

Overview

1. **From the Marmara earthquake and the 2001 financial crisis to the onset of the global economic slowdown in mid-2008, Turkey recorded major social and human development progress.** Under-five mortality rates continued their remarkable, decade-long decline, reaching 23.9 (per thousand live births) in 2008.¹ Net enrollment rates in secondary school, often characterized as the Achilles heel of human development in the country, climbed steeply from 51 percent (2002) to 59 percent (2008). Similarly, poverty had decreased from 27 percent in 2002 to 19 percent in 2007 – and further decreases have likely materialized until mid-2008. Such poverty reduction was achieved not only through the strong growth performance of the economy but also due to a marked reduction in inequality in society: between 2003 and 2006, consumption inequality declined by more than ten percent.

2. **Such improvements, welcome as they certainly are, still lag the aspirations of the Turkish people,** as eloquently documented in a 2006 opinion survey. This survey registered a strong preference for a more equitable society among the Turkish public. A full 85 percent of the adult population voiced that the gap between the rich and the poor in society should be reduced – the single highest proportion in an international comparative assessment which included Eastern European and Central Asian countries.² In the same inquiry, two out of three Turkish adults responded that the main reason for why poverty existed in the country was ‘injustice in society’ and close to three quarters of all respondents voiced that the poor should not be held accountable for their fate.

The State of Equality of Opportunities in Turkey

3. **This Report examines the reality behind those statements.** It focuses on equality of opportunity in Turkish society today—most importantly on the life chances of today’s children, the country’s future. Our results show that life chances of people in Turkey differ

widely today – and that the country could vastly improve its human and economic development potential by expanding the opportunities available to its next generation, particularly the most disadvantaged children.

4. **Transforming opportunities into achievements depends on one’s own drive, effort and, at times, luck.** But the opportunities themselves might be determined by factors that any single person can do absolutely nothing about: in which family one is born and where; the educational background of one’s parents and their wealth; the language spoken in the family; or one’s own gender. Such factors, or *circumstances*, as John Roemer calls them, are all independent of one’s own choices and effort.

5. **A society offering equal opportunities to its citizens would then be one in which all those circumstances, such as the socio-economic family background or birth place, matter little or not at all in determining life chances.** One, in which a girl born in a remote, poor area of the country to parents without much formal education would have the same chances to succeed in life as a boy born in the center of Izmir to wealthy and educated parents.

6. **The equity concept used here places much emphasis on opportunities rather than on outcomes per se.** Equality of outcomes would imply that reading scores of all children at age fifteen should be equally high, that wealth be distributed homogenously, or that life expectancy should be the same for everyone in society. But such outcomes also depend to a significant extent on one’s own efforts, disposition or luck. Also, rewarding effort (to learn, study and work) is essential in societies for innovation and advancement.

7. **We find that circumstances are important in determining life chances in Turkey today.** We present quantitative estimates of inequality of opportunities for two outcome dimensions: economic and educational achievement. Economic opportunity is measured as

¹ Preliminary results based on Turkey Demographic and Health Survey (2008).

² Data from Life in Transition Survey (2006). See Ferreira et al (2009) and Zaidi et al (2009).

household wealth, while the opportunity for education is assessed through qualitative achievement (performance in standardized tests).

8. **In examining the distribution of household wealth, in 2004, we find that at least one-third of the wealth disparity is due to inequality of opportunity in the country.**³ The most important circumstances that determine opportunities in Turkey are area of birth and parental education. These alone account for two-thirds of inequality of opportunity related to the wealth distribution in the country. Limited analyses for other countries exist that would allow us to compare Turkey internationally – as a rough indication, the country appears to rank towards the more moderate end of Latin American countries, a continent that has long been highlighted for the persistence of inequalities.

9. **A similarly strong link between circumstances and outcomes emerges when we look at educational achievement** for Turkey's 15 year olds, as measured by results of the 2006 PISA scores. Similar to the results regarding the distribution of wealth, we find that between a quarter and a third of overall educational inequality can be traced to underlying inequality of opportunities. As was the case for the wealth distribution, the socio-economic background of the families in which the teenagers grew up in accounts for the lion's share of such unequal opportunities. Spatial variables retain their importance, but mostly along the rural/urban divide, signaling inequalities in access to quality education in the country. Gender, which is a key determinant of *enrollment*, is not a significant correlate of *achievement* – that is: once they succeed in staying in school, girls do the same as or better than boys in the achievement tests.

