

UNICEF

Executive Board Special Session on Equity

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Rebeca Grynspan

- Executive Director: Anthony Lake.
- Members of the Executive Board, UN and UNICEF colleagues. Thank you so much for inviting me to this Special Session on Equity. I am honored to be here today and happy to be able to come again to the UN and be among so many friends.
- Dear Anthony , Your leadership on this important issue is well recognized, as is your voice in making sure we don't forget and be tempted to take the easy way, the one that as you clearly stated in your address to the Board this morning, will leave behind those that are harder to reach.
- You know this has been also one of my major personal and professional concerns: equity, not only as an engine of sustainable development, but also the channel to broadening the options that are truly available to all people, for them to be able to choose a life they value and want to live and in that way contribute to their own communities and to society at large.

- The recent years brought an impressive progress –as shown in the Conference Room Paper— in improving health, nutrition, education, social inclusion, child protection, and access to basic goods and services.
- The MDGs were able to forged a global consensus regarding the need to reduce poverty and hunger, infant and maternal mortality, fight disease and broaden basic services: education and water, all of which hampers inclusive development. It is very important to celebrate this progress, and emphasis that a lot has been achieve by the decision to ACT.

I am convinced that the starting point to enact change and mobilize the will of many is by believing change is possible, THE OTHER EASY WAY Anthony and members of the board, that we need to avoid, is thinking nothing can be done, and even “trying” is only a waste of time!!!

Well, the progress experienced in the last 20 year is prove change is possible and it depends on political choices: political decision, commitment, involvement and participation as well partnerships can do a lot in achieving it.

- But despite progress, persistent disparities continue. We also have to recognize that at the beginning of the MDGs we focused more in achieving progress measured by “average progress” than on narrowing the gaps and consistently fight, in a more integrated way, these persistent inequalities.
- But we all have learned in the process. We learnt that in unequal societies “average numbers” hide more than they reveal about the reality of the more disadvantaged. That is why, in Latin America, we started to talk about “overcoming the tyranny of the averages” and

the need to fight poverty and inequality as two sides of the same coin.

Specially in Latin America, one of the most unequal region of the world, we learnt that we suffer from an excess poverty due to excess inequality, and that, as is true for the whole world, persistent disparities and their adverse effect on the development of the next generations, do not go away with more economic growth.

- This is so not only because of the disparities that arise with the unequal distribution of income, what some of us call “vertical inequalities” but those that come from “horizontal inequalities” those that persist between groups because of their race, gender, ethnicity, and between communities because of their location or the segregated nature of our cities and territorial development... And is the interaction between these two: the vertical and the horizontal inequalities, what generates the hard core of exclusion, and

marginalization, and unfairness perpetuating the intergenerational transmission of poverty and inequality.

Is there something more unfair than the fact that a new born or a child, most studies say even before becoming a 2 years old, and before he or she have ever made a decision by themselves, are already condemn to poverty in the future, because he was born into a family with no access to nutritious food, or a community with no clean water or sanitation, or because she was born at a time of a natural disaster , or a war, or into the “wrong” group because of religion, ethnicity or race, and so they will experience permanent negative effects over their entire life cycle given the impacts in their cognitive and socio-emotional development due to these random circumstances!!!

And because we haven't been able to reach them on time, and to handle to their families and their communities, not only the services

but the tools to protect the physical and emotional wellbeing of their children.

- A better future for children, as Tony Lake said, depends on the effective fulfillment of their rights, which is an end by itself. He also said, that evidence is overwhelming in showing that inequalities impose dramatic constraints on core dimensions of human development. For instance, according to the latest Human Development Report, the human development index drops by a startling 23% globally when it is adjusted by the unequal distribution of income, health and education.

The loss is especially large in the poorest regions in the world. While in Sub-Saharan Africa and in the group of Least Developed Countries the —already very low— index decline by 34 and 31 percent, respectively, in Europe and Central Asia it decline by 13 percent ... in Latin America and the Caribbean, the overall loss reaches 24.5 percent.

