

- i. Pension account (pension coverage)
- ii. Unemployment account (unemployment benefit)
- iii. Human capital account (education and training)
- iv. Health account (insurance against illness and invalidity).

Unlike present-day welfare systems – where, as pointed out above, services tend to be financed primarily out of general tax revenues – the system proposed by Orszag and Snower would require citizens to pay specific “compulsory periodical contributions into each of these accounts, the balances of which should meet the primary welfare requirements of their holders”.<sup>111</sup>

These “virtual accounts” – which could develop into “personal savings accounts” if used to hold the compound interest generated on the resources accumulated in them – can be linked to co-payment mechanisms related to the citizen, who is both the account holder and the beneficiary of the services to which access is thus permitted. This will serve both to avoid consumption that is not strictly necessary and to permit a sharper personalization of preferences. It will also become possible to create a mechanism of supplementary insurance for account holders.

The accumulation of “tied money” in virtual accounts will in fact provide incentives to save with a view to future needs, especially as regard health care. Such developments are made particularly attractive by the prospect of a constant increase in average life span and the associated consumption of health care goods and services. Some may obviously need to use their endowments before they reach old age, and it is hardly possible to demand the maximum foresight from everyone. It is worth stressing, however, that the argument developed here is set in the European welfare context, i.e. a system where it is presupposed, e.g. in the health sector, that the cost of major illnesses will be wholly borne by the state and that charges for routine services will be restricted in relation to each citizen’s actual financial circumstances. Fiscal resources remaining equal, the possibility of accumulating over time a “health capital” that is universally available for every citizen (and usable at will – within the range of permitted options – when the need is most felt) therefore constitutes one of the positive results to be obtained through the introduction of welfare accounts.

Citizens should thus be encouraged to save freely available resources outside the limit within which the costs can be borne by the collectivity. Co-payment would explicitly become a tool for the accumulation of resources beyond the individual ceiling and not merely a way of rationing public resources. In other words, public rationing could be used in order to go beyond the limits, not to impose a glass ceiling on the amount citizens wish to spend on the consumption of healthcare goods and services.

At the same time, it is known that the major (theoretical) obstacle to the large-scale development of cost sharing for beneficiaries of welfare services has hitherto lain in the problem of exemption. It should be noted that this problem could remain also in cases of cost sharing implicitly covered by individualized allocation of public resources, e.g. personal welfare accounts, since it may be regarded as advisable for a proportion of out-of-pocket exemption to be associated in certain circumstances with forms of publicly pre-financed co-payment, as in the case of vouchers.

## 7.2. Cost sharing with no “ticket” system

It is, however, possible to go beyond the classic form of co-payment, designed to deter consumption that is not strictly necessary and consisting of a “*ticket modérateur*” paid by citizens at a set rate above a certain threshold of exemption regardless of further differences in incomes. This form of co-payment presents fairly obvious limitations. Being necessarily restricted to modest sums, these “tickets” constitute a form of markedly regressive taxation that primarily affects citizens with low

incomes, due to their need for welfare services, and especially the poorest of citizens not granted exemption. Attempts have often been made to get round this problem by expanding the area of exemption to cover the lowest income brackets and the worst forms of illness, but this entails implicitly recognition of the need for an increasingly high level of “personalization” in access to welfare.<sup>112</sup> The introduction of a reliable (digitized) indicator of economic situation (IES) could make it possible to establish a multiplicity of co-payment thresholds without thereby incurring a dangerous rise in transaction costs. It is equally evident that if all citizens were credited with personal amounts for social spending that enabled them to select and pay their own providers of welfare services, public systems could also gain greater credibility and flexibility. Payment would thus become the rule rather than the exception in a welfare system based no longer on the central and regional planning of services but on an administrative market where the state would act above all as guarantor, not merely as a “gate-keeper”. The state would no longer provide all citizens with merit goods free of charge, but guarantee the ability of all citizens to purchase the same. The relationship of giving and receiving between state and citizens would therefore be completely explicit and quantified,<sup>113</sup> no longer covered by the implicit relations incapable of individual breakdown inherent in a rationing system playing the part of an organization providing services in kind.<sup>114</sup>

In this case, the need may once again arise to counter the possibility of “moral hazard” by combining the quota of personalized co-payment to be made with resources individually assigned on the basis of different IES thresholds with a proportion of exemption. Given a system of personal welfare accounts, however, this problem can be tackled on highly innovative lines.

As the Swede Steffan Fölster points out, it becomes possible to use the account “to move payments of premiums and exemptions from periods in which individuals receive low incomes to periods in which they have the ability or incentive to earn higher incomes”. As a result, the account “makes it possible to set a higher exemption than would be permissible in the case of conventional actuarial insurance while in no way compromising the minimum living standard”.<sup>115</sup>

In point of fact, the welfare account can serve to ensure “the availability of liquidity in the sense that withdrawals can be made even when the balance is non-existent or negative”. It will then be necessary to set “a limit on the debt that can be built up on the account for the same reason that the bankruptcy laws permit the cancellation of liabilities; excessive debt makes reimbursement improbable. Once the debt ceiling has been reached, withdrawals from the account [must be] covered by (non-actuarial) public insurance.”<sup>116</sup>

It is clear why, in this perspective, the key tool of a strategy based on co-payments logically consists of the citizen’s welfare account, with respect to which the voucher constitutes a rudimental forerunner, effective though it is in transferring purchasing power to users free of charge and hence granting them freedom of choice and the ability to apply immediate sanctions by opting to change provider. This is what Albert Hirschman refers to as exit,<sup>117</sup> i.e. a possible form of action whose presence, if employed with a certain degree of loyalty toward the institution in question, is capable of strengthening the effectiveness of protest (“voice”) expressed in order to obtain changes.

As Steffan Fölster goes on to explain, “It is assumed in the extended version that the personal account completely replaces the bulk of social insurance and transfers to families. In the sector of public services, however, only a proportion of payments take place through the account. In the health field, for example, it is assumed that charges for routine services amounting to about 50% of total expenditure of health care are borne by users and financed through the savings account. The other half, to be borne by the state, covers more expensive operations as well as a series of lesser functions such as medical research and monitoring disease. This public funding essentially provides further insurance against the risk of incurring high costs for health care.”<sup>118</sup>

Some interest also attaches to the idea that the public system could pay into the entire set of citizens' welfare accounts a sum equal to the amount saved through the introduction of cost sharing. On the assumption that the area of co-payment regards only half the health services, for example, even with an average co-payment of 25% (i.e. half the amount envisaged by Fölster), about an eighth of the public budget would thus be saved and become available for redistribution in the citizens' virtual accounts. The health account of each citizen would thus be endowed with a certain amount of "tied money" to be used at his or her discretion.<sup>119</sup>

Access to autonomous spending power can prove particularly important in view of the de facto ceiling that a rationing system imposes on citizens' health expenditure during their lives. If this ceiling were made explicit on an individual basis (as in the proposal by Chernichovsky mentioned above), albeit with the necessary flexibility related to specific illnesses, citizens would be aware of the concrete need to accumulate resources in order to pay autonomously for treatment costing above it.

To quote Orszag and Snower, "In general, welfare accounts would help to 'internalize' both the benefits and the costs of welfare, and would hence deter users from waste in their recourse to services. Waste in the use of health services would be discouraged, for example, because the greater the use of services, the smaller the balance in the citizen's health account. This also holds for education and training. The human capital account would be more effective than present-day education and training courses as a way of ensuring employability throughout working life in that it can be drawn upon whenever the need is felt by employees and their employers. Nor would there be any incentive to waste in recourse to the pension account, given the opportunity to find work by making withdrawals from it in order to obtain employment vouchers." Moreover, "as the public and private sectors would both be able to offer social services (e.g. in the areas of health, education and training), services of transfer during lifetime (such as pensions) and social insurance (e.g. against unemployment and invalidity), these markets would be opened up to competition, thus improving efficiency in the supply of the services offered."<sup>120</sup>

It should, of course, also be pointed out that "the increased incentive effects deriving from unemployment accounts are obtained at the cost of higher levels of risk and inequality", so that "shifting both the pension system and unemployment benefits to individual accounts would improve incentives, but probably accentuate income inequality *ex post*."<sup>121</sup>

This could be offset to some degree, however, by the use of individual learning accounts funded from a range of different sources: the family, students' earnings while still students, their future earnings, employers, and even taxpayers.

The creation of such accounts is clearly grounded on the assumption that the individual is the party best able to take decisions as to the professional skills he or she should acquire. The state can pursue two objectives in this: firstly to inject an element of private funding into learning subsequent to compulsory education, and secondly to integrate the roles of the different stakeholders. On the one hand, students would be allowed to assert their preferences; on the other, employers would be provided with a mechanism capable of transmitting their priorities both to students and to educational institutions.

As Nicholas Barr points out, these accounts can be made compatible with a variety of funding mechanisms, including other types of fiscally promoted saving and forms of pension accumulation, and also with proposals designed to build up a stock of capital for every young person, including those put forward by Ackerman and Alstott in the United States and Le Grand and Nissan in Great Britain (as examined below). "In some ways individual learning accounts close the circle. Pensions are concerned with lifetime redistribution from middle years to later years, investment in human capital with redistribution from middle years to younger years. Individual learning accounts integrate the two sets of consumption-smoothing."<sup>122</sup>

### 7.3. Redistributive transparency

Seen as a whole, personal welfare accounts not only constitute a fundamental prerequisite for the functioning of a sufficiently competitive “social market” but also present a further surprising peculiarity. On the one hand, they can be used to address the fact that “in many welfare states (...) only 20-25% of social transfers actually give rise to redistribution amongst individuals (...) The remaining 75-80% do no more than redistribute income over the individual’s lifetime.”<sup>123</sup>

On the other, and by virtue of this very characteristic, while “programs that redistribute income over the lifetime are mostly systems that confer entitlements, where there is little correlation between services and contributions and a fiscal ‘wedge’ is therefore created”, welfare accounts “explicitly register the sums paid in by the holder, thus avoiding practically all the fiscal ‘wedges’ created by incongruities in the rules conferring entitlements”.<sup>124</sup> In short, they would constitute an effective barrier to “political raiding” and the creation of fresh incongruities giving rise inevitably to demands that equality be restored.

Then there is the still more stringent precautionary measure suggested by Orszag and Snower, who regard their scheme as having the further advantage of isolating the welfare system from the other parts of the state budget: “There would be two budget systems, one including expenditure not allocated to welfare (...) financed out of taxation as a whole (...) and the other including public sector spending on welfare services, financed out of the sums paid into individual accounts.”<sup>125</sup>

The government would still be able, however, “to redistribute income through citizens’ welfare accounts,<sup>126</sup> on condition that this took place in conditions of parity: the total burden of taxation on individual welfare accounts would have to remain equal to the sum total of transfers carried out on each account.”<sup>127</sup> The proposal would thus meet “one of the primary challenges of welfare reform, i.e. it would permit the redistribution of income from the rich to the poor, but without authorizing any funding of the public supply of welfare services through the system of taxes and transfers to the disadvantage of private competition.”<sup>128</sup>

As welfare services would instead be financed “out of the sums that citizens choose to spend and withdraw from their own welfare accounts”, in supplying such services “the public and private sectors would operate in conditions of equality, setting prices and competing for the custom of account holders (...) In order to prevent private firms from ‘creaming off’ the market (...), regulations would need to be set for the insurance premiums charged by the private sector (...) [For example,] firms could be forced to set prices for welfare services on the basis of a small subset of characteristics such as age and income, and ignore all the others. The resulting competing between public and private sectors would stimulate both to improve efficiency in the provision of services.”<sup>129</sup>

#### *“Constitutional” limits on the operations of distributive coalitions*

The question thus raised is to be regarded as by no means secondary. In point of fact, the proposal put forward by Orszag and Snower makes it possible to adopt an innovative approach to a problem mentioned above with reference both to the “capture” of welfare services by the middle class and to the disconsolate (but convergent) conclusion of American debate on “social entitlements”. The problem can be examined here in terms of an influential interpretation of how redistribution operates in democracy first stated by Aaron Director and hence known as Director’s law.

Subsequently developed by George Stigler<sup>130</sup> and Gordon Tullock<sup>131</sup>, this law can be summarized as follows. When given the choice between taking only from the rich and taking from both the rich and the poor, the average selfish voter will prefer to take from both.<sup>132</sup>

The problem has been repeatedly addressed by James Buchanan at different levels of depth.<sup>133</sup> For the sake of simplicity, we shall refer here to a short work (but with markedly radical ambitions) entitled *Can Democracy Promote the General Welfare?*<sup>134</sup> As we shall see, this is of considerable interest for our purposes.

“The analysis must start from the recognition and acknowledgment that ‘democracy’, as this structure of politics is commonly understood, is not compatible with nondiscriminatory collective action.” The reason for this lies in the fact that “if a subset of those persons involved in an interaction that is collectivized is assigned the authority to select a collectively imposed outcome, then an outcome that is differentially beneficial to members of that subset will be dictated by the logic of the choice process itself. The general welfare will not be promoted by nongeneral choice-making.”<sup>135</sup>

As he points out, “Majoritarian politics (...) tends predictably to act in furtherance of the short-term interests of members of dominant coalitions, taking actions that are necessarily discriminatory in effect. Why should a legislative majority promote the general interest? (...) If democracy is equated with majority rule, and if general welfare is defined as the welfare of all members of the polity, the structural contradiction is obvious. As stated before, nongeneral decision-making cannot produce general results.”<sup>136</sup>

For these reasons, “the expressed public dissatisfaction with the modern welfare state may (...) be traced, in part, to the failure to keep transfer programs within the limits of generality that are broadly acceptable (...). Citizens may very quickly withdraw their support for the welfare state if they observe shifting political coalitions to be using their authority to exploit particular groups for the differential benefit of others.”<sup>137</sup>

As one might expect of Buchanan, the solution to this problem is indicated as lying in the introduction of suitable constitutional constraints. “Democracy can promote the general welfare if democracy, like Ulysses, recognizes that it must bind itself against the opportunistic temptations that its defining institution, majority rule, guarantees must emerge. The general welfare state can survive; the discriminatory welfare state cannot.”<sup>138</sup>

The budgetary constraints indicated by Orszag and Snower with respect to the boundaries within which the redistributive action of welfare must be confined appear, however, to correspond sufficiently to the requisites laid down by Buchanan. It is also significant that the Nobel laureate of the Public Choice school should be induced by his arguments to maintain the possibility of operating solely through taxation of a rigorously proportional nature (*flat tax*) and transfers that are equal for everybody (*demogrants*). He does so on the grounds that “somewhat surprisingly perhaps, the major transfer programs of the welfare state (...) do, in fact, incorporate elements of generality that counter predictions about the workings of majoritarian democracy derived from elementary public-choice theory”. For example, “The old-age support system in the United State has been financed by a flat tax on payrolls, and eligibility has been almost exclusively limited by the age criterion.”<sup>139</sup>

#### 7.4. *New property dimensions of citizenship*

Is it permissible at this point to draw the conclusion that, for all the apparent complexity of the approach outlined here (especially with respect to such simplified solutions as flat tax and demogrants), it should be regarded as by no means lacking in appeal?

