In July 2015, the international community will agree on the financing strategies to attain the Sustainable Development Goals (SDGs) at the Third Financing for Development Conference in Addis Ababa. It is important that decision makers at the conference recognize investments in children as a central building block of the SDGs’ sustainable and equitable growth agenda.

**Our case for investing in children does not trade off younger individuals against other groups in the population.** We emphasise investments in enabling and fulfilled childhoods as a broader principle of good economic policy-making and equitable and fair societies.

There are strong economic arguments for investing in children besides the obvious normative appeal. Work by renowned economists shows that each dollar, yen, euro or peso spent to improve a child’s nutrition, cognitive development, and social and physical environment is an investment in the future ‘human capital’ of a nation. We also know that the value for money generated from interventions in a child’s development diminishes if investments are delayed beyond a certain age. This time sensitivity creates a strong case for including child-related policies and programmes among the cross cutting investment priorities of the SDG agenda.

The need to invest in children’s development can be brought out more strongly within the SDGs’ strategic framework for achieving sustainable and equitable growth. The importance of investing in green technologies and economic infrastructures is by now well recognized within the Finance for Development (FfD) and sustainable development debates. However, the investment case for children is often not clearly defined or tends to be subsumed under the broader objective of social development and cohesion. We need to make sure that investments in children are recognized as a self-standing priority of SDG finance. Investments in children are important for creating the enabling environment for sustained and equitable long-run growth.

**Targeted social investments are often needed to overcome key deprivations.** Economic growth has led to an unprecedented reduction in extreme poverty around the world. However, progress for children, especially in non-monetary dimensions, has been much slower. Across developed and developing countries households with children still suffer disproportionally from poverty. The incidence of other child deprivations, such as malnutrition or child mortality, has also declined at much lower rates. This illustrates that income growth and market forces alone are often not sufficient for creating the conditions for improved child wellbeing. Additional interventions, including targeted public investments in improving social services for children and combating inequalities, are needed for overcoming these bottlenecks.

**Investing in Children as a Basis for Sustainable Development: Key Asks for Governments**

**Leave no child behind:** private resources and remittances account for increasingly important shares of development finance, even in the poorest nations. However, private financing is usually insufficient for the poor who lack purchasing power or live in remote areas underserved by markets. We ask governments to provide the basis for fair and equitable development,
by allocating public funds to those with the greatest needs. Targeting of public investments to populations underserved by private finance also represents one of the most effective ways of allocating scarce public resources.

Suggested Targets

- Prioritize investments on a set of basic universal services and ‘public goods’ that are less effectively provided by the private sector (such as primary education, social safety nets, health care, or vaccinations)
- Target groups and communities with the greatest needs

Provide adequate and predictable resources for children: increased spending is not a panacea for child wellbeing. However, in some countries expenditures in key sectors (like health, social protection, and education) fall short of minimum spending thresholds. Many governments also make insufficient allocations to interventions with large proven benefits for children (e.g. ECD, nutrition, child protection).

Suggested Targets

- Progressively mobilize additional resources to address financing gaps in underfunded SDG priority areas with the greatest impacts for children
- Identify and better exploit synergies across areas of SDG finance, such as climate change, education and infrastructure
- Avoid retrogression of spending in times of economic contraction

Strengthen international collaboration to improve child well-being: with recent increases in domestic and private spending in most developing countries, ODA plays a diminishing role in the development finance landscape. However, we anticipate strong calls for continued international solidarity from countries with lower revenue bases and weaker tax capacity.

Suggested Targets

- Target ODA more effectively to countries with greater needs and lower revenue capacities
- Commit to maximize the impact of ODA by prioritizing social, economic and climate related investments with the greatest cross-cutting impacts for children
- Encourage south-south cooperation
- Use ODA to leverage public domestic and private finance
- Improve reporting on child-related ODA allocations
- Strengthen financing mechanisms to enhance responses to humanitarian emergencies and invest in resilience

Improve the reporting on child-related spending:

political commitments to the realisation of children’s rights are more effective when they are supported by transparent and repeated information on child-related spending and results.

Suggested Targets

- Accelerate and scale-up ongoing efforts to improve budgetary reporting, including on results on the ground and the share of revenues and expenditures allocated to relevant age groups
- Document how much spending goes to groups or areas with greater incidences of child deprivation. International agencies should assist governments with limited technical capacity and coordinate the harmonization of reporting practices across countries

For more information

Please see UNICEF’s webpage on Children and the Post-2015 Development Agenda:  http://www.unicef.org/post2015/