UNICEF Innocenti Research Brief

Too Little, Too Late
An assessment of public spending on children by age in 84 countries

Dominic Richardson, UNICEF Innocenti

David Harris, UNICEF Innocenti and Columbia University

John Hudson, University of York

Sophie Mackinder, University of York

Early childhood is a key stage for physical and cognitive development, and experiences in that period have an enormous, long-term impact on both individuals and societies. Yet in the majority of low- and middle-income settings, as well as in some high-income countries, **public expenditure allocated to children is simply too little, too late**.

Too Little, Too Late constitutes the first comparative mapping of how and when public expenditure on children is managed across the child's life course in low- and middle-income countries, alongside profiles of high-income settings.[1] Examining practices in 84 countries across the world representing approximately 58 per cent of children and young people worldwide[2], we find that most countries fail to make the early childhood investments that protect their rights, ensure their well-being, and secure them a better future.

The report is also a call to treat inadequate child investment with the urgency it deserves. Under-investment in children must be recognized as a fundamental crisis for development – one equal in magnitude to conflict, the COVID-19 pandemic and the climate emergency.

Based on the evidence and this analysis, **most countries need to redesign their portfolio of child policies. They need to spend more on children and spend it earlier in the life course.** A commitment to early investment means that children and families are protected through the vulnerable – and critical – preschool years, and will be better positioned to thrive throughout the life course. Governments and societies also benefit, since when designed properly, investments in the early childhood period can optimize subsequent spending.

Public investment in children: Key findings

Our study finds that despite the consensus case for early investments, too many countries are leaving young children behind. Most low- and middle-income countries – and some high-income countries – are backloading investment for children, instead of making crucial early investments.[3] In many countries, only the most basic child portfolios are in place, and where they are, they are not yet aligned with international agreements or best evidence on child development and well-being. New investment is urgently needed in preschool expenditure in most countries to align spending with the baseline needs of children, and to ensure economic development.

1 Sufficient data are available for 84 countries only, with the most recent figures covering through 2018. As such, the data represent a pre-COVID-19 baseline.

2 This study introduces age spending profiles in 52 low- and middle-income countries to compare with existing profiles for the Organisation for Economic Co-operation and Development (OECD) countries. It breaks down expenditure to reveal what proportion is cash or in-kind benefits, preschool and childcare expenditure, and education investments. (Health expenditure is not covered due to a lack of age-specific data.) In total, 84 countries are examined, including 32 OECD countries. Taken together, the study accounts for 1.89 billion children and youth, aged 25 years and under, worldwide.

3 Most OECD countries also concentrated expenditures too late in the life course, until research in 2009 and 2011 uncovered that problem. In recent years, increased investment in childcare and parental leave policies in OECD countries – through both increases in cash amounts and leave entitlements – resulted in a more equal distribution by age in high-income settings.

The analysis reveals that public investment in children around the world is:

- **Too little**: In most of the world, public support to meet children's needs is grossly inadequate. Low- and middle-income countries in particular, provide inadequate social services and social protection – for example, clean water, combating malnutrition and other impacts of poverty. There are very low levels of absolute expenditure on children in the early years in 15 of the 84 countries studied. In those countries, on average, a young child receives less than US$500 PPP[4] of public spending *in total* in the first five years of her or his life.

- **Too late**: Investment is also being made far too late in the life course. We find that more than half of the countries studied have 'backloaded' profiles – meaning that expenditures are concentrated later in childhood and youth at the expense of the early years. Expenditures on education in low- and middle-income countries are insufficiently supported by complementary services in the preschool period, putting an unworkable burden on the educational sector.

- **Vastly unequal**: The study reveals deep inequalities, both among and within countries. Within countries, failing to provide critical resources in the younger years– while making zero-sum investments in education – benefits families already at a relative advantage. As a result, only a small group of individuals are able to avail of educational investments – and ultimately job market opportunities. Backloading expenditures therefore drives inequality of incomes across generations. Differences across countries by income level are also stark. Low- and middle-income countries lack the cash-based social protection policies and preschool investments that most high-income countries offer. For those children who stay in school, OECD governments spend 20 times more per child, on average, than low-income countries. The disparity between high-income countries and others concerns not just how much money is spent, but also when and how it is invested. More than half of the low- and middle-income countries in the study spend less than 10 per cent of all child monies on children under six years of age.

Public investment in children: Four spending models

Every country has a distinct mix of child policies, but there are patterns discernible by income level and region. The main categories include:

- **Frontloaded expenditure**: These countries, largely high-income, begin with significant investments in children starting around birth, and then show a year-on-year incremental decline in investments. The closest profiles to the ideal presented in the paper – inspired by the Heckman Curve[5] – are found in Hungary and Norway. Other 'frontloading' countries include Czechia, Estonia, Norway, Slovakia and Slovenia. Among low- and middle-income countries in the study, only Ecuador spends at or above parity levels on children in early childhood, despite a need to increase public expenditure for newborns.

- **Backloaded expenditure**: Lower-income countries generally begin investing in children later: The vast majority of low- and middle-income countries in the study allocate just one in five dollars or less to spending on children under six years of age. Countries with predominantly backloaded child expenditures invest overwhelmingly in education – in some cases, in higher education that only serves a small subset of young people. These countries include Madagascar, Mali, Togo, the United Republic of Tanzania and Zambia. Three backloaded countries do include a layer of cash expenditure in the yearly years: Honduras, Iran and Namibia.