Clearly enough, the approach referred to is the path of redistributive transparency and co-payment combined with the digitization of relations between government and citizen, which also involves the introduction of welfare accounts in order to bring about a generalized assumption of responsibility

as regards decisions on how best to use the resources of “social money” granted to all citizens during their lifetimes.

This path is by no means unattractive, not least because, for the reasons given above, there is hardly any other way to obtain the resources needed to fuel an expanding welfare system.

Will this approach prove sufficient, or will it not need to be combined with ever-increasing injections of capitalization?

While a positive answer can be given to both questions, there is nothing to rule out the possibility of meeting with a few agreeable surprises if we press on with the argument developed so far.

Food for thought is offered first of all by C.B. Macpherson’s striking and stimulating observation that the left wing’s tradition of focusing on “human rights as opposed to property rights” may have been “a mistake, and that we will get further if we treat human rights as property rights”.<sup>140</sup>

This suggests that a system based on personal welfare accounts will not necessarily have to be framed in conventional forms of property.

While some writers do take a more conventional view of this system (“Whatever the individual or family [holding the account] does not spend during their lives remains as an inheritance, a capital fund, for the next generation [of the same family].”<sup>141</sup>), markedly innovative views are now being put forward, e.g. the approach suggested by Bruce Ackerman and Anne Alstott in a most interesting book<sup>142</sup> and recently taken up also in Italy at a conference on “new forms of welfare”.<sup>143</sup>

Ackerman and Alstott counter the idea of a basic income with that of a basic stock created by means of a 2% tax on wealth, calculating that in the United States such a levy could finance an individual stock of \$80,000 for every American citizen on coming of age. There is nothing particularly original in this idea so far, and the authors themselves indicate Tom Paine as their most illustrious forerunner.<sup>144</sup> Greater originality is to be found in the suggestion that the stock should ultimately be returned, if possible plus interest and minus the use made of it by the citizen during his or her life. The individual stock would thus be returned to a national fund perpetuated from one generation to the next, gradually reducing the application of the wealth tax until it could be abandoned completely.

Attention should be drawn to a striking analogy between Ackermann and Alstott’s proposal and the one put forward by the British Nobel laureate James Meade first in *Agathotopia* and then in *Liberty, Equality and Efficiency*.<sup>145</sup>

One of James Meade’s merits lies in having highlighted the possibility of obtaining a “social dividend” from a stock of public assets jointly owned by all citizens but managed on market criteria through a multiplicity of investment funds.<sup>146</sup> Meade suggested that this stock could be accumulated by channeling state surpluses into a national fund, which naturally raised the problem of how to obtain budget surpluses and build up the stock. He pointed out that the “magic of compound interest” could play a key role in accumulation, but recognized that this process would entail a painful series of fiscal and economic sacrifices over a fairly long period.

It is not difficult to demonstrate in abstract terms that if one began to assign a minimum stock to each citizen at birth, this would immediately pave the way to arrive, after a certain length of time, at a situation where the need for taxation in order to redistribute income would prove to have been gradually minimized.

The arithmetic of compound interest is fairly simple, as the United States senators promoting the Kerrey-Moynihan Kidsave Accounts Plan appear to have realized back in 1999.<sup>147</sup>

Meade held that only the revenues generated by the national stock were to be distributed in the form of a “social dividend” and serve, when fully operational, as a “basic income”. Both in his proposal and in the one put forward by Ackerman and Alstott, however, the objective is to identify a financ-

ing mechanism that will no longer depend in the long run on taxation (or a PAYG system in the broad sense) but on the revenues generated by capital owned by all citizens.

In this sense, it is possible to see systems based on the redistribution of income and systems based on a stock of capital as linked and alternative to one another with reference both to the funding mechanisms of redistribution and to the form to be assumed by the wealth redistributed amongst all the citizens.

## 8. Beyond the historical forms of “social property” created by welfare systems

It can be claimed, in short, that systems based on the redistribution of flows of income entail a choice rife with consequences for future generations. The traditional welfare state has in fact placed us on a path where it is difficult to turn back. The choice of a PAYG system tends in fact to rule out indefinitely any possibility of accumulating a stock of capital belonging to all citizens, since it is hard to imagine the sustainability of double redistributive taxation.

On the other hand, a stock of capital owned by citizens would obviously be capable, once accumulated, of providing massive support in meeting the financial requirements of public welfare and indeed placing them on a truly sustainable basis, no longer dependent exclusively on comparatively aleatory decisions as regards fiscal redistribution.

On an optimistic view (which is also attractive, given the problems that now outweigh every effort to ensure the sustainability of social welfare systems), once the initial stock has been accumulated, the fact that the amounts remaining in each individual welfare account are subject to a mechanism of final payback at death<sup>148</sup> into a general fund would gradually serve to build up a growing amount of collective assets<sup>149</sup> capable of providing funds for every successive cycle of accounts. This source of funding would gradually develop to such a degree as to guarantee all future generations.

Leaving aside all further consideration of time, method and concrete feasibility, this approach would in any case have the merit of finally indicating a path of growing long-term sustainability for welfare. At the same time, such a radical reform of the social welfare system also prompts reconsideration of the overall historical development hitherto. It is basically possible to argue that welfare was in fact originally devised as a different and innovative form of property.

Given the framework now delineated, it would, however, become possible to formulate a possible trajectory of future developments in a different light. This would no longer be the primarily defensive approach of “insurance against revolution”<sup>150</sup> that stretches from the Speenhamland system adopted in Britain (1795-1834) to counter any spread of French Jacobinism to Bismarck’s creation of the *Wohlfahrtsstaat* (1881-1889), explicitly designed to “draw the sting of socialism’s promises”, and on up to the achievements of the Scandinavian social democracies and the universal welfare system introduced by the Beveridge Revolution in Britain in the wake of the Great Crisis of the 1930s and World War II, and in constant competition with the network of social protection that was the goal and the proud boast of the Soviet Union until its collapse in 1991.

It was in fact the government of the “Iron Chancellor” that created the initial nucleus of a fundamental innovation, aptly described by Robert Castel as “social property” or “assets” built up essentially (in direct or indirect form) out of the contributions paid by wage earners, “which has a social origin and functional procedures but acts as a private fund of assets”.<sup>151</sup>

In putting forward this interpretation, Castel could well claim to be following in the wake of observations made over a century earlier by Lorenz von Stein and Alexis de Tocqueville.

The former stated that “the next revolution (...) cannot be other than social”<sup>152</sup> and that in order to avoid it “the administration [will have to] increase the degree of movement within society by allow-

ing workers access to capital and hence to social property”.<sup>153</sup> Tocqueville regarded it of crucial importance in a democratic system “to give workers an owner’s interest”<sup>154</sup> and “accustom workers to ownership”, because “seeking to halt democracy will then be like seeking to fight against God and the nations will thus have no alternative but to adorn themselves with the social state imposed upon them by Providence”.<sup>155</sup>

In terms of the approach that was introduced by Bismarck’s reform and remained the cornerstone of welfare throughout the 20th century, workers can be described as “shareholders” possessing a stake in public assets for use as private property, e.g. through health systems or public education. The amount socially accumulated remained an integral part of common assets to be handed down to future generations, but had a “providential function”<sup>156</sup> in common with private property. It may be possible to regard as immaterial in this perspective the observation that this also made it possible to achieve the political objective of ensuring that workers interested in the peaceful development of society abandoned all revolutionary aims in favor of what has been described as “integration in subordination”,<sup>157</sup> integration that trade unions and political parties then became responsible for representing at the institutional level (and transforming – we might add – into full negotiatory powers and full citizenship in political and social terms).

John Roemer has also argued that “a form of property relation must be evaluated, *inter alia*, with respect to the kinds of public goods and bads it will engender”<sup>158</sup> and the time has probably come to apply such a test to the old forms of “social property” promoted by welfare and expanded to their maximum degree with the spread of PAYG systems.

### 8.1. The possibility of transition to a fully funded system

If we now examine the possible developments in the direction of a fully funded system, it appears possible to state that “personal citizen accounts” present more than one interesting feature in this connection.

As Orszag and Snower point out, they could serve to facilitate transition from present welfare systems in that “initially (...) they could be operated in accordance with the PAYG criterion (...). With time, welfare accounts could ultimately be transformed into systems that are fully funded in all respects. This transition could take place at very different speeds for the different accounts depending on the different levels of fiscal pressure.”<sup>159</sup>

Being compatible with a PAYG system while offering complete individual transparency in book-keeping terms, welfare accounts thus present two advantages. On the one hand, they make it possible to move more easily toward forms of fully funded systems. On the other, they ensure that “the question of the feasibility of this transition can (...) be separated from the question of its validity in social terms”.<sup>160</sup>

They also offer another advantage. By making the amounts visible, concentrating the contributions paid by each citizen into an account together with a proportion of the resources obtained through taxation, the mechanism of welfare accounts makes it possible both to spend one’s stock of “social money” on co-payments for services based on parameters of income, assets, health, etc., and to defer use of the sums accumulated over time.

If they were embedded in a framework of property rights ensuring that all assets remaining on the account holder’s death were returned to a collectively owned fund, as mentioned above, welfare accounts could generate very positive effects for welfare funding as a whole once fully operative.

## 8.2. Baby Bonds and the Savings Gateway

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WORKSHOP V

Among the various proposals for systems of redistribution designed to build up a stock of capital for every citizen, attention should be drawn to the *Child Trust Fund* (or *Baby Bonds*) and the *Savings Gateway*,<sup>161</sup> not least in view of the importance they have assumed in the United Kingdom within the framework of the economic policy of the second Blair government.

The *Child Trust Fund* (or *Baby Bond*) is an individual account opened for every child at birth with an initial sum of between £400 and £800 deposited by the government. The account cannot be touched until the holder comes of age, and accrues interest until that time. Three successive government “top-ups” are made when the holder reaches the age of 5, 11 and 18, and parents can deposit further sums voluntarily. Both the initial deposit and the top-ups are subject to a progressive mechanism whereby the amount is inversely proportional to the family’s income. On turning 18, the holder thus has an initial capital of £2,000-£5,000 (about €3,000-€7,500).

The *Savings Gateway* is an incentive introduced by the government for workers with low incomes. Over a set period (5 years), for every pound saved, the government deposits another on the same dedicated account, which remains blocked for the whole period only as regards the government contributions. At the end of the fifth year, the funds become fully available to the holder and the account is closed.

Both schemes share the objective of promoting the distribution of wealth through the creation of semi-restricted individual saving financed either wholly or partly by the government.

The need for this form of property redistribution is justified, according to Kelly and Le Grand, by the deep and growing inequalities caused by the present forms of wealth redistribution, especially in relation to the formation of assets (and hence property) and the advantages and opportunities deriving therefrom.

Starting from the assumption of a positive connection between property and freedom, Kelly and Le Grand refer in particular to studies and surveys that provide data on the growing gap in available wealth between the different sections of the population and show how the possession of adequate initial capital can have positive effects in terms of health, the chances of obtaining more qualified and better paid work, the possibility of becoming self-employed and, last but not least, peace of mind.

Within the same perspective of equal opportunity, the authors identify taxes on the transfer of wealth between generations as one of the primary tools serving to achieve a redistribution of wealth based on the spreading of property.

As Kelly and Le Grand point out, these schemes have been subjected essentially to three types of criticism. Some regard them as insufficient to generate any significant improvement in the assets of their beneficiaries. Others fear that they might come in time to replace the current forms of welfare and thus work to widen the social divide in terms of wealth, guarantees and opportunities still further. Finally, attention has been drawn to possibility of a negative impact on the structure of individual incentives leading to increased dependence on the state.<sup>162</sup>

The authors close in this connection with “a word of warning”. Some have suggested – they note – that “access to capital-endowments could be made conditional upon certain life style choices, such as the decision to get married<sup>163</sup>. Government sponsored asset-accounts used to advance a crass communitarism could end up discrediting both the policies and philosophies concerned. Emancipation, rather than social control, must lie at the heart of the emerging asset-based agenda.”<sup>164</sup>

### 8.3. *Looking at welfare also in terms of stock and not only flow*

Though different in their substance, albeit not necessarily alternative, the proposals outlined above constitute an initial conceptual framework that may make it possible to start taking a cooler look at the problems inherent in a reform of the welfare system that adopts a perspective encompassing both stock and flow in its drive for a new mechanism based on user choice.

Those who make the effort to examine the prospects for such reform on the threshold of the new millennium are not infrequently heard to remark that while perils of an epic nature appear to be widespread, there is little sign of a modern-day Ulysses. In other words, there is an apparent lack of heroes endowed with comparable wisdom and thirst for knowledge, capable of sailing over unknown seas and braving the Sirens' song because they have already made it impossible for themselves to deviate from their set course and destination.

In the case in question, the possibility exists that the Sirens will ultimately prove victorious, i.e. that it will eventually be necessary for the welfare state to adopt systems based on individual property rights<sup>165</sup> and fully funded mechanisms but without necessarily having to fear dramatic results as long as adequate measures can be taken in time.

In actual fact, we have already witnessed some unexpected cases of capitulation to capitalism on the part of figures who have been unable or unwilling to examine in suitable depth the problem of the shortcomings of the model regarded as alternative. It may thus be advisable for defenders of welfare to make some effort so as to be less unprepared should they be required to face this eventuality. With reference to the "alluring" nature of the Sirens' song, it may also be advisable to try to use the leverage and time resources still available to direct the current drive for a transformation of welfare in terms of individual property rights, hypothetically regarded as practically irresistible, toward social developments capable of allowing the substantial "attractions of solidarity" to emerge through new property dimensions of citizenship.

