EXPERT CONSULTATION ON AGE-RELATED PUBLIC EXPENDITURE AND POLICIES

Final Statement - September 2023[1]

In the lead up to the launch of a new report Too Little Too Late, the *UNICEF Innocenti – Global Office of Research and Foresight* and the *Columbia University Center on Poverty and Social Policy* convened an expert consultation at Innocenti's office in Florence, Italy, to discuss the basic set of comparable data that countries should collect to monitor public policies and public finance for children, including domestic expenditures and foreign assistance (April 12-13, 2023). Participants for the consultation included representatives from UN Agencies, NGOs, and academia, as well as senior elected officials who have led efforts to enact policy to advance the welfare of children.

The expert consultation ended with four main conclusions and recommendations.

1. **Spend more and spend it earlier in the child's life course**. The world is leaving the youngest children out from policies – in spite of the consensus evidence that early childhood is the most critical window of human development – and is incurring massive cost to personal and social development as it does so. Despite the evidence that the early years are a critical time for human development, the world is persistently underinvesting in the youngest children. Increased spending on the youngest children cannot come at the expense of older children, who have themselves already suffered historical underinvestment. As the world's most successful systems devote just one per cent of GDP to achieve this spending, this goal can be met and is less a matter of fiscal space than political prioritization.

2. Governments, international organizations, non-governmental organizations, civil society, and development partners must make concerted efforts to **establish basic public provision for preschoolers and infants worldwide**. This is specifically a concern for social protection, which applies a greater variety of interventions than other policy sectors at work in the pre-school period.

3. **Effective investment relies on how money is spent, and for young children should start with three key policy pillars: gender-equitable parental leave, childcare services, and a child benefit**. The child benefit should be for all children (universal) and start from when parents first begin to engage with prenatal public health services for pregnancy care to promote comprehensive prenatal care, birth

[1] The draft statement was coauthored by researchers from UNICEF Innocenti, the Learning for Well-being Institute, the Center on Poverty and Social Policy at Columbia University (USA), and the York Policy Engine at the University of York (UK).

registration, address poverty risks from day one, and to maximize optimizing efforts in education and health. Through policies focussed on age-related child development – and the achievement of children's rights - public expenditures in early childhood are the cornerstone of the social contract; they protect a nation's most precious resource, they address inequalities quicker and more effectively, and they set up nations for success.

4. **For comparative studies, and macro-level monitoring, harmonize data on expenditure on social policies for children**. Data and expenditures on social policies related to children are disparate and do not lend themselves to easy cross-country comparison. Harmonizing the terminology and classification of policies, as well as greater collaboration among institutions working to compile these data will be useful in reducing redundancy and minimize conflicting reports. Addressing data quality, data availability, and reporting gaps is critical to ensure regular monitoring to inform the policies and programmes of development actors. Lead institutions such as the OECD, ILO, ISSA, and the World Bank should consider working closely together on the compilation of policies and expenditures to produce a one-stop shop and create greater efficiency.

5. Translating evidence to policy starts with **political champions who serve as the sponsors of the new policies for reform and introduce a vision in which a better world for all children is the foundation for a better world overall**. This work requires access to the best evidence on the effectiveness and efficiency of public goods in childhood for human, social and economic development, following which financial constraints may be easier to address. Particularly useful to policymakers are estimates that (1) define a policy problem, (2) propose a solution with estimates of its impact, and (3) allow for tracking of estimated impacts immediately following implementation. For many countries with weaker data infrastructure, efforts to strengthen data systems will need to precede (or preferably be combined with) efforts to bridge the gaps between evidence and policy.

Background

There is little global evidence on how much public money is spent on children in different countries from the prenatal period until age 23. Previous work on this topic is limited to high-income countries that make up the Organisation for Economic Co-operation and Development (OECD). Even for OECD countries, the relevant data are scattered across multiple sources, and can be limited in their comparability as expenditures are not uniformly disaggregated and categorized across countries. Furthermore, key data are missing on local government expenditures in some countries (See OECD Family Database, 2023, Child Well-Being Data Portal, 2023 and OECD Social Expenditure Database, 2023).

In the lead up to the launch of a new report Too Little Too Late[2], which explores the possibilities for mapping age-related expenditures on children globally, the *UNICEF Innocenti – Global Office of Research and Foresight* and the *Columbia University Center on Poverty and Social Policy* convened an expert consultation to discuss the basic set of comparable data that countries should collect to monitor public policies and public finance for children. Those participating included representatives from UNICEF Innocenti and the Social Policy and Social Protection Programme Group, and (in alphabetical order) Clemson University, Columbia University, the International Labour Organization (ILO), the International Social Security Agency (ISSA), the Organisation for Economic Cooperation and Development (OECD), the Norwegian Agency for Development (NORAD), Save the Children, Swedish International Development Agency (SIDA), the University of California Los Angeles, the University of Chicago, the University of York, the World Bank, The World Inequality Lab, and senior elected officials who have led efforts to enact policy advances for children.

