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Preliminary Note

PERSPECTIVE OF DEVELOPMENT FOR CHILDREN AND
ADOLESCENTS IN THE
SECOND DEVELOPMENT DECADE

1. This paper explains briefly the scope of a study on the perspective of development for children and adolescents in the Second Development Decade which is to be presented to the UNICEF Executive Board at its session in 1972. The objects of the study are:

- (i) to analyse factors which will have a special bearing on the welfare and development of children and adolescents over the second development decade,
- (ii) to assess the dimensions of the tasks to be undertaken in different fields of development, and
- (iii) to suggest directions and priorities in the light of the financial administrative and other constraints to be overcome and the favourable opportunities which may be expected to emerge.

2. Such a study can at best be a broad outline which may present various themes both in global and regional terms. It is felt that even a document of limited scope addressed to the next decade could be of some help to individual countries in taking a long-range view of the needs of children and adolescents and of their place in the scheme of economic and social development. Some countries might also wish to prepare their own independent perspectives for children and youth.

3. In carrying out the study, UNICEF wishes to obtain the maximum guidance from the work which has been undertaken or is in progress in relation to the Second Development Decade in various agencies of the United Nations or in bodies closely associated with them. These will include, for instance, the specialized agencies, the regional economic commissions, the Department of Economic and Social Affairs of the United Nations, specially the Centre for Development Planning, Projections and Policies, the Population Division, the Division for Social Development and the Centre for Housing, Building and Planning, the World Bank, the United Nations Research Institute for social

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Development, the Committee for Development Planning, and the Programme Analysis and Policy Planning Bureau of the United Nations Development Programme. Help from these and other agencies will be sought at each stage and the materials developed will be sent to them for comment and advice. The purpose of this note is to explain briefly and very tentatively the objectives with which the study is being undertaken and to seek the co-operation of various agencies. Later, more specific issues will be formulated along with a detailed scheme of analysis.

4. Children and adolescents constitute a segment of the population whose development can be influenced decisively through appropriate policies and measures. UNICEF has a basic cross-sectoral concern with this important group. In the degree to which the United Nations development system can help evolve appropriate approaches at the international level, in turn, these could also exert an increasing influence on policies and measures adopted by individual countries.

5. Over the past decade, UNICEF has endeavoured to relate its assistance and proposals on behalf of children and adolescents to the general concepts of national development and planning. However, it cannot be gainsaid that the major approaches in the social field are still sectoral and, except in emergency situations, their significance for the growing generation is considered invariably as being incidental or supplementary to the main scheme of development. Economic factors restrict severely the scope for most of the less developed countries to choose and pursue social policies and policies for the development of human resources to which, in principle, they would wish to assign a high priority. Therefore, the rate of economic growth, demographic prospects and projections of population growth and age composition, distribution and levels of income and consumption, constraints on the capacity to save and finance development, and transfers of resources from the more to the less developed countries, have far-reaching implications for the welfare and development of children and adolescents.

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6. In analysing these economic implications, it is already apparent that the pattern of growth and development during the next decade and beyond should not be taken as given and, from different aspects, alternative possibilities have to be examined. Within any framework for future development, certain lines and combinations in development might be more significant from the point of view of the community, and specially of children and adolescents, in the short run, others in the long run. Likewise, in considering transfers of resources from the richer to the poorer countries, more specially those passing through multilateral channels, the terms and the sectoral distribution of these resources will be no less important than their quantum.

7. Within each country, underlying decisions on allocations of resources, specially public expenditures, there are invariably issues and assumptions which involve weighing of the present and the future and of economic and social gains against one another. These issues and assumptions are by no means easy to assess, and both data and methodology are at present deficient. What is important, however, in the context of decisions to be reached in the coming years is that the various issues should not be left implicit. Instead, they should be raised and considered as objectively as possible. This theme is developed in a paper on Some Socio-Economic Considerations in Planning for Children and Youth which is appended to this note. The author of the paper, Dr. Dieter K. Zschock, is Associate Professor of Economics in the State University of New York at Stony Brook and, as Consulting Economist to the Planning Office at UNICEF Headquarters, is specially responsible for work on the preparation of the Perspective for Children and Adolescents. (Annexure).

8. While various economic factors are of great importance for children and adolescents, as an operational agency, UNICEF's work falls largely in four major policy areas:

- (i) development of services for health, maternity and child health, family planning, and environmental sanitation;

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- (ii) development of human resources, including education and pre-occupational and other preparatory training;
- (iii) nutrition, specially for young children and for pregnant and nursing mothers; and
- (iv) development of appropriate administrative and social institutions to cater for the welfare and development of children and adolescents, for instance, through women's organizations, community services, voluntary associations, local government agencies, etc.