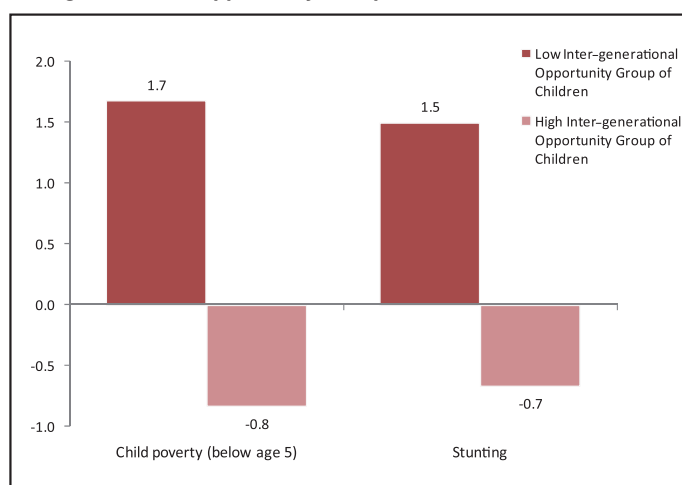
From Grandparents to Grandchildren

10. **Comparing Turkish society today with the social and economic life of four or five decades ago reveals that tremendous transformations have taken place** –regarding urban and rural life and livelihoods alike. But such transformations notwithstanding, this report finds that the socio-economic status of grandparents–

measured by the education they attained roughly forty or fifty years ago – retains a powerful link to the well-being and chances of their grandchildren today.⁴

11. **For illustration purposes, the report distinguishes two groups in the inter-generational opportunity profile**, according to spatial and educational characteristics: a Low Inter-generational Opportunity Group (or LINOG) and a High Inter-generational Opportunity Group (or HINOG).

Graph A: Relative Risk of Child Poverty and Stunting, by Inter-generational Opportunity Group, 2004



Note: Risk relative to average incidence of all children age 5 and below
Source: Staff calculations based on Turkey Demographic and Health Survey (2004)

12. **Such inter-generational opportunity groups are closely aligned with the well-being of present day children.** The most striking result is the close relationship between child poverty, in 2004, and the inter-generational opportunity groups: child poverty in the LINOG was, with 78 percent, almost twenty times higher than the HINOG group in which child poverty barely reached 5 percent as depicted in Graph A.

13. **Similarly, more than a quarter of children in the LINOG showed signs of stunting**—an indicator that measures the long-term effects of malnutrition – while in the HINOG only four out of one hundred children showed such growth retardation. While iodine deficiency – a leading cause for mental retardation during child

³ Estimations based on the Turkey Demographic and Health Survey fielded between December 2003 and May 2004. While our analysis captures more than 80 percent of all Turkish households, the circumstance variables we are able to examine pertain to the ever-married women in the household only. See Technical Endnote 1.

⁴ Given the data source (see Technical Endnote 1), we examine in this report the relationship between maternal grandparent education and the outcomes of their grandchildren.

development – was present in more than 80 percent for LINO children, it was detected in about 20 percent for those in the HINO group.

14. Stunting and iodine deficiency are, according to cross-country research, among several leading acute risk factors that signal children not being able to reach their full cognitive development potential. Hence, we find that lack of opportunity travels through generations, and now significantly influences the development potential of disadvantaged children in Turkey today.

15. Girls appear to be particularly impacted by such inter-generational transmission of opportunities.

Within the Low Inter-generational Opportunity Group, young girls are significantly more likely to show early signs of malnutrition than boys: their stunting rate is, with more than 30 percent, about a third higher than their male siblings (23 percent). Child development trajectories continue to differ by gender: in the LINO – the low inter-generational opportunity group – the likelihood of girls in the ages of 7 to 15 being enrolled was 68 percent, compared to around almost 90 percent for boys. Hence, breaking the inter-generational transmission of inequity would have to place particular emphasis on supporting disadvantaged girls in Turkish society today.

