

The Case for Investing in Children for Inclusive Economic Growth

Briefing Note



The following paper was prepared by UNICEF India in preparation for a high-level T20 panel in Bhopal in January 2023. Think20 (T20) is an official Engagement Group of the G20 (Group of Twenty intergovernmental forum).

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T20 serves as an "idea bank" for the G20 by bringing together think tanks and high-level experts to discuss policy issues relevant to the G20. T20 recommendations are synthesised into policy briefs and presented to G20 working groups, ministerial meetings, and leaders' summit to help the G20 deliver concrete policy measures.²

A T20 Policy Brief aims to be a crisp research output that outlines the rationale for adopting a particular policy alternative. UNICEF India is submitting various policy brief proposals, the details of which can be found below.

¹ Think 20 Inception Conference <https://t20ind.org/event/think20-inception-conference/>

² T20 About <https://t20ind.org/about-us/>

Background

Investing in children and youth as an investment for the future

India's support as part of the G20 for global cooperation, inclusive development, economic stability, and sustainable growth is not only in line with its national goals and values espoused by other leaders of the G20, but an opportunity to promote global development through investment in children. Indeed, the two ambitions are complementary, as inclusive economic development is not possible without addressing the needs and priorities of all children – a position so clearly stated by the former Chief Executive Officer of NITI Aayog (think tank of the Government of India) who noted that “The Sustainable Development Goals (SDGs) cannot be achieved without the realization of child rights”

But it is more than words, as evidence clearly shows that investment in children is fundamental to inclusive economic growth, to create a more equitable world, and with direct implications for child survival, child well-being, and poverty reduction. Investments in children have intergenerational pay-offs, and make real the demographic dividend available to so many countries. Children will lead the societies and economies of the future, and each dollar invested in them has longer to accrue returns than spending on any other age group (OECD, 2009).

Investing in optimal child development leads to improved health and educational outcomes, better employment opportunities in the future and as a result, is at the heart of inclusive economic growth. It is a basic prerequisite to achieve the rights of all children, and make good on the SDGs.

Each child is unique, and each should be supported to reach their full potential. A review of any country's child policy portfolio will show how these needs and supports differ, by age, gender, socio-economic position, physical and mental well-being, and the geographical area in which they live. Optimizing investment in children, for better social and economic futures, means more spending needs to be matched with smart spending – type and timing matter – and public interventions need to be designed and delivered coherently and in line with the best evidence on what works for child development.

Investments in children are consistently shown to be the highest returning public investments. Returns range from \$5 per \$1 invested in girls' education, to up to \$60 per \$1 invested in routine immunization programmes. In previous crisis responses, economic stimulus packages that have included critical social protection measures (e.g., cash transfers and social services) have had direct, positive effects on children, including protecting child health and health care utilization, reducing child mortality and preventing increased poverty.

Extract from “Financing an Inclusive Recovery for Children”, UNICEF (2021)

A role for the G20 in optimizing investments on children

Although the G20 includes a select group of countries, the work, influence and membership of the forum is truly global. Accounting for 80 per cent of world's GDP, 75 per cent of global trade and 60 per cent of the world's population, the G20 is one of the most strategic forums to raise issues of child development, and so human and social development, as integral aspects of inclusive economic growth.

Moreover, the G20 promotes collective action and inclusive collaboration among developed and emerging economies worldwide, and recognizes that that global prosperity, social challenges and effective public policies for all are inter-linked. Now, as India holds the G20 Presidency in 2023 – alongside its ambitious foray into the global economy together with its human capital and entrepreneurship approach, and active participation in the G20 processes in the Sherpas Track³ and Finance Track⁴ – the country is demonstrating its leadership among the emerging and developing economies. A focus on investment in children as a key tenet of inclusive economic growth would underline this leadership with a focus on sustainable and prosperous futures.

India has come out fully in support of the three broad priorities of the G20 Heads of State and Government Summit in November 2022 of global health architecture, digital transformation, and sustainable energy transitions under the overall theme of 'Recover Together, Recover Stronger', which will enable focus on long-term capacity building, sharing of good practices, and use of an all-encompassing approach, so that final solutions can be human-centric and all inclusive.



³ Sherpa Track <https://www.g20.org/en/workstreams/sherpa-track/>

⁴ Finance Track <https://www.g20.org/en/workstreams/finance-track/>

Impact of COVID-19 and investments in children

Children bear a disproportionate burden

G20 discussions held under Indonesia's presidency in 2022 focused on a global post pandemic recovery of which children are an integral part, as they were the worst affected by the pandemic.

Children, although less susceptible to the symptoms and mortality risks related to COVID-19, have ended up bearing a disproportionate burden of the COVID-19 pandemic due to response measures. Schools remained closed for months- in some cases close to 2 years – and longer in the majority of cases than workplace closures. This impacted not just children's education, but also their nutrition, growth, social development, protection, and family life. Containment measures increased levels of violence in the home, and social protection responses often failed to cater directly to the needs of children and their families. All of this is on top of slowing rates of progress – or even the halting of progress – in recent decades on key SDGs for children.

For instance, in 2020, it was projected that globally approximately 150 million additional children would be living in multidimensional poverty – without access to education, health care, housing, nutrition, sanitation, or water – due to the COVID-19 pandemic, according to an analysis jointly carried out by Save the Children and UNICEF.

The combined effect of loss of learning, reductions in income and food security, and reduced access to health-care services is estimated to result in losses of 5 per cent of future human capital for current school-age children, and 0.7 per cent for current preschool children. The productivity and growth prospects of countries around the globe will be reduced for decades.