During the consultation, participants discussed the findings from the *Too Little Too Late* report and listened to the experiences and opinions of the participants on how to routinely compile data suitable for understanding the type, timing, amounts and coverage of public expenditure on children, as well as the utility of such statistics for informing key policy decisions for children.

This statement provides a summary of the deliberations and key recommendations for researchers and policymakers to inform how countries can compile a basic set of comparable data to ensure routine monitoring and reporting of age-related public expenditures, and in turn use this data to strengthen systems of social policies for children in an age-sensitive way.

Findings from the Too Little Too Late study

Drawing on internationally validated databases on public expenditures on children from 84 countries that contain 58 per cent of the world’s children, the study finds that many countries spend too little on children, and the expenditure comes too late in life. The expenditures cover in-kind benefits and services (such as accommodation, food supports, active labour market policies for youth, and child protection), childcare, social protection,

[2] The report is coauthored by researchers from UNICEF Innocenti, the Center on Poverty and Social Policy at Columbia University (USA), and the York Policy Engine at the University of York (UK).

and education (it was not possible to include health expenditures due to lack of age-related data and policy information). In high-income countries (HICS), the average expenditure per child is about USD 195, 000 (USD 2017 PPP) if they attend all compulsory years of schooling. The corresponding figure is USD 43,000 in upper middle-income countries (UMICS), USD 18,000 in lower middle-income countries (LMICS), and USD 12,000 in low-income countries (LICS).

Education dominates the public expenditures on children in all countries, accounting for 55 per cent, 82 per cent, 75 per cent and 84 per cent of total expenditure in HICS, UMICS, LMICS, and LICS respectively. Excluding education, the average expenditure per child is USD 88,000, USD 7,700, USD 4,500, and USD 1,900 respectively for HICS, UMICS, LMICS, and LICS.

This means that children who are not in school – either because they are preschool aged or because they are not attending school – miss out on critical public spending on children. The shares of the expenditures on under six children are 27 per cent, 12 per cent, 14 per cent, and 7 per cent respectively in HICS, UMICS, LMICS, and LICS. Indeed, 31 LICS spend less than USD 2,000 per child under the age of six, and 16 of them spend less than USD 500 per child under the age of six. In 25 low- and middle-income countries, the expenditure on children under six is less than 10 per cent of the total expenditure on all children. Even where countries are providing for the youngest children, a particularly disturbing observation is the ‘age two gap’ whereby too few dollars are invested in the period after infancy and before preschool.

The major difference in the expenditure allocation is that HICS spend substantially more on social protection through cash, near-cash provisions, and services. In HICS, these benefits amount to 27 per cent of all the expenditure on children compared to 6.5 per cent in LICS. The average cash benefit per child in HICS is about USD 53,000 compared to USD 2,600 in MICS, and just USD 716 in LICS.

A final and important finding of the study was on the overall data coverage for expenditures on children globally, and the timeliness of reporting. The *Too Little Too Late* study did not include any country whose public expenditure data was collected for 2010 or earlier, which resulted in the exclusion of 42 per cent of the world’s children. For most countries included, the timeliness of reporting needs to be improved, as the data used is around 8 years old or more. The report called for global coverage and timeliness of data to be addressed as a priority, building on the continued commitment to the SDGs, to make sense of effective policy responses for children’s well-being and development, and promote global knowledge exchange.

Importance of expenditure in the early years

Drawing on the evidence on the importance of early childhood development, participants agreed that governments need to do more for parents with young children. Physical and cognitive development in the preschool period of life is essential for child development throughout the life course, social and human development, and the optimization of public investment overall.

Studies on the long-term positive impact of family visits by social or health workers for children under two years was highlighted by the experts, and it was quite intriguing how this evidence has made its way into country-level policy and programmes. It was also quite puzzling that in many countries – including the United States – preschool or early childhood education (for ages 3-5) is still not affordable, accessible, universal and of high-quality for all families that wish to take it up.

The implication of this policy incoherence is that only children from relatively well-off families can access early childhood education opportunities, which makes them better prepared for primary school education and beyond, and ultimately reinforces existing inequalities. Most children do not participate in early childhood education, which leads to inefficiencies in the educational system and sub-optimal outcomes. The experts agreed that more investments in these early years are essential to give every child a fair start in life and reduce the intergenerational transmission of poverty and inequalities.