Drawing inspiration from the "pessimism of reality, Ferrera and Gualmini wrote in 1999 that "reforming welfare 'from the left' involves authentic contortions at the ideological-programmatic and political-electoral level in some cases. It also means embarking on a difficult path of small steps (some of which may be backward), of revisions and revisions of revisions, with obvious effects at the level of the consistency, efficiency and effectiveness of the reforms. But none of the 'consensual' democracies (...) appear to offer practicable political alternatives."<sup>166</sup>

The pursuit of a welfare system based on transparency rather than opacity could perhaps make it possible to flush out the "veto players" feared by Ferrera and Gualmini, and help to develop the type of "virtuous" cooperation that they rightly consider necessary in tackling welfare issues. "Cooperation must work 'in the shadows' on these issues. It is the task of governments to set the boundaries. They must have the institutional capacity to do so and take responsibility for this action when necessary."<sup>167</sup> Therefore, "bipolarism, stable and cohesive majorities, stronger executives, more efficient bureaucracy, 'responsible' decentralization, etc."<sup>168</sup> would be among the prerequisites – as essential as they are difficult to obtain, at least in the short term – for more incisive action in the area of welfare.

In more modest and programmatic terms, however, "the development of a social market might be one of the paths available to highlight the attractions of solidarity and transfer this term from the vocabulary of political rhetoric to the calculation of consensus."<sup>169</sup> In other words, personalized co-payments, virtual welfare accounts and smart cards for access to services might prove effective tools to marshal a new general consensus behind the "social market" and the underlying "social state" pursued by those who, seeking to reaffirm the value of social solidarity today and preserve it for tomorrow, recognize the urgent need to reform the traditional mechanisms for the funding and provision of public welfare.

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E5

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- 1 This paper is a partial translation of a more extended work published in Morley-Fletcher 2002.
- 2 "If governments continue to address the problem of exploding Welfare State costs through a long-run sequence of short-run responses to budgetary crises, Welfare State services will continue to contract. If such an on-going contraction is socially undesirable – and it is hard to imagine how it could be desirable – then the social cost of this misallocation of resources will simply cumulate from year to year" (Snower 1993, 704).
- 3 Boeri 2000.
- 4 Ferrera 1998.
- 5 Leaving aside the distortions peculiar to Italy, the redistributive model appears to be in difficulty everywhere, thus leading to the disappearance of what is classically considered an effective "incentive to tolerating the growth of public expenditure" (Jouvenel 1990, 73). In this connection, it is worth considering two significant observations made by the authoritative writers Assar Lindbeck and Wolfgang Streeck.  
"We cannot be really certain that less disparity in income, if caused by political intervention, necessarily attenuates social conflict and political pressure for further redistribution of income through taxes, transfers and legislative provisions. The desire for redistribution could even increase subsequent to intervention for redistributive purposes. Among other reasons, this happens because such actions politicize redistribution issues and thus create the belief that differences in income are arbitrarily caused by the political process rather than an indispensable element of a functioning market system" (Lindbeck 1999, 118).

“Just as the availability of additional resources disappears or ceases to be taxable for purposes of social justice, solidarity based on the obligatory subsidizing of the weak by the strong becomes increasingly difficult to put into practice (...) In an attempt to adapt to new competitive pressure, national communities try (...) to defend their internal solidarity not so much through protection and policies of a redistributive nature as through the achievement of *competitive and productive success*. This success is sought (...) through the gradual replacement of *protective* and *redistributive* solidarity with solidarity of a *productive and competitive* nature” (Streeck 2000, 6-13).

6 Ferrera and Rhodes 2000.

7 Le Grand and Goodin 1987, Zepezauer and Naiman 1996, Howard 1997. See also Dahrendorf 1996 for a very forthright assertion: “The welfare state (...) was created to help those who could not help themselves: the poor, the sick and the elderly. As the years passed, however, the idea underwent strange distortions. We were led to believe that, as salaries rose, people would make less use of the benefits of the welfare state, but the opposite is increasingly often the case. The rich and the numerous poor often fail to take full advantage of the benefits to which they are entitled. The poorest sometimes do not even know what they are. But the members of the middle class are very good at seizing every opportunity to round up their salaries with various benefits and allowances. Paradoxically, and perhaps ‘perversely’, the welfare state has become a self-service for the middle classes.”

8 Committee set up to analyze the macroeconomic compatibility of social spending, 1997.

9 Morley-Fletcher 2000b.

10 Le Grand and Bartlett 1993; Fazzi 2000; Taylor-Gooby 2000.

11 In schematic terms, the “J effect” is to be understood as a trend in costs subsequent to the introduction of a new process characterized by a short-term increase followed by a prolonged decrease in the medium-long term, and hence similar to an inverted “J”. The difference in the two phases is generally due to the combination of the new costs connected with the introduction of the new process with the costs of the “old” process, which take a certain time to decrease, e.g. owing to rigidity of the productive structure (a typical case being provided by process innovations that automate many functions previously performed by personnel, who cannot, however, be immediately fired or absorbed in other functions).

12 As Armen Alchian points out, some goods and services have still not been assigned a price also “because the cost of transaction *via* the market is higher” (Alchian 1969, 9).

For a more general examination of transaction costs within the sphere of the choices of public policy, see Dixit 1996. For an application to the “remonetization” of welfare, see Morley-Fletcher 1996b and 2000a.

13 To such an extent as to have been regarded practically everywhere at the international level as worthy of support by means of special fiscal incentives.

14 Frankel and West 1993.

15 Scharpf 1988.

16 Barr 2001.

17 Bowles and Gintis 1998, 16.

18 The specific citation is taken from *The German Ideology* (1846), but similar passages are recurrent in Marx’s writings (Sen 1999, 289).

19 Bauer 1971, cit. in Sen 1999, 290.

20 Dahrendorf 1988.

21 In sections 2-7.

22 In section 8.

23 Despite a few modest attempts on the part of the author of these notes, beginning a quarter of a century ago in 1977 with a *samizdat* circulated within the *Rivista Trimestrale* and a variety of subsequent efforts (see Morley-Fletcher 1981, 1984, 1988, 1990, 1993, 1994, 1995, 1996a and 1998b). Attention should be drawn, however, to the isolated exception of Giorgio Ruffolo, who began to make use of the concepts of “welfare market” and “social money” back in 1985 (see Ruffolo 1985a, 1985b and 1994. In this connection, see also the following striking assertion by Julian Le Grand: “now it is difficult for anyone on the Left to treat the idea of vouchers on its merits, because in recent years the idea has been colonized almost exclusively by the Right. This is a pity, for there seems nothing inherently right-wing or unsocialist in what is perhaps the principal merit of vouchers. That they empower the welfare client. Many of the aspects of vouchers to which the Left would rightly take objection – (...) such as the ability of wealthy parents to top up an education voucher by extra payments – are not essential to the idea. It is perfectly possible to construct voucher schemes that accord in most, if not all, respects with socialist value” (Le Grand 1989, 199).

24 Van der Laan 1998.

25 Such as particular reductions that the issuer can obtain from the suppliers of the goods or services, or objectives connected with generating customer loyalty, social solidarity, the desire to take advantage of particular fiscal incentives (only in certain jurisdictions), etc.

Particular significance attaches to schemes of *frequent-flyer miles*, which now involve about 100 million people throughout the world. While this is, as *The Economist* recently pointed out (4 May 2002), the most widespread means of payment after the dollar, it remains unfunded, having now reached an estimated total of about 8.5 trillion as yet unused miles with an approximate value of \$500 billion. This debt in frequent-flyer miles will prove very difficult to collect – observes the British weekly, reporting the estimates given by [www.webflyer.com](http://www.webflyer.com) – since the airlines have printed this form of money in excessive quantities. They are issuing more miles than they will be able to provide in terms of free tickets. In actual fact, as *Le Monde* has also pointed out, “The total number of miles assigned every year has doubled over the last five years while the number of miles used to obtain free tickets has risen only by one third. At this rate, it would take 23 years to empty all the [existing *frequent flyer*] cards, assuming that no new miles are issued” (Tiphine 2002). Attention should also be drawn both to the attempts made to develop a business in air miles at reduced prices with companies such as Award Traveller and to the systems for the conversion of loyalty points into frequent-flyer miles offered by companies like American Express and Diners’ for purchases made with their credit cards.

26 A striking observation was made in this connection by an American charity at the beginning of the last century, to the effect that since “the poor Italians [immigrants] were ‘*unintelligent in the use of what they have*’ charity organizations became determined to teach their clients how to use money properly” (letter to the managing director of the *New York Association for Improving the conditions of the poor*, 7 November 1913, document held in *Community Service Society Papers*, Box 25, Rare Book and Manuscript Library, Columbia University, cit. in Zelizer 1994, 120).

27 In the case of school vouchers, for example, this is the primary objective, and the freedom of choice can be very great indeed. See also below.

- 28 In the case of school vouchers, for example, “[competing] for-profit schools could use extravagant promises, sensational advertising and special programs to attract enrollments at the expense of academically superior institutions” (Krashinsky 1986, 140-151).
- 29 In other words, individuals could possess more information than the public provider with respect to their real needs and how to meet them.
- 30 In the case of social assistance for the poor, it has been pointed out, for example, that non-monetary forms of aid (which thus allow no freedom of choice with respect to the allocation of resources) do not teach the children of the poor “the art of spending”: “Money would also teach the children of the poor how to buy. Indeed, as part of their critique against institutionalizing dependent children, turn-of-the-century reformers blamed institutions for manufacturing handicapped consumers; the ‘institutional child’, contended Edward T. Devine, the prominent social worker and general secretary of the New York Charity Organization Society, never learned the value of money ‘because purchases are made by steward or superintendent’” (Zelizer 1994, 150).
- 31 With respect to forms of social assistance for the poor (cash or goods and services), it has also been pointed out that “if you deprive a person of the function (...) you make that person poor indeed”. Cash preserves “family independence and self-respect” (Dunn 1922, 72-74, cit. in Zelizer 1994, 122).
- 32 “The use of vouchers rather than their equivalent in money is designed to oblige the beneficiary to make very specific use of the funds allocated by the public institution. Since not all goods and services possess equal merit in the eyes of the taxpayer and the public institution, the latter takes care to prevent citizens from ‘bartering’ the service to which the collectivity regards them as entitled for other goods or services that they may prefer (but are regarded as lacking merit by the collectivity). This ‘barter’ is facilitated by all monetary transfers but proves more difficult in the case of vouchers” (Barbetta 1996, 110-111).
- 33 “The benefit a child derives from education is not only to the advantage of the child or its parents but also to the other members of society” (Friedman 1967, 135).
- 34 Even though “there is obviously significant ideological disagreement in our society (...) about how to assess the relative desirability of competitive private supply”, the classic argument in support of the latter is that “the profit motive, when combined with the need to satisfy customers who have other options (...) is the best available goad to inducing both economizing behavior in production and socially valuable innovation. Government provision, under this view, suffers both from a tendency to encourage the creation of monopoly power (...) and from under-powered or misdirected bureaucratic incentives” (Bradford and Shaviro 1999, 45-46).
- 35 Bradford and Shaviro 1999, 47.
- 36 Hansmann 1980.
- 37 Cave 2001, 64.
- 38 At the beginning of a voucher scheme, “almost certainly the transaction costs would be considerable, but we must be careful not to fall into the trap of automatically assuming that they would exceed the benefits of pricing [the services]” (Judge 1981, 166).
- 39 In this connection, practical interest attaches to the suggestion put forward in March 1999 during a meeting of the Third Sector and Employment Committee at the Ministry of Labor by Stefano Zamagni that vouchers be used (together with appropriate technologies) for many kinds of state transfers in southern Italy so as to create a wholly transparent and controllable market circuit for the benefits involved, with the evident objective of isolating and eliminating areas where conventional benefits are also channeled into the spheres of the black economy, organized crime, and corruption.
- 40 It may be of interest to note that as a form of particular earmarking for specific expenditure, vouchers are not in this sense distinguished from other “forms of money”. For example, “the standard practice of budgeting constitutes a special case of earmarking: the subdivision of funds available to an organization, government, individual, or household into distinct categories, each with its own rules of expenditure” (Zelizer 1994, 29).
- 41 Williamson 1975, Pitelis 1993.
- 42 Morley-Fletcher 2000a.
- 43 The highest indifference curve ( $U_1$ ), and hence the maximum level of individual well-being attainable by an individual after receiving a certain number of vouchers ( $V$ ) for a specific good or service ( $x$ ) is lower than the curve ( $U_2$ ) attainable by the same individual if, instead of  $V$ , he had received an equivalent sum of money (\$) only in the case where the quantity ( $x'$ ) of  $x$  desired after receiving \$ proves lower than the quantity of  $x$  that can be obtained with  $V$ .  
 $V$  therefore makes it possible to obtain a level of individual well-being ( $U_1$ ) greater than or equal to the level ( $U_0$ ) before receiving  $V$  (equal only in cases where  $x$  is of no use to the individual receiving  $V$ ) and lower than or equal to the level ( $U_2$ ) corresponding to the allocation of an equivalent amount of money (equal only when the quantity of  $x$  purchased after the allocation of  $V$  is equal to  $x'$ , i.e. to the quantity the individual would have chosen if he had received an equivalent amount of money) (Bradford and Shaviro 1999, 18-22).
- 44 Although the voucher, unlike money, generates no form of interest, it constitutes an authentic form of money by virtue of its nature as a unit of measurement and means of exchange, thus highlighting the fact that, according to Patrick Viveret, “*monnaie* is not *argent* and has practically never been *argent* historically” (Viveret 2002, 17). He also argues (with reference to Aglietta and Orléan 1982 and 2002) that while *argent* helped to make *monnaie* a “vector of the violence of social relations” (Viveret 2002, 19), the voucher helps to regain the moment of exchange, of *paying* in the Latin sense of *pacare*, it to *pacify*. Vouchers thus constitute a form of “social money” and as such could contribute not only to a sort of “democratic reappropriation” (Viveret 2002, 23) of *argent*, but also to a general process of “remonetizing” welfare services after years of constant pressure for their “de-commodification” (Esping-Andersen 1990). Without necessarily contradicting the free character of welfare services, this phenomenon reflects the attempts underway in various countries to create, also in the area of these services, mechanisms inspired by market logic understood as ways to boost efficiency. Vouchers could indeed constitute one of the possible formulas in this respect by transferring the purchasing power implied in the supply of services in kind directly to users. The phenomenon of remonetization is still in the early stages and presents no clear outline, even though it already appears possible to identify a basic tendency to make use of it in forms consistent with the objective of genuinely empowering the user.  
In any case, this is a phenomenon that will be further accelerated and influenced by the expansion of the “information society”. At a time when the left is taking the proposals once put forward by Jacques Delors as a still relevant and valid point of reference, (see Antonio Macaluso’s interview with Sergio Cofferati in *Il Corriere della Sera*, 5 August 2002), it may be worth recalling that the White Paper on Growth, Competitiveness and Employment presented by the European Commission in December 1993 already contained some particularly cogent observations in this connection: “Modern technologies radically alter the relations between state and citizens. The latter can access ‘public services’ on an individual basis and be charged on the basis of the use made” given

that “some services, which were hitherto the exclusive preserve of the state and subjected to increasingly severe budgetary restrictions, can be transferred to the market once and for all” and it will make no sense to go on basing them on “on free provision and implicit funding from taxpayers” (European Commission, 1994, 198).