- A recent analysis by the OECD shows that over the last two decades, per capita GDP in member countries of the OECD, that are the richest countries would have grown by 5 additional percentage points (33 percent instead of 28 percent) during the same years if inequality had not increased¹. The most important factor behind this relationship was the inequality in access to education between poor and rich households.
- Imagine what this means for children in crisis and humanitarian need. The United Nations International Strategy for Disaster Reduction (UNISDR) estimates that every year over 100 million children and young people are affected by disasters.
- The other day in a Conference of the President of IRC the following facts were shared, "Education receives less than 2 percent of humanitarian funding. Child protection fares even worse and has

¹ OECD (2015). *In It Together: Why Less Inequality Benefits All*. OECD: Paris.

historically received less than one percent of humanitarian funding - only 32 percent of what is requested, is funded and the food sector receives 86 percent of its requests." No doubt we are really compromising the future! Of course, early childhood development and education, influences productivity not only because higher educational achievements but also by emotional factors. Social and emotional skills of children —the so-called *soft skills*— are as important as cognitive ones in influencing success in later stages of life (school and work).

- For instance, an influential IDB report shows that in Latin America firms tend to value emotional skills to a greater extent than educational ones: about 80% of firms reported that the most difficult skills to find are those related to behavior and attitudes².

² Bassi, M., M. Busso, S. Urzúa and J. Vargas (2012). *Desconectados. Habilidades, educación y empleo en América Latina*. Washington, DC: Banco Inter-Américo de Desarrollo.

In the same vein, previous evidence has shown that psychosocial competencies offer better incomes in the labor market³.

- This result suggests the existence of situations in which even though the young have surpassed the educational level of their parents, the former couldn't get a better job and break the intergenerational transmission of poverty because of their emotional baggage (probably from stress episodes during childhood).
- This points to the fact that inequalities are reproduced and transmitted also at the micro-level. The evidence reported by *Young Lives* is impressive: in Peru, for instance, children with high cognitive abilities, but living in poverty, fall well behind compared to their peers living in non-poor households⁴.

³ Bowles, S. H. Gintis and M. Osborne (2001). "The determinants of earnings: a behavioral approach", *Journal of Economic Literature*, 39(4): 1137–1176.

⁴ Woodhead, M., P. Dornan and H. Murray (2013). *What Inequality means for Children*. Young Lives: Oxford.

- And in the U.S., studies of the Poverty Action Lab shows that the intergenerational persistence of poverty could be reduced given that future educational outcomes of poor children improve as they and their families were helped to move from high- to lower-poverty neighbourhoods⁵.
- A few days ago, I read an article in The New Yorker in which neuroscience exposed one of those aforementioned hidden vulnerabilities of children. Let me quote: “[Over the past decade], the scientific consensus has become clear: poverty perpetuates poverty, generation after generation, by acting on the brain”⁶.

⁵ “Moving to Opportunity”. J-PAL Policy Briefcase, May 2015.

⁶ “What Poverty Does to the Young Brain”. The New Yorker, June 4, 2015.

- Let me turn now to the experience in Latin America where income inequality declined over the last decade. It is remarkable because of its complex legacy (the most unequal region in the world), and because it is the only region where inequality has been on its decline while rising in the rest of the world —the decline occurred at an annual rate of 1 percent, on average, and in 16 of the 18 countries-.

This has defeated the idea that we can fight poverty but not inequality ...

In the last 2 decades Latin America has taken important steps to narrowing gaps and investing in human capital in the long-term. Access to health, water and sanitation and education has expanded dramatically including rural communities and extreme poverty and

indigenous populations, not only basic education, but also pre-school and early child cognitive stimulation has expanded and is a critical factor for later school performance and to narrow the gaps.

Social spending in LAC has increased by 4% points of GDP, an impressive achievement given that the region grew at the same time around 4% per year during the same period. But also the quality of social investment improved becoming more progressive and investing in a better social policy planning, design, monitoring and stronger and better social institutions, because INSTITUTIONS MATTER and Investing in the quality of institutions could benefit all generations of children...

Perhaps the most relevant example is given by conditional cash transfer schemes (CCTs).

Follow-up studies have shown that these programs have helped to increase the use of educational and health services and improve the nutritional health of children.