Extract from “Financing an Inclusive Recovery for Children,” UNICEF (2021)

Child investment strategies

The repercussion of the global financial crisis 2007-2008 (which have lasted more than a decade for many countries), and the pandemic, which in turn led to social and economic shocks of its own, has further highlighted the tremendous social challenges facing all countries. For governments seeking more effective ways to address these growing challenges, investing in the youngest generations can hold the key.

Notably, for policy planning, children's issues cannot be addressed in isolation and need to be looked at in terms of the whole child, whole family, whole community, whole society and global interventions, as well as across the life course. This is because a substantial proportion of childhood vulnerability and deprivation is a manifestation of household poverty and deprivation, the quality of schools and services they access, the safety and accessibility of the spaces in which they live, environmental quality and climate, and associated public policy efforts (see vulnerabilities below).

One such child investment strategy is social protection designed specifically to protect and promote child development. Universal child grants, for instance, have generated critical impacts on child and adolescent well-being, including in increasing food security, dietary diversity, nutrition, and access to health care and education, as well as enhancing the economic capacity of families, including as an essential risk-management strategy via the protection of critical livelihoods and assets, and minimizing negative coping strategies in the event of shocks and stressors.

Universal cash benefits provided to children in middle-income countries at a cost of just 1 per cent of GDP would lead to a 20 per cent decline in poverty across the entire population. In 15 high-income countries, delivering universal child benefits alone led to a 5-percentage point reduction in child poverty, on average. Universal child benefits are also proven to reduce deprivation, improving children's overall well-being, health, education, food security, productivity and ability to contribute to their societies and economies when they reach adulthood.

Universal Child Benefits, Policy Issues and Options, ODI, UNICEF (2020)



Public finance for children – a need for enhanced investments

As noted above, vulnerabilities, especially of children, are by-products and/or manifestations of the macro-economic environment, social and culture norms, and systemic imperfections. G20 countries, as signatories of the United Nations Convention on the Rights of the Child (CRC)⁵, are obligated to “undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international cooperation” to fulfil children’s social and economic rights (Article 4).

The realization of children’s rights entails costs as well as investments. Unless countries ensure sufficient resource mobilization, equitable budget allocation and effective spending, provisions in the child rights related laws and policies will be difficult to achieve. Public finance for children and investments in social sectors such as health, education, nutrition, early childhood development (ECD), social protection, and water and sanitation create the foundation for healthy lifestyles, help to maximize cognitive and physical abilities – particularly when started in the earliest years and continued through childhood and adolescence – and give children an opportunity to flourish in the societies and economies in which they can be active participants.

Creating and preserving investment in human capital are vital for countries to achieve sustained, inclusive economic growth with a population that is prepared for the global economy of the future. There is a strong investment case for prioritizing social sectors that are key to optimizing child development, and protecting these from cuts in contexts of economic recession and fiscal contraction.



⁵ The USA is the only G20 country which has not ratified the CRC

Way forward

India's G20 Presidency: One Earth, One Family, One Future

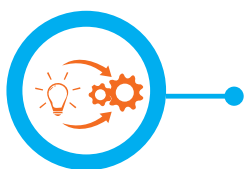
The G20 Presidency of India promises immense opportunities for building consensus in a fractured world, which has encountered deep crises in recent years. Prime Minister Narendra Modi's message of healing, harmony and hope lays the foundation for an agenda for the G20 which sees existing challenges as universal and indivisible in the spirit of "One Earth, One Family, One Future".

The most significant reflection of this idea is captured as Lifestyle for Environment (LiFE) which calls for reforming institutions, processes and practices through greater recognition of instruments, concepts, evidence, roadmaps and partnerships. This would lead to enhanced and rational allocation of resources (especially for children); localization of development; bringing access, equity and inclusion through technology; and reformulating development partnerships, trade relations and capacity creation.

India has highlighted accelerating SDGs as a key action area under its G20 Presidency. The Prime Minister has also called for strong emphasis on youth, and India's own development initiatives have demonstrated how large-scale transformations in the social sector are possible through focusing on specific intervention areas such as ECD, and moving from quantity to quality in social sector outcomes. A key transformation agenda that can consolidate the action agenda on SDGs is linked with giving children the best possible nutrition, education and health in the early years as a way to focus on human capital towards social equity and inclusive economic growth.

Enhancing investments in children

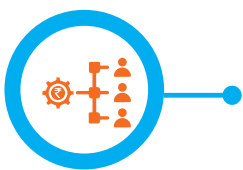
In view of the above, there is a need to address the challenges and issues on investments in children holistically by:



Using a whole-child and cross-sectoral approach that relies on increased and sustained investment. Plus more efficient spending and effective implementation through coordinated action aligned to the evidence on child development, both during times of economic stability and especially for socio-economic and environmental disasters.



Sensitizing various stakeholders that expenditure on children, especially on ECD, maximizes the return on investment allowing later expenditures to reap greater benefits. If not done at the right time and magnitude, later expenditures are sub-optimal, and there is a significant adverse impact on social development and economic growth.



Adopting an Integrated National Financing Framework (INFF) to identify child related SDG indicators in developing countries that are lagging behind, and ensure adequate resources are allocated for timely achievement of the targets.



Investing more into digital learning for access, equity and inclusion by building the necessary infrastructure and ensuring all children – especially children with disabilities- have access to the IT equipment and safe online environments, to close the gaps for an inclusive and prosperous future for children everywhere.



Exploring partnerships with the private sector to deliver on specific financing gaps, and the promotion of family friendly and gender transformative workplaces.



For further information

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