Child Development and Child Risks

16. Our finding that the inter-generational transmission of inequity is powerfully affecting Turkey’s youngest generation today points to the need for understanding of how children’s opportunities develop from a young age, and whether there are policy interventions that can contribute to reduce the impact of exogenous *circumstances* on life chances.

17. Given the very close mapping of the inter-generational opportunity profile to child poverty, one important indicator of life chances for today’s children is their poverty status. Poverty indeed is a *circumstance* for children given that it is defined at the household level and children do not contribute to the income or asset envelope of households.

18. In 2006, child poverty was higher than for any other age group in Turkey. Both younger (zero to five years) and older (six to fourteen years) children

had the highest poverty rates among all age groups with more than one in four children being poor. More than forty percent, or over five million, of all poor people in Turkey in 2006 were children below fourteen years of age. About 1.8 million of them were infants and young children under five. And while overall poverty rates had decreased between 2003 and 2006, children benefited least from such improvements. According to estimations conducted for this Report, children are also the population group that is likely to make up the largest share of those falling into poverty due to the economic slowdown Turkey is witnessing today.

19. Findings from early childhood development research stress that it is the multi-dimensional lack of opportunities that put children at highest risk of not reaching their development potential. We therefore examine core child development access levels (input indicators) and outcomes, along both child poverty as well as inter-generational opportunity group dimensions.

20. With the strong inter-generational transmission of inequalities in society, it comes as little surprise that we find core inputs into the child development process to diverge quickly according to child poverty and opportunity status. Across the board, poor children in low opportunity settings show remarkably lower access indicators to basic health functions than other groups – and this starts already *before* the children are born, with two-thirds of poor mothers in low opportunity settings not receiving a minimum of antenatal care during their pregnancies. Similarly, more than 90 percent of poor children in the low opportunity setting do not command food with sufficient iodine supply and four fifths do not receive the full set of six recommended immunizations before they complete one year of age. Similarly, new data from Koç University show that inputs for cognitive development of children differ strongly by socio-economic strata.

21. Differences in development outcomes according to child poverty and opportunity groups emerge quickly as well. Low birth weight affects a quarter of poor children in low opportunity settings, indicating constraints in fetal nutrition during a crucial period for brain development – and it is largely due to poor maternal nutrition and infections. Similarly, high stunting rates are concentrated in poor children of the LINO group, albeit they are also significant for poor children in better

opportunity settings—indicating that acute risk factors can also develop in poor households with a better educational background of the parents. The ongoing research study from Koç University equally shows that cognitive development scores, an early outcome measure, already diverge quickly and early according to socio-economic status of the families in which the children grow up.

22. Later, these vastly different inputs and early signals for divergence in outcomes feed through to school attendance and completion—and thereby complete the cycle of the inter-generational transmission of inequality of opportunity. Sharp contrasts emerge, both by opportunity group as well as, almost more pronounced, by gender. Such gender differences in education access, above and beyond the opportunity setting of households, once again emerges as one of the core development challenges for Turkey.

23. The above described core child development indicators as well as risk factors emphasize the importance the country now places on child development. This is also underlined if we compare Turkey internationally: benchmarking of indicators, such as immunization coverage, birth attended by skilled staff as well as outcome indicators such as the under-5 mortality rate, all show that Turkey, given its level of income, is somewhat underperforming in relation to comparator countries.

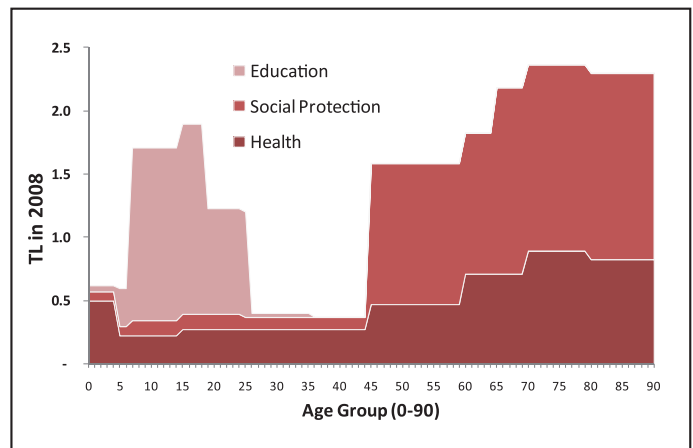
Expanding Opportunities for the Next Generation