By 2014 more than 100 million Latinamericans were covered under CCT schemes in a very cost effective way since they represent only less than 1% of GDP.

So, more robust and progressive social policies and government transfers contributed, on average, 21 percent of the observed regional decline in inequality, while changes in pensions contributed 9 percent). In Brazil, for the period 2001-2007 changes in the size, coverage and distribution of public transfers account for 49 percent of the decline in inequality. Finally, in Mexico these factors accounted for 18 percent of the decline in inequality for the period 1996-2006.

And the expansion of Education contributed additionally to the decline of income inequality in the labor market higher spending per child: 54 percent of the reduction in the regional Gini coefficient can be attributed to this factor). But it is not just changes in the returns to education. For example, in Brazil a substantial reduction in the gender, race and spatial wage gaps explain the decline in earnings inequality (6.3 of the 10 Gini points difference between 1995 and 2012).

So, it was the expansion of basic education that underlies the change in labor composition by skill in Brazil and Mexico, in turn, seems to be associated with higher public spending per student in basic education and an increase in education coverage in rural areas.

These factors eased supply-side constraints. In addition, the conditional cash transfer programs reduced demand-side constraints by compensating poor households for schooling costs and for the opportunity cost of children's labor. In the context of LAC as a result of toxic contexts with former poor institutions poor educational systems, the poorest households could face a trade-off not between child labor and school attendance, but between child labor and crime.

- We are in the midst of a transformation...a new global consensus. With the kick off of the post 2015 agenda this year, the world faces the challenge of finishing what we started and at the same time balance material improvements with no material dimensions of wellbeing especially among the most vulnerable, our young people.
- Tackling these vulnerabilities demands comprehensive and effective policy responses that break the accumulation of inequalities and

guarantee the aforementioned elements of a decent life and equity in terms of effective rights and freedoms. A process that makes the rights and freedoms effective, is a major step in enabling children and their families to play an active role in both, their own and societal development. And only so allow for a more cohesive, tolerant respectful and less violent society.

The main message from all previous evidence is clear:

- First, we can fight poverty and inequality. Societies are not destined to be poor and unequal, at the same time progress is not a destiny either. There is no invisible hand to get the right result, there are VISIBLE HANDS and policy choices –ex.: Costa Rica-. We need Political decision and public policy, bringing a firm social commitment to equity (low our tolerance to inequity) and partnerships between international, national and local actors, together with civil society and the private sector.

- Second, The socioeconomic environment of households, and neighbourhoods, the status of women and the persistence of horizontal and vertical inequalities affect the current cognitive and emotional development of children and, later on, influence the conditions in which they will live their adult life and how their own children will be affected the next generation.
- Third, The action of policies should be timely, multidimensional and multidisciplinary and overall they have to look to the future, because they have to be persistent and defeat the risk and the temptation of focusing only on short term wins but at the end long term failures. Particularly in those countries with fiscal restrictions and lack of capacities we need to partner and disseminate the state-of-the-art evidence, share experiences and promote capacity building and institutional development to implement long-term policies.

- Forth We should gain a clear understanding of the mechanisms behind the vicious circles of poverty and inequalities across generations... And for this end, a data revolution is needed. A data revolution that, fortunately, UNICEF is leading successfully to better identify and target the vulnerable and underserved children. I would like to express my sincere appreciation to UNICEF Executive Board, and to Anthony Lake for leading this impressive work.
- And 5th we cannot treat the most vulnerable with the weakest instrument, we need to use the strongest instrument and policies, the most quality services if we are serious to break the vicious circle of the intergenerational transmission of poverty and inequality!!!

Ensuring strong opportunities for every child and protecting them must comprise the mission of the international community. Institutional and multilateral cooperation and coordination, especially also in the UN

system, is the key to continue narrowing gaps and spreading policies with an emphasis on the material, emotional and cognitive state of children wellbeing.

What we do here matters, what you do here matters, lets no dismay.

The road ahead is still long.

We have the duty to pursue this dream and make sure we don't fail any more generations that deserve a fair opportunity to enjoy and contribute to our share humanity.

Thank you very much.