services. Cost sharing should be a stepping stone towards other financing options for health care.

5. When cost sharing is being considered, 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 the ways of mobilizing and allocating the resources 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 to, 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 in 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 in the financing and management of the social sectors must not be considered a substitute for government responsibility, 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 are essential to successful cost sharing.

13. Community management committees should be locally elected and fully accountable to the community and should ensure the adequate representation of all stakeholders, including balanced gender presence.

14. Cost-sharing mechanisms should be carefully tested through phasing and/or piloting before they are applied 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, on women and on children.

Participants committed themselves to disseminating the above principles and to organizing appropriate follow-up activities to the present Consensus at the national and subnational levels. The follow-up can take the form of policy analysis of, inter alia, the taxation system and budgetary and aid allocations to basic social services; evaluation of the impact of existing cost-sharing arrangements; and incorporation of findings into the formulation of sector-wide health and education programmes. Policy analysis is expected to encourage appropriate policy dialogue and to lead to necessary policy reforms, with a view to making the financing and delivery of social services at all levels more equitable, effective and efficient.

Annex III

Oslo Consensus on the 20/20 Initiative

1. As a follow-up to the World Summit for Social Development, held in Copenhagen in March 1995, the Governments of Norway and the Netherlands invited a number of interested countries and multilateral organisations who met in Oslo 23-25 April 1996 to review the implementation of the 20/20 initiative, as described in the Programme of Action of the Summit and reconfirmed by the Fourth World Conference on Women in Beijing.

2. The 20/20 initiative is also part of the commitment made in Copenhagen to increase significantly and/or utilise more efficiently the resources allocated to social development in order to achieve the goals of the Summit. Measures to that effect include implementation of debt-relief agreements and striving for the fulfilment of the agreed target of 0.7 per cent of gross national product for overall ODA as soon as possible.

3. The meeting was convened to pursue a common ambition to achieve universal access to basic social services over an ambitious but realistic time period, by reorienting existing and mobilising additional resources as well as increasing cost-effectiveness, efficiency and quality in service delivery.

4. The meeting reaffirmed that investing in a country's human resources, in particular women and children, means investing in its future and is fundamental to realising its full potential for social and economic development. Promoting access for all to basic social services was considered essential for sustainable development and should be an integral part of any strategy to overcome poverty.

5. The meeting reviewed strategies and modalities for how universal access to basic social services can be pursued through concerted national and international action based on the 20/20 initiative.

6. The meeting reached the following conclusions:

Giving priority to basic social services

7. The meeting recognised that the objective of eradicating absolute poverty requires a broad range of policies and actions at all levels. An appropriate economic framework based on sound macroeconomic policies, a well developed infrastructure, strengthened institutions and capacity, as well as meeting basic human needs such as shelter, and providing social welfare, were recognised as key factors for addressing the poverty problem.

8. Within the framework of this overall objective, the meeting considered that development of basic social services was of particular importance in reducing the worst aspects of poverty and is a key element in breaking the poverty cycle.

9. To this end, the meeting reaffirmed that developing countries should take the lead and set the priorities. Within this context, developing country governments were encouraged to prepare basic social programmes, as part of the poverty reduction strategy suggested by the Social Summit, with the aim of achieving universal access to basic social services over an ambitious but realistic time period. It was recognised by the meeting that such programmes and strategies should be country specific in order to do justice to each country's particular problems and circumstances.

10. The meeting invited donor countries and multilateral agencies to express their readiness to provide technical and financial support for the preparation and implementation of such programmes as well as action plans within individual sectors.

The 20/20 objective: Pursuing a mutual commitment

11. In this context, the 20/20 concept was considered useful for giving higher priority to basic social services. The main focus of the 20/20 initiative should be the effective and efficient delivery of basic social services to the poor and vulnerable segments of the populations.

12. Within the context of this 20/20 initiative, the meeting understood basic social services as comprising basic education and primary health care, including reproductive health and population programmes, nutrition programmes and safe drinking water and sanitation, as well as the institutional capacity for delivering those services. Access to these services should be universal, while targeting the poorest and most vulnerable.

13. The thrust of the 20/20 initiative reflects a mutual commitment by developing countries and their development partners to give higher priority to basic social services and to translate this commitment into financial terms. This should be done on a predictable basis in order to achieve sustainable and universal access. Achieving adequate provision of basic social services to the poor will, however, not only require financial resources; emphasis must also be put on both the quality and efficiency with which services are provided.