24. Public policies that would reduce inequalities of opportunity in society are broadly those that would attempt to weaken the link between circumstances, which people cannot be held accountable for, and outcomes. A wide array of such policies exist, starting from building human capital through providing skill building and life-long learning opportunities for disadvantaged groups to supporting productive asset creation by, e.g., addressing capital market imperfections or income transfers which would offset original disadvantage. Or these could be policies that open opportunities by connecting people to markets, using public infrastructure investment to overcome geographical poverty traps, and facilitating access for people to move and benefit from higher opportunity areas.

25. One pro-equity policy which could break the cycle of the inter-generational transmission of inequity focuses on early childhood development (ECD). The importance of ECD, starting at the time when the child is not even born, is due to brain development in the first months and years, affecting physical health, learning, and social behavior throughout life.

As such, fostering ECD does not only attack poverty but is also the key for tackling the inter-generational transmission of inequities. ECD programs aim to improve the survival, growth, and development of young children so that these can develop all the necessary cognitive, physical, and socio-emotional skills they need later on in life.

Graph B: Per Capita Social Expenditures by Age Group in Turkey (Central Government, Excluding Social Security Contributions, 2008), '000 TL



Note: Staff calculations. (See Endnote 9 for explanations.)

26. Over the past years, Turkey has set itself ambitious targets to raise core child development indicators. In line with such targets, innovative and path-breaking reforms are being carried out that focus on children, including the pivotal role that family doctors are now playing in growth monitoring and assessing family support systems.

27. Few public resources reach children in Turkey today. While funding for Early Childhood Development policies and programs has gradually increased in Turkey, we find that, on a per capita basis, only a small share of public funds, about 6.5 percent, is directed to children from zero to six years. Estimating central public budget expenditures (excluding contributions to the social security system), on a per capita and age group basis,

we estimate that the population above 44, largely due to high pension expenditures, receives a per capita transfer at least two-and-a-half times as large as children today (Graph B).

28. Coverage, especially for disadvantaged children, is generally low in most dimensions of ECD. Pregnancy monitoring and immunization show high coverage and about 30 percent of children 48-72 months of age are enrolled in preschool. However, all other ECD programs reach less than 10 percent. In addition, evidence from multiple sources show that one of the most important programs – public preschool and day care – reaches many more children of wealthier than poorer families. Turkey has much to build on given that several of its civil society and public initiatives have a proven track-record and impact in reaching the poorest and most disadvantaged children early on.

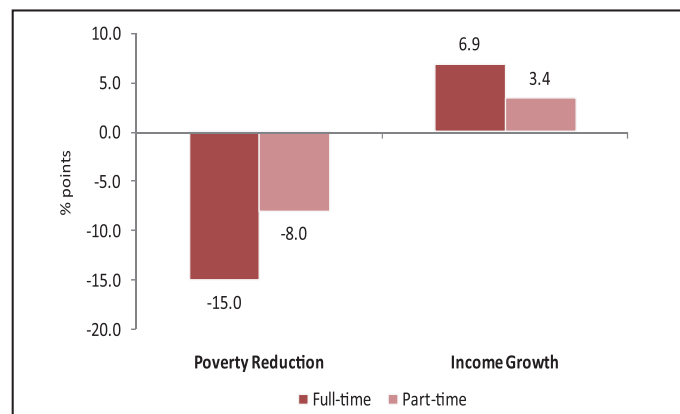
29. Improving the opportunities of Turkey’s children today would have significant economic and social benefits. Significant work has been carried out by partner organizations to assess the potential costs of comprehensive ECD policies. Hence, this report focuses on the benefit side.