- 45 “As an example of such price-discrimination, suppose that a school voucher program provided \$ 1,000 tuition vouchers to a specific group of students, but that the schools could respond by charging these students \$ 1,000 more in tuition (net of the vouchers) than other students. If this were a stable outcome, it would convert the grant into a supplier subsidy, without permitting vouchered students to pay less out of pocket than unvouchered students. Under fully competitive markets, however, this result is impossible. After all, so long as vouchered students are worth more in revenue to the schools than unvouchered but otherwise identical students, the schools would be expected to compete for them by cutting the price, until at equilibrium the vouchered students paid \$ 1,000 less out of pocket” (Bradford and Shaviro 1999, 17).
- 46 Beltrametti 1998
- 47 Fazzi 2000, 55.
- 48 Hirschman 1970.
- 49 Osborne and Gaebler 1992; Regonini 2001.
- 50 Article 118 (section 4).
- 51 “Legislative power is exercised by the State and the Regions in accordance with the Constitution as well as EU regulations and international obligations.  
The State enjoys exclusive powers of legislation in the following areas:  
(...)  
m) Determination of essential levels of services with respect to the civil and social rights to be guaranteed throughout national territory” (article 117 of the Constitution).
- 52 Torchia 2002, 26-28.
- 53 Merusi 1990, 26-27. The issue raised by Merusi has since been addressed on a number of occasions by the Constitutional Court with some substantial swings and variations that have continued to fuel intense debate on matters of interpretation. Some experts have, for example, pointed out that by describing (ruling no. 374 of 1988) the right to social services and budgetary requirements as “equally appreciable”, the Court was in danger of “conferring the status of a principle on a matter of fact, i.e. a financial constraint” (Pinelli 1994, 555). The Court then invoked (ruling no. 455 of 1990) the concept of “conditional constitutional rights” with specific reference to health entitlement. As the “right to health care”, the latter was in fact defined as a “constitutional right conditional upon the form in which it is implemented by the legislator by balancing the interest safeguarded by that right with other constitutionally protected interests, taking into account the objective limitations encountered by the legislator with respect to the organizational and financial resources available at the time.”
- 54 Kelley 1998, 100.
- 55 *Cit.*, 22.
- 56 *Cit.*, 24.
- 57 Holmes and Sunstein 1999, 19.
- 58 *Cit.*, 43-44.
- 59 *Cit.*, 97. Analogous views were previously expressed by Stefano Rodotà: “It is practically impossible to dissolve the relationship between citizens’ rights and resources with the sole exception of cases where rights require no more than omissive conduct on the part of the authorities. In all the other cases, it is possible to discuss the scale of the resources needed and the forms of their distribution and use, not the possibility of identifying a characteristic feature of *true* citizens’ rights in the fact that they do *not* require the use of public resources. It is clear that the line of demarcation between rights in the technical sense and mere expectations cannot be drawn by adopting the criterion of cost and thus assuming that all the cases costing less than a certain amount are rights and all the rest are not. This criterion is deprived on any scientific validity whatsoever by its wholly arbitrary nature” (Rodotà 1994, 304-305).
- 60 *Cit.*, 229.
- 61 *Cit.*, 226.
- 62 *Cit.*, 202-203.
- 63 *Cit.*, 211.
- 64 *Cit.* in Kelley 1998, 140.
- 65 Zolo 1994, 32-33
- 66 *Financial Times*, 30 March 1990
- 67 Chernichovsky 2002, 19. A proposal of a more limited character but still presenting identifiable analogies with Chernichovsky’s scheme was discussed with the minister Guzzanti and then with the minister Bindi by the author of these notes when he coordinated the CNEL working group on the social market during the 1995-2000 term. Reference was then made to the possibility of allowing freedom of choice as regards the use of at least a part of the per capita quota envisaged in the National Health Plan in connection with an expansion of the co-payment system. A cogent summary of this approach is to be found in Grossi 1998, 37-39.
- 68 Meade 1989; 1993
- 69 Another approach tried out in Czechoslovakia and other East European countries in the early 1990s involved the issuing of special privatization vouchers. See Nuti 1994, Burowoy 1996 and Wiskopf 1996 for a critical appraisal. For the views of Morley-Fletcher, Nuti, De Cecco, Leon and Preite on the applicability of such an approach in order to obtain large-scale privatization together with a marked improvement in the public debt in Italy, see Lega Nazionale delle Cooperative e Mutue 1992 and CLES-Lega Nazionale delle Cooperative e Mutue 1992.
- 70 Ackerman and Alstott 1999, Ackerman 2002.
- 71 “In my proposal firms are also financed by loans from public banks, which are responsible for monitoring firm management (...) Owning a share of a firm entitles the citizen to a share of the firm’s profits. More realistically, citizens may invest their coupons in shares of mutual funds, which purchase shares of firms. One cannot purchase shares or coupons with money. People, however, can trade shares in firms for shares in other firms, at coupon prices. Thus, prices on the coupon stock market will oscillate as they do on a regular stock market.  
Because money cannot be used on the coupon stock market, the small class of wealthy citizens will not end up owning the majority of shares (...) [In any case,] the coupon stock market should provide the same discipline over firm management as a capitalist

stock market does. When banks see the coupon share price of a firm falling, that is a sign that investors think the firm is performing poorly, and the banks would step in to monitor closely the management. Everyone's coupon portfolio would be returned to the public treasury at death, and allocations of coupons would be returned to the public treasury at death, and allocations of coupons would continually be made to the new generation of adults. Thus, the coupon system is a mechanism for giving people a share of the economy's total profits during their lifetimes while also harnessing what good properties the stock market has as a device for risk-bearing and monitoring of firms" (Roemer 1994, 49-50).

72 De Vincenti, Morelli, Pollastri 1999, 124-125.

73 Morley-Fletcher 1996a, 298.

74 Hirschman 1992, 88.

75 Which also makes it possible to foster certain forms of user behavior. For example, those agreeing to adopt specific channels of information or types of environmental and organizational conduct could thus receive points for further welfare goods and services. In short, the state could encourage individual citizens to follow a rational itinerary capable of strengthening their overall social capacity and ability to access increasingly high levels of information in the fields in question.

76 A form of relation between the value of the vouchers received and income can be represented by a formula of the type  $V = A^* - bR$ , where  $V$  is the value of the vouchers received,  $A^*$  the value of the minimum diet set as a target,  $b$  a coefficient (e.g. 30%), and  $R$  the income received (variable).

77 A schematic outline of a wholly private health service based on insurance involving a combination of tax reduction and vouchers for the lower income groups and families in greatest difficulty was formulated by Milton Friedman in 1991. "Even if the government were to pay directly for major medical insurance for everyone – rather than by reducing taxes – there is little doubt that both the government's and the total health cost would decline drastically because of the elimination of the tremendous governmental bureaucratic structure that has been built up to supervise a large fraction of all health activities" (Friedman 1991).

For a broader spectrum of proposals designed to enhance the user's role in the health care system with a marked preference for forms of personalized insurance connected with mechanisms of *experience rating* rather than *community rating*, see in particular Herzlinger 1997 and 2002b. "When consumers apply pressure on an industry, whether it's retailing or banking, cars or computers, it invariably produces a surge of innovation that increases productivity, reduces prices, improves quality, and expands choices. The essential problem with the health care industry is that it has been shielded from consumer control – by employers, insurers, and the government. As a result, costs have exploded as choices have narrowed (...) in the current health care system, consumers are almost entirely insulated from real purchasing decisions; their employers select plans, negotiate terms, and pay premiums. For the system to change, employees will need to shop for health insurance as if they were using their own money. [It will thus be necessary to institute a mechanism whereby] an employer gives its employees the sum it would have spent on their health benefits or lets them contribute their own pretax funds, or both. Employees will be required to use some of that money to purchase, at a minimum, an insurance policy that protects them against financially catastrophic medical events. (...) By varying payments according to individual employees' care requirements, insurers and providers will be motivated to develop new offerings – for example, multiyear policies that promote the health of people suffering from chronic diseases (...) I foresee health care providers responding to consumer demands by pursuing three dramatic innovations: *focused factories* of providers that work together to better treat specific diseases or patient groups, *integrated information records* that consolidate currently dispersed patient information, and *personalized medical technologies* that enable treatments to be designed for individuals. These innovations will be bundled in a variety of ways by creative insurers ... Because focused factories are more modest in scope than everything-for-everybody systems, they are much more efficient and effective – and they're much easier to manage. In many ways, they resemble the mass-customization production processes that are enhancing manufacturing productivity by replacing cavernous, fragmented, and rigid assembly-line factories with coordinated and flexible team-bases ones" (Herzlinger 2002a).

78 A scheme for the application of vouchers in the health sector was proposed in Italy by Mario Timio, who presented the health voucher as "a credit certificate given to individual citizens and families to be used freely in public and private health institutions". In the case in question, the health voucher offers "the opportunity to spend an entitlement, making the citizen a user or customer of the health service and giving the patient and patients and their families in addition to a 'freedom ticket' a tool serving to direct the health service along the path of quality and efficiency". The voucher would ensure "coverage of primary assistance and pharmaceutical treatment, specialized medicines, laboratory and instrument-based diagnostics, and hospitalization". It would not be aimed "solely at the 'needy' but at all, albeit with possible differentiations". In such a scheme, the state "does not pay individual health structures but issues the vouchers to individual citizens (or individual families)", thus introducing "'controlled' market rules to improve performance and moralize conduct" through "incremental doses of free competition and state control over the level of services provided by the public and private sectors" (Antiseri, Timio, Gamaleri 1998, 78-79). See also Timio 1996.

79 A system comparable to a voucher scheme in that it involves higher contributions in favor of those in specific income brackets or social and medical situations.

80 The cost of this insurance coverage could be shared by the user involved in proportion to his or her income.

81 Hsiao 1995; Massaro and Wong 1995.

82 Yip and Hsiao 1997.

83 Snower 1997, 163.

84 *Cit.*, 163-164.

85 Orszag and Snower 1997b, 15.

86 For further examination of employment vouchers, see Snower 1994; Orszag and Snower 1996, 1997a, 1997c. For a proposal for application in Italy, see Di Marco and Padoa Schioppa Kostoris 1998.

87 Law 328 of 8 November 2000.

88 The law empowers municipalities to issue "vouchers for social services (...) in place of economic services other than those connected with the minimum standard of living" (art. 17, c. 1)

89 The primary purpose of this social services charter (Law 328/2000) is to "safeguard users' subjective positions" (art. 13, c. 1). It specifies "criteria for access to services, functional procedures, conditions to facilitate appraisal by users" (art. 13, c. 2). In particular, in terms of content, "the charter is to specify:

- the conditions for a pact of social citizenship at the local level
- the social opportunities and pathways available
- the map of institutional and social resources
- the essential levels of assistance envisaged