14. The meeting recognised the importance of implementing the 20/20 initiative on a reciprocal basis. Interested developed and developing country partners should reflect their mutual commitment by allocating, on average, 20 per cent of ODA,

including contributions through multilateral organisations and NGOs, and 20 per cent of the national budgets (net of aid), respectively, to basic social services, as soon as possible and preferably by the year 2000.

Follow-up action at the country level

15. The meeting invited interested developing countries and donor governments and multilateral organisations to review policy frameworks, plans of action and basic social services programmes, with identified national and external financing requirements, in all appropriate fora, in particular Consultative Group and Round Table meetings. The World Bank and UNDP were considered to have special responsibilities for assisting interested countries in the preparation of the required analysis of social sector development.

16. Governments were urged to cooperate closely with civil society. The meeting emphasised the strong role to be played by local government and local communities in the whole process in fulfilling the goals of social development. The meeting encouraged the involvement of civil society, such as NGOs, to play an active role in design, implementation and monitoring of basic social programmes.

17. The meeting agreed that monitoring progress in social indicators and financial flows can play an important role in securing the adequate expansion of basic social services and in alerting policy makers when extra efforts and reforms may be needed to achieve set objectives.

18. Developing countries, supported by their development partners, should strive to establish budget structures and social and economic data collection systems which would enable them to review budget allocations as well as to monitor their performance in terms of social indicators.

19. The meeting agreed that Public Expenditure Reviews should be further developed and refined in order to improve their usefulness for monitoring budget allocations for basic social services.

20. Developing countries represented at the Oslo Meeting expressed their readiness to invite their multilateral and bilateral development partners to enter into a dialogue on how to pursue the objectives of the 20/20 initiative in their countries. A number of countries informed that they had concrete plans to launch pilot programmes under the 20/20 initiative.

21. Developed countries represented at the Oslo Meeting expressed their readiness to

enter into such dialogues with the intent to follow up this 20/20 initiative.

22. The multilateral organisations represented at the Oslo Meeting expressed their readiness to support developing countries in the formulation and implementation of social sector programmes in favour of the poor, and in the monitoring and analysis of budget expenditure on basic social services, their cost-effectiveness and their impact on social indicators.

Follow-up action at the international level

23. Member countries should invite the Development Assistance Committee (DAC) of OECD to adopt reporting systems that will enable it to collect ODA information for the purpose of monitoring the ODA share allocated to basic social services. Developed countries should increase efforts to provide data on assistance for basic social services using existing reporting systems. DAC member countries were also urged to pay special attention to support for basic social services in their peer review consultations.

24. Multilateral development agencies were encouraged to adopt reporting systems compatible to those of DAC and to make data on their 20/20 performance available to DAC.

25. Governments were encouraged to incorporate information on progress with regard to investments in basic social services into the formal, intergovernmental follow-up and reporting cycle related to the World Summit for Social Development, taking into account the need for an integrated follow-up to and reporting on recent major UN conferences.

26. Governments and organisations were called upon to put the follow-up to this Oslo Consensus on the agenda of the appropriate international fora in order to further its implementation and effectiveness in promoting universal access to basic social services, inter alia, through the mobilisation of resources.

27. The meeting agreed that the potential of existing mechanisms for international co-operation between donors and developing countries as follow-up for the 20/20 initiative should be explored.

28. The participants in the Oslo Meeting agreed that a follow-up meeting should be held within two years to exchange information and experience and to review and assess progress in implementing the 20/20 initiative. The host country, Norway, took on a clear responsibility of ensuring that such a follow-up meeting would take

place in one or two years time. It was agreed that at the next meeting discussions should focus and build on the concrete experiences of individual developing countries and their development partners in implementing the 20/20 initiative. It was also agreed that the next meeting would address the issue of clarifying and monitoring the inputs and outputs of the 20/20 initiative. The meeting noted with appreciation that the Netherlands offered the assistance of some experts to further develop and elaborate the monitoring instruments.

Glossary

ACC/SCN	Administrative Committee on Coordination/Subcommittee on Nutrition
DAC	Development Assistance Committee
GNP	gross national product
HIV/AIDS	human immunodeficiency virus/acquired immunodeficiency syndrome
NGOs	non-governmental organizations
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
U5MR	under-five mortality rate
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WHO	World Health Organization

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