9. With the growth of population, urbanization and other economic and social developments, the setting in which the various efforts mentioned above have to be undertaken is rapidly changing and a variety of circumstances must be envisaged. Variations between and within countries are tending to increase. In each field planning and programming require more intensive consideration, supported by careful assessment of past experience. Moreover, without long-term commitments in terms of policies, priorities and resources, specially at the national level, it is difficult to secure the desired results. Yet, current planning and budgetary practices, even in countries with systematic five-year or other medium-term plans of development, accept and implement long-term commitments more readily in respect of industrial investments than in manpower development, health, education, or welfare services. Lags between social and economic development, even where the latter is itself quite limited, become ever greater. Therefore, an important purpose of UNICEF's Perspective Study will be to spell out the practical significance and detailed application of long-term policy and action in relation to children and adolescents. This would be a way of explaining to the world community and to individual countries the specific conditions for giving practical effect, in relation to children and adolescents, to the specific recommendations on "human development" which are embodied in the international development strategy for the Second Development Decade.

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10. The proposed study would take as its starting point developments concerning children and adolescents over a recent period, say, 1966-1970. The period of the Second Development Decade is conveniently divided into two sub-periods, 1971-75, and 1976-80. In respect of the first sub-period, sizeable commitments are already in the process of being made, but each successive year offers somewhat greater freedom for reorienting plans for the future. Given systematic appraisal and analysis, the second sub-period should offer larger opportunity for new initiatives in policy and approach. However, longer-term approaches will continue to be crucial in all basic human and social development programmes. Therefore, the second sub-period will itself need to be seen as the first phase of the decade 1976-1985. In other words, the Perspective Study will, in a sense, encompass the period 1966-85, with the Second Development Decade falling in the middle of this longer span.

11. While the study has to be designed in terms of the needs and possibilities of the less developed countries, it might also assist donor countries to gain greater appreciation of cross-sectoral approaches on the part of the United Nations development system. In particular, the study could provide them with UNICEF's considered view of the needs of children and adolescents as these are likely to take shape over the next decade and the nature of the action and the priorities which they suggest both at the national and the international level.

12. As is obvious, UNICEF will be able to carry out its projected study only in close working partnership with various agencies of the United Nations, several of whom have already made considerable progress in their respective spheres. Some information and guidance would also be available from the appraisals of progress and the development plans of selected countries. Among materials from within the United Nations development system which can be readily thought of as a basis for further work, the following may be cited:

- (i) Analysis, appraisals and projections undertaken by the Centre for Development Planning, Projections and Policies;

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- (ii) Studies and projections of the Population Division;
- (iii) Formulations on development during the Second Development Decade or longer periods by ECLA, ECAFE, ECA, and ECE;
- (iv) Studies under the aegis of the International Labour Organization on labour force projections and in pursuance of the World Employment Programme;
- (v) Formulations of global and regional objectives for the Second Development Decade by the World Health Organization;
- (vi) Human resource analysis and formulations for the Second Development Decade undertaken by UNESCO, proposals evolved by regional conferences. Ministers of Education, and work in progress for the International Commission for Educational development;
- (vii) Investigations undertaken by or in association with FAO for the Perspective Study of Agriculture, specially, studies on Nutrition, as a follow-up of the Indicative World Plan; and
- (viii) UNICEF's concern with children and adolescents in Slums and Shanty-towns, on which proposals for action have been recently approved by its Executive Board, provides important new areas of co-operative service with the Centre for Housing, Building and Planning and the Social Development, Population and Public Administration Divisions, as well as with the specialized agencies and the regional economic commissions.

13. UNICEF hopes, that, in working closely with various United Nations agencies on the Second Development Decade, an important gain may be the development of broadly agreed perspectives in several areas of critical interest for children and adolescents, such as basic health and maternity and child health services and family planning, education and human resource development, nutrition, integrated social and regional development, and development of institutions. The practice of country programming of assistance from the United Nations system will be of material help in translating these perspectives into appropriate development programmes and priorities in keeping with the needs and resources of each country.

SOME SOCIO-ECONOMIC CONSIDERATIONS IN PLANNING FOR
CHILDREN AND YOUTH

Dieter K. Zschock

1. Children and Youth in Economic Development.

Beyond humanitarian motives, public expenditures for children and youth generally are intended to raise their potential productivity through education and training, provide them with medical care or preventive attention to avoid the need for medical care, and protect their rights and safety. All such expenditures are potentially justifiable as investments in human resources development if they contribute substantially to economic growth. Only to the extent that other expenditures are more profitable need expenditures on children and youth rely on social welfare criteria for their justification.