- the standards of quality to be met
  - the forms of citizen participation
  - the procedures for safeguarding rights, especially for the more vulnerable
  - the commitments and plans for improvement
  - the rules to be applied in the event of failure to meet standards"
- 90 With reference to donations to the fund for victims of the terrorist attacks of 11 September 2001, the newspaper reports that when the donors learned that the American Red Cross Liberty Fund had received \$543 million in donations "on the basis of the attack" and did not intend to use the entire sum for the victims but to create reserves for other disasters, feeling of betrayal and outrage ran so high that Bernardine Helay, the president of the organization, was forced to resign. Some local Red Cross chapters subsequently reported a drop of 30% in donations (*International Herald Tribune*, 22-23 June 2002, 17).
- 91 "Ticket Service is aimed at all organizations seeking to help the poorest and disadvantaged sections of the community: social services, local authorities and humanitarian associations. Ticket Service is a non-discriminatory legitimizing voucher scheme that makes it possible, while respecting the dignity of the beneficiary, to obtain the products and services needed for daily life and correct social integration. For the bodies and organizations that have adopted it, Ticket Service constitutes a useful means of control over expenditure due to the fact that its circuit and specific functioning guarantee its legitimate use. It also lightens the administrative and organizational burden in that all technical and operative aspects are handled by a specific company. On the basis of information provided by the organization, this company also organizes "the network of affiliates (...) [which] can comprise supermarkets, shops, pharmacies, clothing stores, etc." (Ticket Service 2001).
- 92 The Gemeaz Cusin Group, owned by the French multinational Accor, which already operates the Ticket Restaurant luncheon voucher system and the innovative Ticket Service program mentioned above.
- 93 Especially in the province of Genoa.
- 94 "Service credits are a market-oriented way to use the talent and time of our senior population" (Green and Lebbetter 1988, 12).
- 95 Cahn 1986, 1. See also Cahn 1992 and 2000.
- 96 Offe and Heinze 1997, 163.
- 97 *Cit.*, 166.
- 98 *Cit.*, 167.
- 99 *Ibid.*
- 100 *Cit.*, 169.
- 101 The term was originally coined by the Swede Gosta Rehn. See Standing 1999, where reference is made to the idea of a *citizenship welfare card* in connection with the remonetization of social services and the possibility of "a system of *social drawing rights* [that] would give all citizens a personalised account of entitlements" (...) "this relates to Gosta Rehn's idea of a *time bank*, although it should also have points for disability, for childbearing, and so on. It would be a form of saving for those earning income, and a form of social income for those not receiving a money income" (Standing 1999, 369-370).
- 102 As regards the need for France and Europe to "promote the allocation of capital for socially and environmentally useful activities", Patrick Viveret asserts that the "exchange systems invented or reinvented in recent years, especially those based on the exchange of time, seek to recreate the exchange of proximity on the principle that 'the [social] bond is superior to the good'". He thus regards the time bank as constituting a new form of monetary exchange capable of strengthening social ties, unlike "official money, which ends up concealing them" (Viveret 2002, 8).
- 103 Kennedy 1992, Tibbett 1997, Bauklage and Wendel 1998, Boyle 1999, Lietaer 2001. See also the *International Journal of Community Currency Research*, accessible on [www.geog.le.ac.uk/ijccr](http://www.geog.le.ac.uk/ijccr).
- 104 For more general discussion of the economy in relation to the assumed objectivity of the time value, see Bresson 1984 and 1994, and Bresson and Guittou 1991.
- 105 The exchange would be between time and services in kind, and therefore not directly monetary in character. Unlike Cahn's model, however, the exchange is indirectly monetary (albeit only in part). One element involved in the exchange (the services obtainable by means of vouchers) will give rise to conversion into money when the providers of the services present the vouchers to the issuing concern.
- 106 Who might be more inclined to make donations to people working actively for society.
- 107 No mention is made here of the problem raised by the fact that there will probably be no adequate economic incentive to proceed in the direction indicated until smart cards are adopted by the POS system operating for normal payment cards. At the same time, a determined effort to introduce smart cards in the welfare sector could provide an excellent opportunity to accelerate and cut the cost (estimated by the ABI as amounting to a total of €500 million) of the inevitable "migration" to smart cards, which the banking system cannot put off for much longer and is indeed scheduled to commence in 2003.
- 108 "One way to cut the administrative costs of a voucher system and reduce transaction costs in general might be the introduction of a 'social credit card' storing not only the consumer's data required to obtain a discount on the price of the service in question (starting from the value given by the "yardstick" of means determination) but also a set of vouchers for services. The consumer could use the card to pay for the various services by using up the vouchers. In addition to the considerable reduction in transaction costs, one advantage of this system lies in the creation of an overall budget constraint in terms of the vouchers available to the individual consumer. In this case, the voucher would also represent the part of the price of the service covered by the state, and the citizen would thus have to make up the difference out of his or her private resources at the moment of purchase from the provider. With respect to the state budget, the scheme has the advantage of concentrating public resources solely on the difference between the price paid to the producer and the price for the consumers whose demand is to be supported. In the present situation, if the quantity of services used remains equal, the burden on public finances decreases. Alternatively, and better still, if the amount of public funds spent remains the same, the quantity of services used increases, markets can grow, and there is a rise in the number of people included in the circuits of access to high-quality social services. Moreover, as the market for a specific service expands, the better use of economies of scale reduces costs while it is possible that preferences will change in such a way as to increase the willingness of individuals to pay. The public resources used to support the service would thus be freed for the promotion of other markets" (CER 1997, 109-110).
- 109 The basic objective of the EBT project can be summarized as creating "virtual accounts" for the millions of unbanked citizens who receive services through American welfare programs. These citizens can access their virtual accounts by means of a payment card usable both at POS terminals and at ATMs.  
The EBT Task Force estimated the value of the services that could be electronically credited to these accounts as amounting to

\$110 billion a year in 1995. EBT thus created a new sector of the payments system comparable in size – in the USA – to that of major commercial circuits such as Visa or Mastercard.

Estimates developed by the EBT Task Force suggested that government had every reason to provide active encouragement for the creation these virtual accounts. While this would involve both a certain initial investment for the implementation of a nationwide EBT system and a constant cost for the maintenance of the virtual accounts, the net savings generated by electronic transfer (and hence the elimination of paper) was estimated as about \$200 million a year.

In this connection, see Morley-Fletcher 1996c and 1998a, Donati and Cubello 1999. Mention is also made of EBT in relation to the idea of a “citizenship account” in Biondi and Casilli 1999.

- 110 See the description given, shortly after its introduction, by the Paymaster General (*Ragioniere Generale dello Stato*): “A ‘virtual’ account is opened for every insured citizen. Contributions are deposited on this account and it is charged for the use of services. The balance grows until retirement and then starts to decrease until it is eliminated completely at the end of the period of pension entitlement” (Monorchio 1996, 303).

- 111 Orszag and Snower 1999, 185-186. Attention should be drawn in this connection to the proposal contained in the Charter of Workers’ Rights (*Carta dei diritti delle lavoratrici e dei lavoratori*) recently presented by the Ulivo coalition, which displays clear progress in the direction of a virtual citizenship account. Article 34 (Title IV, point c) provides for the “creation of an ‘individual security’ account” for those entitled under the terms of Title II and for categories of temporary employed workers identified with the assistance of the most representative trade union organizations in accordance with the following criteria: use of the account to cover socially important needs such as continuity in the payment of social insurance contributions, also in the sphere of supplementary insurance, the payment of installments of mortgages taken out for the first home, the payment of school or university fees, benefits for involuntary unemployment on the basis of reduced requisites; responsibility for the management of the individual accounts entrusted to the *Istituto nazionale della previdenza sociale* or to specific organizations set up by associations representing the workers involved; fifty percent of the funding to be supplied by the parties involved and fifty percent out of the state budget, within the limits laid down in section 4 of the present article; further regulations to be issued by the ministry of labor after consultation with the associations representing the parties involved and, in the case of management responsibility being entrusted to health insurance organizations, by agreement with the same” (Ulivo 2002). This is a significant innovation bearing witness to a willingness to address the issue of virtual welfare accounts. As “one swallow does not make a summer”, however, the actual feasibility of this scheme will have to be examined in depth.

In point of fact, as things now stand, there is a negative precedent that stemmed from an excellent idea and could have provided the opportunity for a concrete initial pilot scheme if pursued with sufficient determination and sufficient awareness of the implications also in technological terms (e.g. regarding the mechanisms for the issuing of a virtual credit card for online purchases). Instead of which, nothing came of it. We refer to the initiative whereby the Amato government allocated 50 billion lire in the 2001 Finance Act (within an overall sum of nearly 1 trillion lire earmarked for technological innovation and obtained out of revenues from UMTS licenses) to create a training credit card for Italian citizens turning 18 in the year 2001. If the program had been repeated on an annual basis, it would have made it possible for successive groups of about 100,000 young people a year to purchase information technology and online training through a special system of “honor loans” guaranteed by the state. The beneficiaries would have been required to repay the interest-free loans to the companies supplying the products on a monthly installment plan. To this end, the ministry of industry was to have reached an agreement with firms in the ICT sector and banks so as to obtain the best possible conditions for the use of the training credit card for the purchase of goods, services and training courses to take place by 2005. The program never came into operation, however, because the government did not find the time before the elections either to issue the *ad hoc* decree specifying the procedures for coverage of the expected percentage of failures to repay the honor loan or to reach the necessary agreements with firms and banks. The new Berlusconi government decided against repeating the program in the 2002 Finance Act. The brilliant idea put forward by Umberto Sulpasso, initially in *Reset* (see Sulpasso 1998 and Morley-Fletcher 1998c) and then at the CNEL (Sulpasso 1999) and finally adopted by Giuliano Amato when he was still at the Treasury (see Rampini 1999), was thus included in the 2001 Finance Act and allocated a funding that, while particularly modest, was in any case sufficient to launch a significant pilot scheme. In the end, however, nothing came of it.

- 112 For a broad discussion of these aspects, see Morley-Fletcher 1998b and 1998d.

- 113 In this connection, “generational accounting” constitutes an interesting precedent (Kotlikoff 1992, Auerbach, Kotlikoff, and Leibfritz 1999). For Italy, see also Guiso, Kotlikoff and Sartor 1992 and CER 1997.

- 114 New 1997 and Spiers 1999. Attention should also be drawn in this context to the challenging principle suggested for government by Regina Herzlinger: “Innovate, don’t ration” (Herzlinger 1997, 288).

- 115 Fölster 1999, 139.

- 116 *Cit.*, 141.

- 117 Hirschman 1970.

- 118 Fölster 1999, 159. For *Medical Savings Accounts*, see also Paul 1994, Ferrara 1995, Hsiao 1995, Masaro and Wong 1995, Pauly and Goddman 1995, Tanner 1995, Hip and Hsiao 1997, Saltman 1998, Scheffler and Yu 1998.

- 119 This suggestion is taken up in Morley-Fletcher 1998d.

- 120 Orszag and Snower 1999, 195.

- 121 Orszag J. and P., Snower, Stiglitz 1999. For employment accounts, see also Orszag and Snower 1998.

- 122 Barr 2001, 238. For personal training accounts, see also Millns and Piatt 2000.

- 123 Fölster 1999, 137.

- 124 *Cit.*, 138.

- 125 Orszag and Snower 1999, 187.

- 126 The possibility of implementing effective redistribution policies within the framework of a voucher scheme is clearly argued in Le Grand 1989.

- 127 For the sake of greater clarity, the translation of this passage differs slightly from the version contained in the edition published by Il Mulino and used for the other passages. For the original text, see Orszag and Snower 1997, 13.

- 128 Orszag and Snower 1999, 188.

- 129 *Ibid.*

- 130 Stigler, 1970, 1-10.

- 131 Tullock, 1986 and 1997.

- 132 The need has also been stressed for a general view of “the political arena [as] populated by actors with the primary goal of maxi-

mizing their personal interests, exactly as happens in the market. Public policies are the goods used by governments to obtain the agreement of the governed and take control of a part of their income through taxation. The voters and taxpayers play their part, voting and paying taxes, because they are interested in the government's output in terms of national defense, pensions and public transport. The problem is that, unlike the market, in the political arena there is a risk that the point of equilibrium between the demand for public policies expressed by ordinary citizens and their supply by government will prove systematically inefficient in Pareto's sense and lead to situations in which the short-sighted interest in exploitation for personal ends (...) turns into a collective evil" (Regonini 2001, 423-424).

133 See most recently Buchanan and Congleton 1998.

134 Buchanan 1997.

135 *Cit.*, 167.

136 *Cit.*, 177-178. Attention should also be drawn to the well-known observation that in a democratic system the approval of a measure requires half the voters plus one while the funding of the same measure entails contributions from all. As has been pointed out, this means that in a democracy, "the policies preferred by the winners are also produced with the taxes of the losers", thus involving de facto "the concrete risk (...) of dictatorship by a majority consisting of a cartel of restricted interests and held together by the transfer of resources from the losers to the winners through the unscrupulous use of discriminatory policies tailor-made so as to obtain the minimum degree of consensus needed for their approval" (Regonini 2001, 427-428).

137 *Cit.*, 179.

138 *Ibid.*

139 *Ibid.* p. 178.

140 Macpherson 1997, 84.

141 Novack 1999, 110. Similar views are put forward in Butler, Pirie and Young 1997, 5 and 34.

142 Ackerman and Alstott 1999.

143 Ackerman 2002. Significance attaches to the fact that Guido Rossi asked Ackerman to deliver the introductory paper at the conference entitled *Towards New Forms of Welfare*, held in the spring of 2002 by the Osservatorio "Giordano Dell'Amore" sui rapporti fra diritto ed economia.

144 *Agrarian Justice* (1797), cit. in Ackerman and Alstott 1999, 181. A similar proposal (based on a 0.5% wealth tax) had already been put forward about ten years earlier in Morley-Fletcher 1989. The concept of a "social inheritance" referred to at the time was drawn from the writings of the extraordinary Hungarian economist Tibor Liska. See Liska 1986, Matyasovszki 1986a and b, Morley-Fletcher 1986.

145 Meade 1989 and 1993.

146 As pointed out by Gerald Holthman, director of the Labour Party's IPPR think tank, Meade's proposal presents aspects of great topical relevance in relation to the problems of the welfare system and the fact that health and education constitute sectors in which "demand grows faster than national income (...) We are in the situation of having to look for ways to finance expenditure growing faster than GDP while being obliged simultaneously to keep fiscal pressure constant. This is where Meade's idea of a fund comes into its own (...) Imagine the situation we would be in today if in 1945, instead of nationalizing coal, the railways, steel, etc, the Labour government had nationalized only 15% of the shares of all the companies quoted on the Stock Exchange, placed them in the hands of managers of private funds, and enjoyed the dividends (...) With a good fund yielding 6%, the problem of financing these rapidly growing services would disappear" (Holthman 1997, 11).

147 This is a bipartisan proposal put forward by two well-known senators, the Democrat Daniel Patrick Moynihan and the Republican Bob Kerrey, to set up a social security account at birth with an initial public endowment of \$1,000 and further public contributions of \$500 a year for the first five years of life. Compound interest would thus begin to accrue nearly 30 years before the holders found jobs and began to pay in their own contributions.

148 Ackerman 2002, 4: "The basic philosophical motivation for Stakeholding (...) is a proposal to create a form of *citizen inheritance* to coexist with the existing system of private inheritance" (*cit.*, 11).

149 "The revenue yield would be substantial. If just 10 percent of decedents paid back their stakes in full [and estimating the value of these at death as \$250,000], the stakeholding fund would collect \$ 48 billion each year" (Ackerman and Alstott 1999, 226).

150 Morley-Fletcher 1996a, 295-296.

151 Castel 1995, 310.

152 Stein 1986, 51-52, cit. in Ricciardi 2001, 142.

153 Ricciardi 2001, 143.

154 Tocqueville 1999, 65.

155 Tocqueville 1977, I, 1, 4-5.

156 "For tax payers, this transferred property is the functional equivalent of private property with respect to the crucial aspect of protection against future need and hardship. Transferred property has the same providential function as private property (...) Security now appears to be a question of private property (...) Social security is nothing other than collectivization on the part of the state" (Swaan 1995, 206-209).

157 Castel, 324.

158 Roemer 1994, 22.

159 Orszag, Snower 1999, 192-193.

160 *Cit.*, 198.

161 Le Grand 2000 and Kelly and Le Grand 2002.

162 *Cit.*, 10-11.