30. We use two simulation models to assess the potential benefits of selected ECD policies.⁵ First, the Report uses the results of controlled experiments in Turkey that quantify the impact of pre-school/parenting on educational attainment of beneficiaries. We employ a model that examines how poverty, incomes, and female labor force participation would be different today for the generation of 20-39 year olds if they had attended pre-school/parenting programs when they were six-year olds. We consider various channels of influence, including occupational choice, fertility effects, and higher earnings stemming from the additional educational attainment. Only considering these channels, we find significant impacts with, for that generation, incomes being almost 8 percent higher, the poverty rate 11 percent lower, and the female labor force participation rate more than 9 percent higher. Such simulations are partial as they do not take into account synergies with other ECD programs (like early cognitive development),

and changes in the returns to education or the demand for labor. Hence, the effects could well be lower-bound estimates with benefits even larger than reported here.

31. Second, some of these ‘investments in Turkey’s future’ could very well materialize in the very short run. A companion report by the World Bank and the State Planning Organization (World Bank 2009a) on female labor force participation establishes that poor, especially urban women might not work, although they want to, because the very cost of childcare inhibits them from taking up income-earning activities. As a spin-off to increased availability of pre-school and child care services, a concomitant increase in female labor force participation could hence achieve immediate growth and productivity effects: we estimate that an increase in the female labor force participation rate to 29 percent (to match the Government’s targets by 2013) could lead to a decrease in poverty by more than 15 percent and a possible aggregate income effects for all Turkish households to be in the order of 7 percent – a substantial increase that could significantly support households to “work themselves out of poverty” (Graph C).

Graph C: Aggregate Income and Poverty Reduction Effects of Increased Female Labor Force Participation



Source: Staff elaboration (See Technical Endnote 11).

Reflections on the Public Policy Debate

32. To summarize, our report has several broader findings. Inequality of opportunity is important in explaining both the distribution of wealth and education outcomes in Turkey today. Such inequity, we find,

⁵ Both models concentrate on assessing direct impacts only and hence do not assess overall general effects which would have to include many more behavioral functions.

travels through generations with child poverty and stunting closely mapping into the socio-economic background of grandparents. Taking a closer look at children in such low opportunity settings, we discover clear disadvantages with regards to access/inputs into their development process which show them lagging behind early on in physical and cognitive development. Turning to policy, Turkey spends relatively little on its youngest generation today, with low coverage rates across most dimensions of early childhood development, especially of the disadvantaged, being low. These might, though, be the highest return investment into the country's future, as several of our simulations show.

33. The report ends with a number of reflections for the public social policy debate. First, to improve equity in society, opportunities for disadvantaged children would need to be expanded. This will necessitate reviewing the current functioning and financing of the Turkish welfare state. Current public, non-contributory social expenditures reach children in their early years to a limited extent. To create fiscal space that would allow programs for disadvantaged children to expand, the financing and societal (tax financed) transfers to old age insurance would need to be re-examined.

34. Second, Turkey's informal safety nets, as strong as they might be, do not seem to have been able to offset the disadvantages of children born into specific circumstances, especially for girls. Turkey has a traditional and strong communal and family solidarity which is often described as being one of the main pillars of the societal functioning. But given the strong inter-generational transmission of inequity observed here, such communal and traditional ties would need to be

complemented by an integrative and inclusive policy for the most disadvantaged children.

35. Third, international evaluations show that the most effective way to reduce the influence of circumstances on opportunities is to provide effective support to the most disadvantaged children first. The concept of equality of opportunities employed in this Report goes beyond creating equal *access* – it implies that the most disadvantaged are reached first and more intensively than less disadvantaged children so that they can improve their life chances. If this concept resonates in Turkey, a strategy for roll-out would then need to set targets detailing, how and how many of the most disadvantaged children can be reached. Currently, vital child services – from nutritional support, health attention as well cognitive stimulation – largely benefit less disadvantaged children, those that (judged by their own circumstances) are more likely to succeed in life at any rate. While a discussion on how 'disadvantage' can be defined will be necessary, this report suggests that two factors alone, child poverty and parental education, are core determinants of opportunities.

36. Lastly, civil society, community, and private initiatives, will need to complement public efforts in expanding the supply of services for the most disadvantaged children. Turkey's innovative and inspirational experiences of ECD service delivery through non-governmental channels is looked at across the globe with much admiration. In parallel, overall coverage of such delivery is very low. A social consensus to support the most disadvantaged children would require a compact between private, public, civic, and community actors to create an appropriate enabling environment for the availability of high quality and integrative support for disadvantaged children.