The argument that public expenditures, especially on children, involve lengthy gestation and thus are not as immediately beneficial economically as some other expenditures is in part a normative judgment. By discounting future benefits, it implies that adults have greater claims on benefits than children, which is a judgment that contradicts seeking a better standard of living for future generations. The argument may also be erroneous if it fails to consider that productivity must rise cumulatively to attain development objectives, requiring an increasingly well-qualified labor force.

Public expenditures on children and youth are most heavily concentrated in the health and education sectors. Their justification is generally cast in terms more of social than economic benefits. Neither social nor economic benefits resulting from greater health and education expenditures are easily calculated, however. Aside from data deficiencies, both productivity gains and welfare improvement result jointly from quality improvements in all factors of production. But analytical difficulties still foreclose scientifically precise and objective resource allocation mixes, even if there were agreement on normative objectives of development. If systematic research on these questions is not always feasible, they nevertheless suggest themselves as pertinent even for judgmental evaluation.

2. Perspective for Economic Growth and Development.

The United Nations target rate of six percent annual economic growth, supported by a 20 percent investment ratio, reflects optimistic expectations for the second development decade. Most developing countries failed to achieve identical objectives during the first development decade. Achievement of these targets over the current decade presupposes that developing countries will not only invest a greater proportion of their incomes more consistently, but also that they will be able to do so more efficiently and more productively. Only the assumption that development during the sixties improved managerial capability, increased infrastructural capacity, and reduced factor bottlenecks, would allow such optimism.

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Few developing countries, however, can claim to have achieved a sufficient economic base that would facilitate an acceleration of economic growth during the seventies. Even a shift in output mix toward a greater proportion of directly productive activities, which generally have lower marginal capital output ratios, may fail to accelerate economic growth because of factor price distortions and import constraints. These distortions, resulting from ill-conceived import substitution policies of industrialization over the past decade, have created new bottlenecks; they are also blamed for a widespread failure to improve efficiency and to accelerate productivity gains.

A proportional shift from social overhead capital to human resources development expenditures may be timely but it probably does not reduce marginal capital output ratios. If this is so, then even if developing countries were able to sustain a 20 percent investment ratio, it would probably not suffice to support a six percent rate of economic growth on the average over a decade.

Scepticism concerning the economic targets of the second development decade, however, does not imply inability to attain other developmental objectives. Emphasis on human resources development may not only reduce bottlenecks in the supply of properly qualified and well motivated labour it may also bring about a gradual redistribution of income.

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Proportionally increasing incomes for large majorities of people in developing countries who have not yet risen above subsistence levels may also be a prerequisite for sustained economic growth where market limitations have forestalled industrial diversification.

Implications for children and youth of failures to meet economic growth targets are not necessarily worrisome, therefore. Greater emphasis on human resources development primarily benefits this target population, and justifiably so for economic reasons among others. With a 15-year planning horizon, over half of the labourforce at the end of this period will consist of children and youth alive at the beginning of the period. Over the same time span, programmes for children and youth will affect three-fourths of the total population alive at the end of the period.

A research need for programme development is to advance our understanding of returns to investment in children and youth in terms not only of rising lifetime labour factor shares but also of externalities affecting rising factor shares of capital and natural resources. Evaluations of programmes for children and youth should therefore take account of both direct and indirect economic benefits for which they may account. Limitations of data and methods of analysis should be compensated for by well-argued judgmental justifications that take explicit account of economic and social opportunity costs of public and aid expenditures for children and youth.

3. Goals Related to Children and Youth.

Inherent in the problem of resource scarcity is the conclusion that immediate requirements take precedence over long-range requirements. By discounting future benefits, short-term benefits increase in relative importance. Developmental goals are cast in long-range terms, but decision-making seeks to maximize growth in the short-run. Sustained economic growth is the cumulative effect of short-run maximization of economic benefits and the end thus justifies the means. The alternative is usually cast in terms of an investment-consumption trade-off, rather than

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a trade-off between short-term and long-term benefits. This illuminates why public expenditures for children and youth typically involve social rather than economic justifications.

Within this population segment, adolescents rate priority over children and males over females, if criteria of more immediate achievement in human resource development are applied. The measure of achievement is increased productivity, as measured by rising incomes. Public expenditures on children, however, can increase the yield of later expenditures during adolescence. Expenditures on mothers to increase their ability to bear and raise healthier children similarly affect the efficacy of later expenditures on adolescents. Inasmuch as expenditures on mothers and children, if appropriately administered, yield cumulative benefits, they are preferable even over expenditures on adolescents.