163 As proposed by Mandelson and Liddle 1996.

164 Kelly and Le Grand 2002, 11.

165 Also in order to allow the necessary "portability" in terms of the individualization and internationalization of social protection: "people need to be able to carry their welfare state on their back like a snail shell" (Barr 2001, 149).

166 Ferrera and Gualmini 1999, 140.

167 *Cit.*, 161.

168 *Cit.*, 160.

169 Morley-Fletcher 1996a, 305.

## **Youth friendly health services**

### **IAG on Young People's Health Development and Protection**

Dr Hilary Homans

United Nations Inter Agency Group (UNFPA/UNICEF/WHO) consultant on Youth Friendly Services C/o UNICEF Regional Office for CEE/CIS/Baltics

Palais des Nations, Genève 10 - Switzerland 1211

Tel and fax: 00 33 450 42 40 85 - Email: homanshy@hotmail.com

The issue of young people's health, development and protection is of paramount importance to the United Nations (UN). Within south eastern Europe (SEE), young people are profoundly affected by recent trends in the region. These include political and social instability, armed conflicts, discrimination towards ethnic groups and young women, increasing levels of violence and crime, the newly emerging phenomenon of trafficking in human beings (particularly young girls for sex), decreasing investments in the social sector coupled with poor economic situations and widespread youth unemployment.

Whilst adolescence has traditionally been regarded as a period of good health, recent surveys on the status of young people in the region report their increasing use of drugs, alcohol and tobacco, and rapidly increasing rates of stress and mental ill health. Reproductive health indicators show low contraceptive prevalence, high abortion rates high, and an upward trend in sexually transmitted infections (STIs) and HIV/AIDS. Young people are at the centre of the HIV/AIDS epidemic with up to 80% of infections in young people in some countries.

The picture may seem bleak, but there is another side to the picture. Many challenges faced by young people are not of their making. Not all young people take drugs, engage in unsafe sex, or have mental health problems. However, they do need access to information and services and the skills to help them through these transitions.

The UN Inter Agency Group (IAG) on Youth Friendly Services (YFS) combines the efforts of WHO, UNICEF and UNFPA into strategic actions to strengthen, or establish YFS in Europe. This is based on the recognition that there is an urgent need to provide services that are appropriate, affordable and accessible and integrated into a sustainable and comprehensive response to young people's needs.

This paper provides an overview of existing YFS in the health sector in SEE and what needs to be put in place to go to scale. This includes changing the attitudes of service providers and significant adults who are responsible for young people accessing services. It calls for youth-friendly approaches, improving staff capacity and quality of care, developing indicators to measure quality, coverage and cost of services, providing support for the full participation of young people, and creating safe and supportive environments.

## Youth friendly services

This paper will make the distinction between services which young people can use, and those that are “youth friendly”. During the course of conducting mapping exercises of what YFS exist in sixteen countries in Europe and Central Asia it became apparent that there was a lack of clarity about what is meant by youth friendly services and why young people require such services<sup>1</sup>.

## Why youth friendly health services?

Many people ask: Why should young people have “youth friendly” health services? What about old people? What about everyone having “client friendly” health services? What is the difference between client friendly and youth friendly?

It is true that the whole population should have access to services that are responsive to their needs and vary depending on age, gender, socio-economic status, ability, and ethnicity. The ultimate goal is that all services should be “client friendly”. There are however, three pressing reasons why youth friendly services are necessary.

Firstly, adolescence is a period of transition and experimentation. In many countries in Europe and Central Asia, young people between the age of 15 and 19 have sex for the first time and begin to use substances such as, tobacco, alcohol, and illicit drugs. The habits and lifestyles that are established during this period have a profound effect on future health and development. WHO has estimated that 70% of premature deaths amongst adults are largely due to behaviours initiated during adolescence (WHO, 2002a). In addition, many of the lifestyles engaged in during adolescence, such as, unsafe sex and substance abuse can facilitate the transmission of HIV, result in unplanned pregnancy and STIs, and result in long term addictions, or dependency on unhealthy substances. Young people (aged 10 to 24) thus need information, life skills and access to services (such as, counselling) to assist them in a healthy transition to adulthood. Young people should be assured of physical and sexual health, mental and emotional well-being, freedom from exploitation and abuse, skills and opportunities for sustainable livelihoods.

Secondly, young people are an important resource for the future and we need to invest in their health and development so they are able to fully participate and contribute to society. As expressed at the recent UN General Assembly Special Session on Children: “Young people are not the sources of problems - they are the resources that are needed to solve them. They are not expenses, but rather investments: not just young people, but citizens of the world, present as well as the future.”<sup>2</sup>

Thirdly, young people have rights. They have the right to participate in decisions and actions that affect their lives, and to develop roles and attitudes compatible with responsible citizenship (WHO, 2000). This right builds on Article 24 of the Convention of the Rights of the Child (UN, 1989) which defines practical steps countries must take when they sign and ratify the Convention. To ensure that all children and young people enjoy “the highest attainable standard of health” countries must take measures to reduce infant mortality, develop primary health care, combat disease and malnutrition, provide health information and to develop preventive care services.

## What are the principles of a rights-based approach to services?

**E5**

WORKSHOP V

### **Box 1: Young people have the right to health and a safe environment**

They have the right to services:

- full range of accessible and affordable services
- privacy
- confidentiality
- be treated with dignity and respect
- be treated by people who are trained and knowledgeable
- continuity of care
- non discrimination

They have the right to participation, information and self-expression:

- to seek, receive impart information
- to express views on services received and to complain about unsatisfactory services
- to make free and informed choices in matters relating to sexual experience, pleasure and sexual orientation
- to freedom of association
- to participate and be involved in decisions that affect them

They have the right to special protection:

- from deprivation of parental care
- from abuse and violence, or neglect
- from exploitation
- when in conflict with the law

Youth friendly services (YFS) are thus those which are based on the rights of children and young people and the responsibilities of duty bearers to promote young people's health and development and provide quality services. They are also services that are based on young people's needs. The key features of youth friendly services (YFS) are summarised in **Box 2**:

### **Box 2: Key features of Youth Friendly Services**

- þ full participation of young people
- þ peer education and life skills
- þ integrated with other services and sectors
- þ health providers trained in youth friendly approaches, counselling & communication
- þ privacy
- þ confidentiality
- þ quality of care

### What are youth friendly health services?

A Global consultation on adolescent <sup>3</sup> friendly health services was convened by WHO in Geneva from 5 to 7 March 2001. This consultation agreed that some of the **services adolescents require are different from those provided for adults** and should have a greater emphasis on information, psychosocial support, and promotive and preventive health services (WHO, 2002a).

Within YFHS, much emphasis has been placed on the extent to which services respond positively to young people's needs. The traditional model of service delivery has expected young people to come to services, but it is now recognised that services may need to reach out to young people, especially to prevent HIV infection in vulnerable populations. This requires a re-orientation on the part of health workers to adolescent health and development and the involvement of a broad range of professionals (health and social workers, psychologists, teachers, the police and peer educators) in community based approaches. The services should thus be multisectoral and interdisciplinary and all of these services should contain youth friendly approaches.

The following question is often asked in relation to HIV prevention services, especially in low HIV prevalence countries. Should we focus only on especially vulnerable young people (EVYP) and ensure they have access to YFHS? The answer to this question has to be that YFHS should combine innovative modes of service delivery through two complementary approaches:

- Access of ALL young people to information and essential services **AND**
- Targeted interventions to marginalised and vulnerable young people (such as, IDUs, those living on the street and in institutions, youth with disabilities, sex workers, youth who have been sexually abused, raped or trafficked, Roma, men who have sex with men).

Whilst there cannot be global consensus on the ideal mode of service delivery for young people (as they are a diverse group with varying needs), there are various factors which are generally agreed to facilitate the responsiveness of services to young people's needs. These factors were identified at the WHO Global Consultation on Adolescent Friendly Health Services (WHO, 2002a) see **Box 3**.

#### Box 3: Factors which affect young people's use of health services

- þ the policy environment
- þ legal status and constraints
- þ availability of epidemiological data on young people by age and gender
- þ life skills, health and sex education as a compulsory part of the school curriculum
- þ presence of youth health prevention and promotion programmes
- þ adolescent health and development as part of nursing and medical curricula
- þ health and social workers trained in the provision of YFHS
- þ specially designated health services for young people which are appropriate accessible and affordable
- þ information available on services available to young people
- þ affordable and accessible commodities, such as, condoms and contraceptives
- þ participation of young people in service provision and management
- þ evaluation of services for young people based on their needs

WHO, 2002a

WHO has also identified the protective and risk factors which impact upon young people's health and development. Protective factors include a positive relationship with parents and adults within the community, a positive school environment, and having "spiritual beliefs". Risk factors include conflict within the family, friends who are negative role models, and engaging in other risky behaviours (WHO, 2002b).

Services can be provided on: a static facility basis (out patient, in patient), or out reach or mobile basis by a range of different service providers. Out-reach programmes targeted at special 'risk' groups (such as, services for IDUs and sex workers) can be as appropriate to the specific groups they were designed for, as comprehensive integrated services all under one roof (the one stop shop/super-market approach) are for a general population of young people.

Considerable work has been undertaken globally to define essential YFHS and measures are underway to try and include essential YFHS as part of the primary health care (PHC) package. Seven components of YFHS have been identified and ideally all components should be in place in order to say that comprehensive YFHS are provided – **Box 4** (UNICEF, 2002). The reality is often that one or two components exist, not all seven. Also, some components may be provided by government health services and others by non governmental organisations (NGOs), or the private sector. This is not a problem provided there is coordination between the different service providers and a good referral network.

#### **Box 4: Essential Youth Friendly Health Services**

- General health (endemic diseases, injuries, tuberculosis, malaria)
- Sexual and reproductive health (STI, contraceptives, management of pregnancy)
- Voluntary confidential counselling and testing (VCCT) for HIV
- Management of sexual and domestic violence
- Mental health
- Substance use (alcohol, tobacco, illicit drugs and injecting drug use)
- Information and counselling on a range of issues (sexual and reproductive health, nutrition, hygiene, substance use)

Adapted from UNICEF, 2002

The UN IAG on YFS places particular emphasis on HIV/AIDS/STI prevention and access to treatment for young people and has three key strategies to address this: peer education, life skills based education and YFS.

In February 2002, the IAG developed a draft regional framework for youth-friendly approaches to the sustainable delivery of health services at an inter-country consultation (WHO et al, 2002). This framework should involve youth participation throughout and include three elements: advocacy; be part of health sector and local government reform; and have standards for quality service delivery (**Box 5**).

### Box 5: UN IAG Regional framework for Youth Friendly Health Services

- Advocacy
  - Sensitisation of policy makers, the media, and health, education, and social sectors, youth workers and parents, into the health and development and health care needs of young people
  - Linkages and coordination of efforts through a wide variety of actors in government, civil society, UN agencies and development partners in the donor community
- Integration of activities into ongoing reform processes in health and other sectors
  - Legislation and policy reform to facilitate meeting health service needs of young people and to promote youth friendly approaches to service delivery.
  - Health care reforms to maximise youth friendly approaches through
    - Å Public health approaches with an emphasis on prevention
    - Å Integrated primary health care services, polyclinics, hospitals and specialized services
    - Å Intersectoral collaboration between health and other sectors (such as, education, police and social sectors)
    - Å Human resources – training and retraining of health workers
    - Å Financing and incentives so that services provided are affordable for young people, especially disadvantaged groups, extension of health insurance to ensure coverage of young people
    - Å Stewardship and protection of public interest through professional associations and consumer groups
  - Administrative reforms necessary to facilitate acceptance into the European Union (where applicable) and local government reforms (for example, decentralisation)
- Standards
  - Quality of health care and use of evidence based interventions by well trained staff
  - Monitoring and evaluation of services, use of services and young people's satisfaction with services

WHO et al, 2002

Although there is no ideal model of YFS: “The challenge is to find a mode of service delivery which is responsive to the adolescent group to be served and makes best use of whatever resources are available.” (WHO, 2002a) Within Europe, several countries have risen to this challenge and developed models of YFS appropriate to their country context.

### Status of youth friendly services in south eastern Europe

The UN IAG on YFS has been undertaking a mapping exercise of what youth friendly services are available throughout Central and Eastern Europe (CEE), the Commonwealth on Independent States

(CIS) and Central Asia. Mapping reports are now available for the Baltic States (Estonia, Latvia, Lithuania and the two Russian oblasts of Kaliningrad and Saint Petersburg), Albania, Bosnia and Herzegovina, Bulgaria, Moldova, Romania, Serbia and Montenegro and the UN Administered Province of Kosovo in south eastern Europe, and Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan in Central Asia. Evaluations of YFS have also been undertaken in Azerbaijan, Bosnia and Herzegovina, and the Russian Federation (Homans, 2002; Homans, 2003).

The mapping reports and evaluations undertaken by the IAG have identified several different models of providing youth friendly services in SEE. They can be briefly summarised as:

- **Integrated into primary health care**
- **Integrated in student health facilities**
- **Integrated into the educational system**
- **Integrated into and/or linkages with Youth Centres**
- **Out reach services for especially vulnerable young people**

The rest of this paper will briefly describe some examples of good practice from within the region. These and other examples are described in more detail in the country Mapping Reports.

### **YFS integrated into primary health care (PHC)**

There are two main types of YFS that have been integrated into primary health care (PHC): services for sexual and reproductive health; and those for HIV prevention through testing for HIV.

During 1999 and 2000, the government Republic Centre for Family Planning in Belgrade (**Serbia** and **Montenegro**) developed (with UNICEF support) an innovative model of reproductive health counselling services for young people at PHC level. It is believed that the protection and improvement of reproductive health in adolescents can be achieved through introducing new educational activities and counselling services into existing preventive and curative health services (Rajin, 2003).

The range of services includes the following:

- Health education group work with adolescents
- Individual counselling sessions with a preventive medicine specialist, psychologist, paediatrician or gynaecologist
- Diagnosis and treatment of reproductive health problems in male and female adolescents

There are now 30 YFS counselling services integrated into PHC throughout Serbia and Montenegro. Some are linked with Youth NGOs, such as Teenline in Podgorica (Montenegro) which provides psychological support services through telephone counselling services run by volunteers (Homans, 2003).