Data on child policies – data sources and management of information systems

One session of the consultation discussed three global initiatives that map social security or social protection policies which to different extents cover child and family policies. The three initiatives presented were:

a. The Global data on child policies for impact, hosted by the World Policy Analysis Centre at UCLA;
b. The Country Profiles and International Social Security Agreements Databases maintained by the International Social Security Association (ISSA); and
c. The World Bank COVID response tracker.

Discussing the process of data collection, validation, analysis, harmonization, and updating, the experts leading these efforts identified several challenges including:

- Diversity of programmes and data;
- Lag between policy formulation and implementation, or complete lack of implementation;
- Superficial disaggregation of policy coverage by age and other factors (such as disability, migrant status, or sex);

- Rapid policy changes that make it difficult to update the databases; and
- Multiple overlapping policies with mixed implementation, especially in countries with highly decentralized government structures.

While each of these databases is unique by itself, there are overlaps in terms of coverage, and there was consensus among the experts that perhaps these three – and potentially other similar institutions – working in unison will be more cost effective and avoid conflicting information arising out of different classification schemes and regularity of data updates. The gains for policymakers from such coordination include increased robust comparability with other countries – and the evidence this can offer on what works and how – and lower transaction costs when reporting to multiple data agency partners that can lead to more timely and consistent reporting overall.

Data on expenditures by sector – data sources and management of information systems

Another session discussed four cross-national efforts to map social expenditures on children from different sectors. The four initiatives are the:

a. The ILO world social protection database
b. The World Bank ASPIRE database
c. The OECD databases (Social Expenditure (SOCX), Education Database, Child Well-Being Data Portal)
d. The World Inequality Lab at the Paris School of Economics

The various experts described the challenges associated with compiling this data – including the key constraint of the lack of granular disaggregation to be able to construct an age-specific spending profile for each expenditure item, country coverage, and reporting modalities that can leave local expenditures unreported. Specifically in the case of social protection, social assistance data was considered to be more difficult to compile than social insurance expenditures. Recency of data is almost always a challenge, and terminology use differs from one country to another. Here again, participants were of the view that having all these institutions work together could provide synergistic benefits, avoid conflicting information and terminologies, and reduce the transaction costs to countries who report the data.

Several other international data sources are available, including the European Commission’s ESSPROS database, ECLAC data on social expenditures, IMF data sources - but these were not presented during the consultation.

From evidence to action

During two panel discussions on building the evidence base needed for policy change and examples of policy change in action, clear routes to delivering on public policies for all children were illustrated.

First, influential evidence on early years investment was presented from various countries in the world, showing how financing and policies in the early years were effective in terms of improved child and adult outcomes, as well as efficient investments for social development overall. The importance of continuing to build robust evidence on the determinants of foundational skills, including social emotional skills from day 1, through investing in the home environment (parent child attachment, strong family functioning) and quality care settings was shown as key. This type of evidence is critical for addressing political bottlenecks to increasing public expenditure for children and their families.

In terms of achieving change for children, the example was given of how policymakers in the United States successfully implemented a temporary child tax credit policy in 2021, as part of the American Rescue Plan during COVID-19, and which led to a noticeable decline in child income poverty. During the same Plan, policymakers also succeeded in securing a large one-time federal investment in childcare. Nevertheless, the child tax credit policy expansion expired, and the investment in childcare was not repeated. Concerns that a lack of attention to the issues of child poverty including ideologically driven beliefs about benefit recipiency, and the politicization of the family and gender in various ways, continue to play a critical role in what policymakers choose to do. Political beliefs about families and the role of welfare systems need to be addressed head-on when presenting evidence in a compelling way to spur action.

Crossing ideological boundaries and building a cross-party consensus was a central element in delivering on the Italian Family Act in 2021. This comprehensive policy, a package for children, youth, women, families, and employers too, was built on a vision that supporting children and families in all environments – and alleviating poverty – will result in society-wide benefits, including sustainable social and economic development (and recovery from the COVID-19 crisis). The Family Act was designed on the idea of public good, and the future payoffs that would be yielded through the strengthening of families and the betterment of child well-being. This approach facilitated political consensus around the Act, making it impervious to changes within the Italian government and able to sustain public investment in these areas.

Importantly, all the expert interventions on research and policy underlined the importance of sharing good evidence and data for addressing common goals and challenges related to securing public finance and effective policies for children for the betterment of their well-being.