One might argue that the higher the per capita income of a developing country, the greater should be its ability to allocate public expenditures for long-term objectives. A poorer country may have to emphasize more immediate benefits deriving from its public expenditures. If this argument is valid, a rule of thumb would suggest to expand programmes affecting mothers and children in relatively more advanced countries, and to concentrate on programmes affecting adolescents in less advanced countries. Humanitarian and social welfare criteria may motivate public expenditures on the former, but at the expense of short-run economic benefits deriving from immediately useful manpower preparation.

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4. Economic vs. social welfare criteria

In determining priorities for the allocation of scarce resources, such as public revenues, developing countries must distinguish between economic and social welfare criteria. Public expenditures for children and youth, furthermore, involve choices among age groups of the young, as well as inter-generational choices among the young and adults. Both economic and social welfare criteria, moreover, involve objective as well as normative choices. Decisions about resource allocation must determine the composition of output, as well as how this output is to be distributed.

Economic criteria (i.e. those seeking to maximize growth in output of goods and services) involve social welfare objectives (i.e. seeking rising income). Social welfare criteria may also involve economic objectives (i.e. healthier, happier people who make better producers and more affluent consumers). Economic criteria generally carry more weight because in the long run they aim to achieve social welfare objectives, while the contribution of a higher level of social welfare to economic growth is less readily proved.

Economic benefits need to be discounted over time in determining resource allocation choices in order to select those alternatives that maximize economic growth in the short run. Not continuously to maximize economic growth would be inefficient, and incidentally also

of children and youth, for example, because it assures them the highest possible future incomes. Direct expenditures on children and youth on the other hand, help maximize growth only if - after discounting - they yield higher returns in marginal productivity than expenditures on adults, or on the other productive factors.

Investments in directly and indirectly productive activities must be balanced to the extent that they are complementary and jointly maximize economic growth (i.e. a factory requires electric power,

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educated manpower, etc.). Investing in health and education for children and youth, though it involves a high capital-output ratio, may be necessary in order to sustain a high rate of economic growth in the long run, as well as to expand employment and therefore domestic consumer markets.

Social welfare expenditures have an opportunity cost, if they divert resources from more productive to less productive activities. If a case can be made that social welfare expenditures actually help maximize output, then they may constitute not just social welfare but in part also economic expenditures, depending on their comparative rates of return.

Any allocation of resources to increase social welfare at the expense of economic growth implies the normative choice that a higher level of consumption of goods and services now justifies a lower future level of consumption than could be attained if economic growth were maximized instead. It represents a value judgment whose greater welfare benefits to present consumers must be weighed against its reduced but still higher welfare benefits to future consumers (as long as there is still economic growth per capita).

It seems reasonable not to expect per capita consumption to remain constant while economic growth is being continually maximized for the benefit ultimately of some future consumers. The choice is not an absolute one, therefore, of economic vs. social welfare benefits, but rather one of the extent to which economic growth is to be accelerated at the expense of present welfare improvements. This consideration also suggests that the choice of a target rate of economic growth (e.g. a rate of 6% growth in GNP for developing countries in the Second Development Decade) implies a normative choice concerning the timing of improvements in social welfare. Asking countries to accelerate their economic growth probably implies asking them to sacrifice some more immediately available welfare benefits.

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In practice, these choices are made in terms of allocating public revenue. Investments in physical infrastructure and in agricultural and industrial development (either directly by government or through subsidies) yield visible returns. Labour employed in these activities earns relatively high wages. Multiplier effects expand employment in commerce and services. Shortages in skilled labour are solved through vocational training that is specifically tailored to technologically defined tasks. Overvalued exchange rates, direct subsidies and tariff protection encourage capital intensive techniques of production. Workers employed in modern enterprise are protected by fringe benefits.

According to the labour surplus theory of development, new industries will absorb low-income and unemployed workers as additional capital is invested in plant and equipment, and as complementary commerce, transport and service activities expand.

Improving the social welfare of the traditional labour force faster than it can be absorbed by expanding employment opportunities in modern, highly productive activities, diverts public revenue from investment opportunities. In a narrowly concise definition of economic benefits, therefore, children and youth merit public expenditures only to the extent that they are needed to meet future manpower requirements. Beyond meeting those requirements, public expenditures on children and youth represent social welfare expenditures that involve opportunity costs in terms of foregone growth maximization (and therefore future welfare benefits).