A similar model has been developed in **Moldova** where four YFS provide sexual and reproductive health (SRH) services for young people (Homans, 2003). The services in Chisinau are unique in that they were the only services observed with wheelchair access for young people with disabilities.

In **Bulgaria**, the Centre for Sexual Health (a NGO established by Médecins sans Frontières, MSF, as part of the government maternity hospital) in Sofia provides sexual and reproductive health services (including testing for HIV, diagnosis and treatment of STIs, and contraception) for EVYP (Homans, 2003). The following criteria were in place:

- Clients' confidentiality respected (quality and accessibility)
- Clients' right to information observed (access to information)
- WHO protocols for syndromic treatment of STIs and VCCT used (quality)

- Marginalised groups and EVYP targeted (accessibility, appropriateness and equity)
- Free services (accessibility)

### Box 6: Centre for Sexual Health, MSF, Bulgaria

**Region:** Sofia

**City:** Sofia

**Type of organisation:** NGO located in the main government maternity hospital

**Target group:** About 600 each month - Young people and EVYP, including Roma and sex workers

**Major services:**

- Psychological counselling
- Physical examinations
- HIV testing with pre and post test counselling
- Diagnosis and treatment of STIs
- Contraception and gynaecological services
- Telephone hotline service

**Additional features**

Free services

Hours to suit young people

Young people can use the services without referral from their GP

Multidisciplinary team of dermatologists (2), gynaecologists (2), and psychotherapists (1)

Plan to establish a mobile clinic in June 2003 for homeless, IDU, Roma and sex workers

**Financing:** Swiss development Cooperation until 2005

In **Bosnia and Herzegovina** (BiH) a partnership has been created between the government, PHC Centres providing YFS and Youth NGOs in four cities/regions (Banja Luka, Bihac, Brcko and the Centre of Mother and Child in Mostar). The centres are staffed by medical professionals (trained in youth-friendly communication and youth issues) who provide: counselling on a wide range of SRH issues (sexuality, male and female condom use; services for the prevention, diagnosis and treatment of STIs, prevention of HIV/AIDS, and VCCT; access to free or low cost contraception (including dual protection methods and emergency contraception); and access to other medical services.

Wherever possible, these service delivery points are integrated into existing state or private health care facilities and make use of NGOs and local resources. This partnership includes the Cantonal Ministries of Health and Education (Bihac and Mostar), the Ministries of Health and Education in the Republic Srpska, the Department of Health and Education in Brcko District and the Federal Ministries of Health, Education, Human Rights, and Civil Affairs. During the first year of implementation (2003) 13,770 male and 3,532 female condoms were distributed, 348 gynaecological check-ups made, 150 counselling sessions held (26 with young men and 124 with young women), and 110 packs of contraceptive pills were prescribed (Mudrovic, 2003).

Voluntary confidential counselling and testing for HIV (VCCT) centres were developed in **Romania** in 1999 by a local NGO (the Romanian Association against AIDS, ARAS) in collaboration with Bucharest, Constanta and Iasi Public Health Authorities. These health authorities were selected as they have the highest prevalence of HIV/AIDS among adolescents and adults in Romania. The goal

is to contribute to the prevention of HIV and other STIs amongst the general public, young people and EVYP at community level, through VCCT, effective referral for treatment and social services. Each of the three District Public Health Authorities co-funds VCCT services by:

- ensuring appropriate space for the VCCT service
- paying staff (nurses) salaries and part of the administrative costs
- providing consumables
- processing blood samples
- issuing medical bulletins and updates

The VCCT centres:

- are the only centres outside of infectious diseases testing facilities that provide counselling
- provide an unique opportunity for EVYP to receive testing and counselling for HIV, and to initiate treatment if necessary for HIV infection, hepatitis B and hepatitis C
- function as a part of a holistic intervention, which includes outreach, peer education, networking at community level and advocacy (Government of Romania and ARAS, 2003).

In **Bulgaria** the government has revised its HIV testing policy to:

- Include HIV testing, when indicated, as part of the routine medical care services offered by all health-care providers on the same voluntary basis as other diagnostic and screening tests.
- Introduce free of charge voluntary counselling and testing for HIV as a low threshold service for young people and highly risk groups.

The main findings to emerge through the establishment of VCCT services in Bulgaria are that young people:

- want to know their HIV status
- want confidential services and full disclosure of their results
- appreciate counselling services.

Most young people who were tested for HIV intended to practice safer sex in the future. The need for YFS VCCT services is illustrated by the fact that of the young people who came for VCCT testing in Bulgaria: 49% of them had had a previous STI, 32% of them had engaged in promiscuous sexual behaviour, 8% of them were IDUs, 8% had had sex with a sex worker, and 3% of them had had same sex relationships (Taskov, 2003).

In **Turkey** a two pronged approach has been used: development of a model national adolescent counselling service; and improvements in current health service provision for adolescents. Two pilot adolescent counselling services have been introduced into PHC and youth reproductive health units have been established in eight university Medical Centres (UNFPA, 2002).

### **YFS integrated in student health facilities**

The Institute for Students' Health in Belgrade (**Serbia** and **Montenegro**) is a separate institution, yet part of the official health care system. An analysis of annual medical examinations of students found that between 20-30% of the student population had some health problem. The highest health related risks among students were casual sexual behaviour, smoking, alcoholism, drug addiction and violent behaviour (Ilic, 2003). The aims of the Student YFS are to:

- Educate, empower and mobilise students to promote and protect their good health
- Provide quality individual health care services in accordance with the defined requirements for reproductive health, HIV/AIDS, STIs, mental health and nutrition
- Establish standards for the organisation, efficiency and quality of the service provided (privacy, confidentiality, friendly attitude towards young persons)

- Provide adequate, trained and competent staff
- Ensure participation of students in the process as partners
- Monitor the health status of students (systematic medical checkups of the 1st and 3rd year students)
- Research and diagnose health problems and risks in the environments in which students live and study
- Cooperate with education, social protection sectors
- Cooperate with the NGO sector
- Ensure access to all the services by students with special needs.

### **YFS integrated into the educational system**

In **Romania** a psychosocial support counselling project is being implemented by the Youth for Youth (YfY) Foundation, based on a written agreement with the Post-Graduate Teachers' Training Institute and with UNFPA support. 140 school counsellors/psychologists have been trained in Bucharest, Dambovită and Maramureş. Following the training, a counselling cabinet was established in schools with trained teacher/counsellors to facilitate access of young people to the counsellors within their own social environment. The target group is all young people in schools, mainly high-schools (12-18 years old).

The services provided include career orientation, conflict resolution (with peers, teachers and parents), and counselling on adolescent reproductive health issues. For four hours during the school day any pupil can make an appointment to meet the school counsellor/ psychologist to discuss any issue of concern, such as: puberty and adolescent development; virginity and first sexual experience; conception, contraception and abortion; STIs; HIV/AIDS; and substance use and abuse. The counsellors also refer the students to reproductive health or other services.

The session can be individual or group counselling, based on the decision of pupils or counsellor, or the nature of the problem.

School counsellors and psychologists also act as YfY volunteers, and one of their tasks is to refer interested adolescents to YfY offices for additional information and training. Condoms are provided free of charge, as well as educational materials (leaflets, brochures). During the academic year 2001-2002, about 6,020 young people in Romania benefited from counselling services and psychological support provided by YfY trained school counsellors and psychologists (Youth for Youth and Ministry of Education, 2003).

### **YFS Integrated into and/or linkages with Youth Centres**

**Albania** has developed a thriving network of youth NGOs concerned with health and development issues. The Albanian Youth Council is the umbrella organisation for 82 organisations working with young people throughout the country. In Vlora, in the south of the country, an existing Youth Centre has been designated as the most appropriate place for young people to receive health information and services. A nurse has been appointed to "hang out" in the Youth Centre and answer any questions young people might have on health issues. The Youth Centre also provides the possibility to test for HIV for those young people who think they may have put themselves at risk. Referrals to other health and social services are also made.

Also in **Albania** linkages have been made with Family Planning Association (FPA) Youth Centre and reproductive health services in the government and private sector. The FPA *PO* Youth Centre in Tirana is open from 09.00 to 19.00 and is staffed by a Youth Coordinator, Counsellor and three Youth Workers. They provide educational seminars at the centre and in local schools, counselling on sex-

ual and reproductive health (SRH) issues, a library and computing services (including access to the Internet). They refer young people to known youth-friendly doctors (about five) and the Women's Counselling Centre (in the building next door).

In **Bosnia and Herzegovina** the UNFPA/International Rescue Committee (IRC)/Government project on *Improving Youth Sexual and Reproductive Health in BiH* has established youth-friendly Information and Support Centres for SRH in four cantons. The Information Centres are staffed by resident peer educators who provide information on SRH, low cost condoms, and offer referral to the youth-friendly SRH services (mentioned earlier) and other medical facilities as needed (IRC, 2002).

### **YFS out reach services for especially vulnerable young people**

The area where most work has been done is in targeted interventions for HIV prevention amongst EVYP, in particular injecting drug users (IDUs). All countries had some form of YFS for this population group. These initiatives can be seen as donor driven and the extent to which these programmes are sustainable will depend on the ability and commitment of governments to continue the financing of the programmes.

In **Bosnia and Herzegovina (BiH)** an innovative project has been established to increase young people's access to VCCT for HIV. The project is an exemplary model of using out reach workers (to identify EVYP and inform them of the risk of HIV), peer counsellors (for pre-test and post-test counselling), and health workers (to provide the blood testing and diagnostic facilities). Beneficiaries of the project expressed satisfaction with the services received. There are promising signs of broader local involvement in the project through the Mayor's office and the about to be established Youth Councils.

In the city of Tuzla, health workers are supporting the project through working on a voluntary basis to take blood samples in their free time; that is, outside working hours and without payment. This level of commitment and collaboration is a model of good practice.

#### **Box 6: Summary of the way the IFS/UNICEF project works:**

1. Out reach workers go into the community to identify EVYP.
2. EVYP are given information about VCCT (out reach workers also put posters in places where EVYP congregate, and disseminate information at rave or condom parties, or on the radio).
3. Interested EVYP come to the IFS centre for group counselling and decide whether they have put themselves at risk of HIV and want to have an HIV test. If so, they are asked to complete an anonymous questionnaire. They can also have an individual counselling session if they prefer.
4. An HIV test is taken (at IFS centre in Tuzla, or the hospital in Zenica) for those who request it.
5. EVYP return to the IFS centre for test results and individual post-test counselling.

For beneficiaries of the project and IFS volunteers and staff, the main achievement of the project is that **HIV tests are offered free of charge to EVYP**. Through out reach activities, over 11,000 young

people have been provided with information on HIV/AIDS, about 1,200 have received counselling and over 400 were offered and accepted free of charge, anonymous and confidential testing for HIV. Before the project they had to pay and it was not anonymous (Homans, 2003, International Forum of Solidarity/UNICEF, 2003).

### Coordination

Whatever model of YFS is developed, there needs to be a coordination mechanism to ensure that linkages and referrals are made between services and within and between sectors. Two models of coordination of YFS provision have emerged – one at national level and the other at local, or municipal level:

- National Task Force on Young People's Health, Development and Protection
- Municipal based approaches

### National level coordination

As a result of consultations for the Mapping Report in **Serbia and Montenegro**, the Ministry of Health in Serbia established a Task Force on Young People's Health, Development and Protection and is planning to develop a national strategy in this important area. In addition to the national Task Force, six Working Groups with 100 members are now working on the following topics: HIV/AIDS, health promotion, mental health, reproductive health substance abuse and violence. The groups include representatives of government and NGOs, as well as young people themselves. The Task Force is also expected to develop strategies for strengthening YFS provision through advocacy and capacity building (training of health and related care providers), conducting a review of existing legislation, and establishing national norms and standards for YFHS.

### Municipal coordination

Most of the YFS mentioned in this paper have some local coordination mechanism for project implementation. However, in order to go to scale and move from project to programme implementation, there needs to be more sustainable and multisectoral mechanisms to ensure the widespread introduction of YFS. The most comprehensive local coordination mechanisms for YFS are currently being established in **Lithuania** where Mayors are regarded as the key person's responsible for the health and development of young people within their communities. The Mayors are being sensitised to the concept of YFS (about 60) and provided with examples of good practice from throughout Europe. In six pilot municipalities the issue of YFS has been integrated into local coordination structures and teams will be conducting a mapping exercise to determine what, if any, YFS already exist and what entry points there are for the introduction of YFS into existing services.

Other mechanisms are also in place in other European countries for coordinating technical support and capacity building:

- Training in WHO or gold standard materials – WHO has developed global materials on adolescent friendly health services which are being adapted to the regional (EURO and EMRO) and country context. Some examples of the materials are the *Orientation programme on adolescent health and development for health care providers*, *Counselling skills training in adolescent sexuality and reproductive health: A facilitator's guide*, *Adolescent Friendly Health Services: Making it happen*.
- Twinning of cities – Netherlands and the Russian Federation. The Netherlands School of Public Health has been providing support to sustainable sexual and reproductive health improvement in five Russian districts through twinning with five cities in the Netherlands<sup>4</sup>. This has resulted in

improved knowledge about the needs of adolescents for services and their sexual and reproductive health status through a survey of 1600 young males and females in the five project cities (Ketting et al, 2001). Twinning between European Union (EU) and non EU countries could be used to strengthen YFS provision, especially for the introduction of YFS norms and standards into EU accession countries.

- Study tours to Finland, Netherlands, Sweden and the United Kingdom on YFS provision and to Estonia on the development of norms and standards and the inclusion of YFS as reimbursable services from the Health Insurance Fund.

### Future

Whilst there has been a good start to the implementation of YFS within SEE there is still much room for improvement and the need to go to scale. Areas where particular further attention needs to be paid are mental health services, diagnosis and appropriate treatment of STIs, the needs of neglected minorities such as the Roma and young people living on the streets or in institutional care, young people who have been sexually abused, those who sell sex, and young women and girls who have been sexually trafficked <sup>5</sup>.

Ninety percent of foreign migrant sex workers in the Balkan countries are victims of trafficking. However, not more than 35% are recognised as such and only a fraction (7%) of this number receives long term assistance and support. There are no clear human right standards for the treatment of trafficked women and children, and no referral mechanisms in place to ensure that all trafficked persons are identified and assisted. The lack of special procedures and special protections for children has resulted in the authorities and assisting organisations treating girls under 18 as adults. Many trafficked women and children are falling back into the trafficking cycle due to gaps in service and support provision both in the destination country and the country of origin (UNICEF et al, 2002).

Even where YFS are in place, coverage is low with less than 10% of young people able to access such services. In some countries within SEE, YFS have not yet been established, or attempts have been made to introduce them but they have not been sustainable. Where YFS exist, the next major challenge is to develop national norms and standards for them. WHO is currently developing materials to assist with this <sup>6</sup>. Estonia is the only country (outside of the European Union) which has developed norms and standards for its Youth Counselling Centres. This has enabled young people to receive counselling services as a reimbursable service from the National Health Insurance Fund. This is a major step forward and one which many other countries are envious to follow.

The development of norms and standards for YFS assists governments to identify any gaps in service provision and take measures to address them. Some of these measures include ensuring that: a critical mass of health, education and social sector providers are trained in youth-friendly approaches; health care providers have access to the latest protocols for prevention and treatment; and indicators are developed to monitor YFS coverage, implementation and young people's satisfaction with services.

In all initiatives, efforts need to be made to go to scale and to ensure that services truly respond to the divergent needs of young people within the region and actively involve them in the process of service provision. YFS are increasingly needed to help young people protect themselves against the ever growing threat of HIV and to ensure that their transition to adulthood is a healthy one.

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**Brief CV:**

**Hilary Homans**

**E5**

**WORKSHOP V**

***Nationality/citizenship***

British, currently residing in France and lived and worked in Sub Saharan Africa for 9 years

***Education and training background***

PhD in reproductive health

***Current position and responsibility***

International consultant in Youth Friendly Services for the United Nations Inter Agency Group Young People's Health, Development and Protection (WHO/UNICEF/UNFPA)

***Previous experience and activities***

22 years experience in senior management positions in health (strategic planning, programme design and implementation, human resource development); 17 years experience of global programme management in development; committed to poverty alleviation and reducing inequity; lived and worked for 9 years in Sub Saharan Africa (Tanzania and Zimbabwe) in managing DFID health and population programmes; undertaken consultancies in 38 developing countries or countries in transition; 22 years of monitoring and evaluating programmes (UN, bilateral agencies, academic and NGOs); worked for WHO on issues of adolescent and women's health, and reproductive health; UK government representative and lead negotiator on women's health at the Fourth World Conference on Women, Beijing and UK negotiator at European Union and bilateral donor meetings; DFID global adviser on HIV/AIDS/STIs; university professor in health and development (University of Zimbabwe).

Experienced trainer in logframe, project cycle management, racism and gender awareness, HIV/AIDS; developed training of trainers courses and modules for on training and adolescent health and development; strategic planning and policy formulation experience in the UN; conducted research into equal opportunities, reproductive health, young people, HIV/AIDS; founder member of two NGOs for women's health and considerable experience of working with NGOs and civil society; WHO experience of emergency humanitarian action work in Bhuj, Gujarat (following the 2001 earthquake).

Author, co-author of four books on sexual and reproductive health HIV/AIDS and equal opportunities and numerous training manuals and academic papers. Author of *Youth in South Eastern Europe: Report of the Rome conference on Participation, empowerment, and social inclusion*, World Bank/UNICEF, 2002.

Notes

E5

WORKSHOP V

- 1 WHO has developed an advocacy document on *Adolescent Friendly Health services: An agenda for change* to be used as a global advocacy document (WHO, 2003a).
- 2 Paraphrase of the Message from the Children's Forum, delivered to the UNGASS on Children by child delegates - Gabriela Azurdy Arieta and Audrey Chetnut on 8 May 2002.
- 3 Young people are defined as aged between 10 and 24 and adolescents as aged between 10 and 19. WHO tends to refer to adolescent friendly health services (AFHS) whilst the UN IAG is using the term youth friendly to refer to services for young people (10 to 24).
- 4 This builds on extensive experience generated through a previous project *Improving reproductive health in six Russian cities* which focused on changing the organisation of reproductive health care from a curative-based approach to a public health approach with emphasis on prevention and the active participation of NGO partners.
- 5 Human trafficking has become the third biggest criminal business worldwide, after drug trafficking and trafficking of weapons. In south eastern Europe, the problem of human trafficking is compounded by the instability of civil societies and the weakened rule of law, which gives more scope to criminal activities and organised crime. As a result, human trafficking has been expanding dramatically in recent years and has become big business. The wars and conflicts have changed and caused dramatic shifts in the social structure of life. In post war and post conflict areas the bad economic situation makes especially the female population very vulnerable. Young women try to find jobs abroad, and may easily become victims of traffickers (UNICEF, 2002).
- 6 *Adolescent Friendly Health Services: Making it happen*, WHO 2003c

## Youth friendly services



## IAG on Young People's Health Development and Protection

Hilary Homans WHO/UNICEF/UNFPA

## Youth friendly services

**WHAT** are YFS?

**WHAT** are YFHS?

**Examples from other countries**

**HOW** and **WHERE** can YFS be provided?

**WHO** can provide YFS?

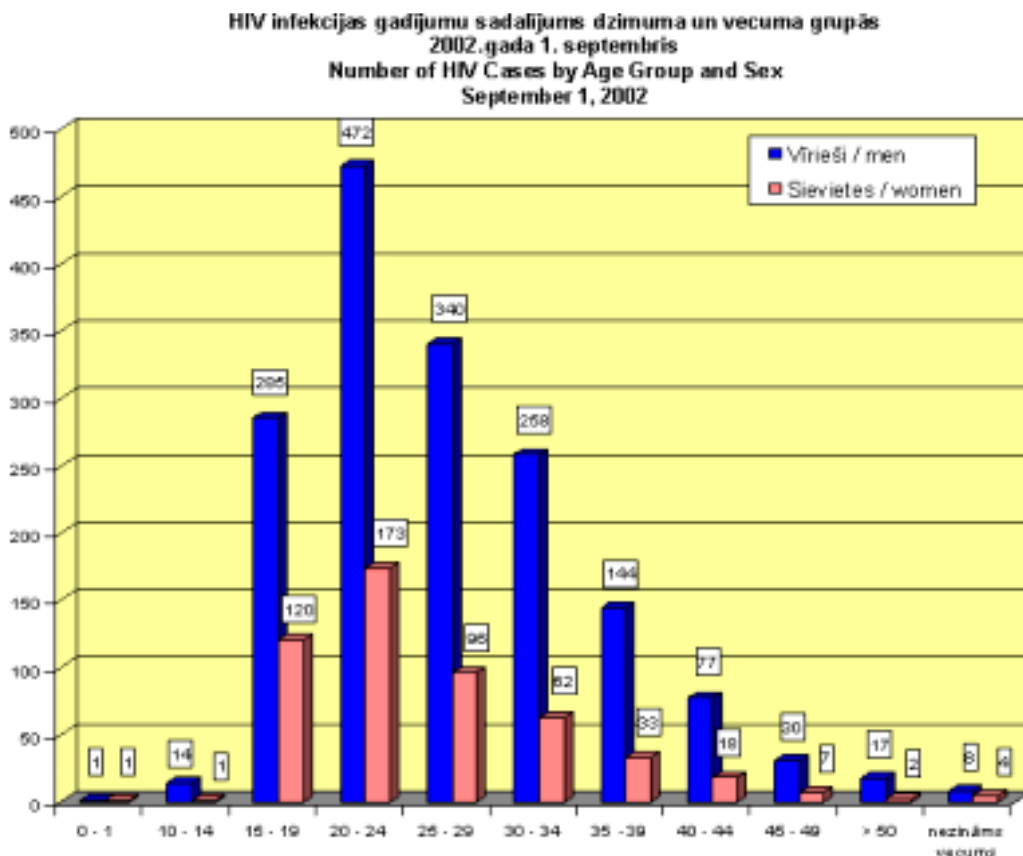
## Youth friendly services

### WHY youth friendly services?

Young people:

- are a resource
- are an investment for the future
- have rights to services

70% of premature deaths amongst adults are largely due to behaviours initiated during adolescence



## Youth friendly services

### Rights based approach

Young people have the right to health and a safe environment

Young people have the right:

- to services
- to participation, information, self-expression
- to special protection.

## Youth friendly services

**WHAT** are youth friendly services?

## Youth friendly services

### Key features of YFS:

- full participation of young people;
- peer education and life skills;
- integrated with other services and sectors;
- providers trained in youth friendly approaches, counselling and communication;
- privacy;
- confidentiality;
- quality of care.



## Youth friendly services

### Essential YFHS (components)

- General health (endemic diseases, injuries, TB, hepatitis)
- Sexual and reproductive health (STI, contraceptives, management of pregnancy, post-abortion care)
- Voluntary Confidential Counselling & Testing (VCCT)
- Management of sexual violence
- Mental health services
- Substance abuse (alcohol, illicit drugs, tobacco)
- Information and counselling on a range of issues (sexual & reproductive health, nutrition, hygiene, substance use)

## Youth friendly services

Youth friendly services are based on young people's needs and active participation

SO....

It is important that young people themselves are consulted about what their needs are.

## Youth friendly services

What do young people want?



•  
•

## Youth friendly services

### HOW can YFHS be provided?

YFHS can be provided on:

- a static facility basis (out patient, in patient),
- out reach or mobile basis.

•  
•

## Youth friendly services

### WHO can provide YFS?

YFS can be provided by a range of providers  
(public i.e. government, NGO, combinations  
of public and NGO, private, public-private).

## Youth friendly services

### Inter Agency Group YFS

Vilnius Inter Country consultation - 

regional framework on YFHS

YP should be involved in design, implementation  
and monitoring of YFS

- Advocacy
- Reform of health care and local government
- Quality of services and monitoring of standards

## Youth friendly services

There is no ideal model of YFS, but they should  
contain the key features and be:

- part of health and local government reform
- based on young people's needs
- respect the rights and needs of young people of  
different ages, gender and minority status

E5

WORKSHOP V

## Youth friendly services

Albania



## Youth friendly services



Azerbaijan: links with Youth Resource Centre and YFHS

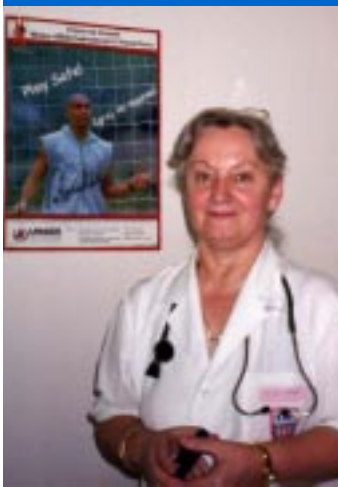
## Youth friendly services



Azerbaijan: links with Youth Resource Centre and YFHS

## Youth friendly services

Bosnia and  
Herzegovina



E5

WORKSHOP V

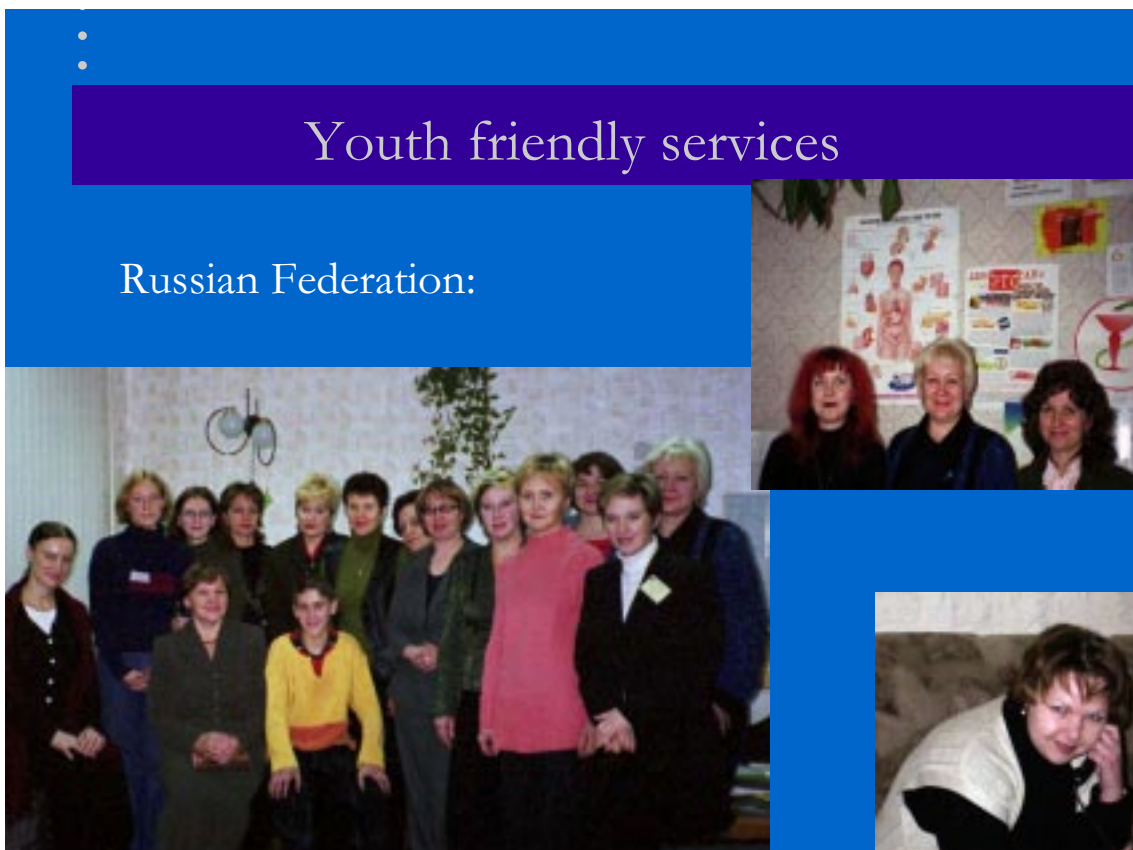
## Youth friendly services

Moldova



## Youth friendly services

Russian Federation:



## Youth friendly services

Serbia and  
Montenegro:



## Youth friendly services

Serbia and  
Montenegro:



## Youth friendly services

“The challenge is to find a mode of service delivery which is responsive to the adolescent group to be served and makes best use of whatever resources are available.” (WHO, 2001)