5. Human resources development criteria

Probability estimates can tell us what proportion of children and youth will enter the labour force, and that more men than women are likely to enter the labour force. While this might suggest that not all young people need occupational preparation beyond (or as a complement to) basic education, and that more boys than girls need such training, there is no way to predict which young people will enter the labour force. Unless one

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advocates discriminatory pre-selection of who is to enter the labour force, all children will have to be given pre-vocational training. Or at least all children will have to be educated (and provided with other social services) on an equal opportunity basis until they can determine their own occupational and lifestyle preferences.

Not providing children with equal access to basic and pre-vocational education is discriminatory pre-selection of which of them is more likely to enter the labour force, at what age, and with what lifetime earnings expectations. A country that is incapable of providing equal educational opportunity nevertheless is forced to make discriminatory choices. Greater numbers of children typically are in reach of education in urban than in rural areas because the unit cost of education in urban areas is lower. The same is true for virtually all other social services, which in part explains the attraction of urban areas for migrants from rural areas. Providing children in rural areas with equal access to education (and rural populations in general with equal access to all other social services) is more expensive on a per capita basis than for urban populations.

The least discriminatory choice is to provide people with social services where these can be provided at lowest unit cost. Inasmuch as beyond certain minimum standards (e.g. universal primary education and health services coverage) additional social services - if they do not yield economic benefits - already involve a normative choice in favour of greater welfare now at the expense of some future welfare benefits, the further choice of favouring rural over urban populations is probably an even more costly one. It is no wonder therefore that most developing countries experience growing rural backwardness, or to put it positively, that their urban sectors are modernizing more rapidly than their rural sectors. It simply indicates that rational choices are being made in the allocation of scarce resources.

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Assuming that one can project manpower requirements, one can allocate investment resources and expect competitively high economic returns that reflect future wage levels. This assumes that one can project future composition of demand for goods and services, changing production functions, resources available for investment, and choices being made along the projection path about growth and welfare trade-offs. With anticipated manpower requirements, one can estimate the composition of educational opportunities that will be necessary to meet these requirements. According to the principles of economic growth maximization, one would then select those who should receive the education and subsequent educational training on a competitive basis. One would have to disprove that selecting the most qualified applicants for educational opportunities is both economically rational (i.e. optimal) and socially just, if one did not accept the logic of this argument.

6. Inter-sectoral Programme Relationships

It appears intuitively obvious that human resources development and social welfare improvement are inter-sectorally related. Healthier children presumably learn better, for example, so that the productivity of education expenditures is increased if they are complemented by health expenditures. Initiating community development where land is being redistributed among peasants, would probably enhance the economic viability of agricultural development, to cite a more complex example. Community development is in itself a compound of inter-sectoral expenditures, ranging from education to electricity, and from credit and extension services to sewage treatment.

An input-output matrix can systematically relate investments in manufacturing, construction, utilities, transportation, and commerce, and thus indicate the external economies to each individual investment. The same systematic assessment ought to assess linkages among expenditures on human resources development and welfare improvement.

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If that were feasible, external economies of each expenditures could be maximized (or diseconomies minimized). Unhappily, we are less certain of how various expenditures on people relate to one another than we are of such relationships among physical investments. Conceptual problems and difficulties of measurement also are more complex and therefore less advanced methodologically.

An interesting research approach that would increase our understanding of just one inter-sectoral relationship would be to estimate differential returns to education measured in terms of income differentials among workers with identical educational attainment who have received different quantities (and qualities) of health services, including nutrition and environmental sanitation. If we could measure such differentials, however, we would be left wondering to what extent family social status, for example, influenced earnings differentials. The more such ambiguous variables we could try to control (using factor analysis, for example), the more intransigent the problems of measurement and the greater the judgmental errors that would creep into the research design (especially where weights have to be assigned in the absence of data).

Judgmental planning and programming, occasionally guided by some research evidence (e.g. returns to education), remains the principal approach to decision making. If steps taken in judgmental programming are fairly consistent, their marginal effects can be evaluated over time. One can compare the employment experience of people by educational level. One can also compare and/or evaluate the effect of health differentials on performance in education and economic activity. Such analysis and evaluation, if carried on consistently as an integral part of planning and programming, should help increase the impact of additional expenditures by indicating priorities.

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In most developing countries, however, even systematic evaluation is difficult because of inconsistency in expenditures, programme personnel, and methods of operation. Various political influences are brought to bear upon decision-making about resource allocation, thus possibly increasing programme (or government) popularity but not necessarily impact. More systematic, long-range planning and programming and the systematic observation and evaluation of programme activities thus would be a first improvement in enhancing inter-sectoral complementarity in resource allocation. Such longitudinal observation would also produce data that should be useful in actual research on inter-sectoral relationships.