- **Flat expenditure**: An equal distribution of spending, beginning from birth or during the prenatal period, is generally observed in high-income countries. This pattern, observable in countries including Finland and Germany, tends to reflect higher per capita spending in the early years that matches expenditure on secondary education.

- **Square-shaped expenditure**: In many countries, especially in low- and middle-income settings, there is low or no spending in the preschool years, so that expenditures plotted on a life course line graph appear square-shaped.

4 Purchasing power parity (PPP) standardizes the purchasing power of national currencies to a dollar equivalent, at the national level, in each country in the study.

5 Heckman, James. 2008. Schools, Skills, and Synapses. Discussion Paper No. 3515, IZA, Germany.

Public investment in children: Key trends

- **Education dominates expenditure on children in all countries, everywhere.** All 84 countries in the study spend dramatically more on education than on other sectors. Children who are not in school – either because they are preschool aged or because they are not attending – miss out on the majority of public investment.

- **Generally, the higher the country income level, the greater the use of cash-based supports for families.** There is a notable lack of social protection spending, such as cash-based child allowances, in most low- and middle-income countries. For children up to 18 years of age, low-income countries spend just 6 per cent of the total budget for children on social protection, while high-income countries spend 27 per cent.

- **Human services – which assist with issues including food security and parental employment, make up a small proportion of total spending.** Human services expenditure constitutes less than 1 per cent of the total in low-income countries on average and about 5 per cent in high-income countries.

- **Even countries with well-developed child portfolios can demonstrate an 'age 2 gap',** whereby too few dollars are invested in the period after infancy and before preschool.

Public investment in children: What works

It is well established that meeting children's basic needs improves their prospects, and those of the societies they inhabit. Early childhood investments can lead to improved outcomes, ranging from higher achievement in school and better health, to less use of the criminal justice system, and significant savings for governments. In contrast, deprivation in the earliest years can lead to reduced cognitive ability, poor health outcomes and reduced productivity.

Investing more in the youngest years fosters the best outcomes for individuals and societies – but only if investments are sufficient and allocated to the right sectors. Meeting the needs of children requires a comprehensive child policy portfolio that includes cash benefits, early childhood education and care, human services (e.g., social work and foster care) and health services. It should continue until at least 18 years of age and include both migrant and refugee children. Robust early investments can also limit the need for costly 'catch-up' spending later in the life course.

There is strong evidence that universal child benefits (UCBs) in particular, benefit children, families and societies alike. For instance, bolstering the case for universal child benefits in the United States of America, UCBs have produced outsized returns in terms of child poverty reduction and long-term gains for individuals, government budgets and society as a whole.

Public investment in children: Solutions

The timing, type and scope of public interventions for children needs careful management and a coherent, coordinated approach – especially where needs are high and resources are limited. Based on the evidence, including our mapping and analysis of the 84 countries in this study, we recommend that countries:

- **spend more and spend it earlier in the life course.** It is essential that governments provide more for the youngest children and their families. Supports around birth, cash allowances, leave policies, care policies and employment supports are needed to ensure children's rights and well-being.

- **redesign the child policy portfolio – and adjust it incrementally.** Using a phased approach, reshape systems so that they are frontloaded and prioritize investment based on an overarching child policy portfolio that serves the child throughout the life course. This redesign will require strengthening domestic finance – for example, through the formalization of labour and taxes and transfers. The reallocation of resources from backloaded to frontloaded must be phased over time, so that younger children today, who already miss out on early investment, do not miss out on later investment as well. Each time there is a new allocation of resources for education, consider "ringfencing" a portion of it for early learning.

- **make benefits universal**. Promote inclusive access to all policies for all children, everywhere. Redesign systems that are currently unequal, whether by age, gender, disability, income level or migration status, to make sure that all children have the supports and resources necessary to ensure their rights and well-being. A simple cornerstone policy is a UCB beginning at birth with the registration of newborns and lasting throughout childhood. UCBs are one of the simplest policies to deliver at scale. In resource-constrained settings, a young child allowance could serve both to register children and to bring resources into the household to improve outcomes in infancy. Child registration has the added benefit of providing data and information on the population, and its needs, to optimize the delivery of child health and education services.

- **strive to invest at least 50 per cent of every additional dollar of foreign assistance** equally across children under six years of age, until a better balance in age-related spending is achieved. The same formula can also be applied to new sources of domestic revenues.

- **use foreign assistance to strengthen social support systems**. At just 3.0 per cent of total government expenditure on health, education and social protection combined in an average low- and middle-income country, foreign assistance needs to do more to catalyze domestic investment in social protection.

Countries, international organizations and donors also need to improve data collection and analysis on child investments. To that end:

- More recent or real-time child expenditure data are needed for all countries. Local government expenditures and profiles should be disaggregated by income level, gender, migration status and disability.

- International organizations need to improve the coverage, quality and timeliness of mapping public expenditures and child policies, including through greater financial support and cooperation, in collaboration with governments.

- Donors can propose funding solutions to map more family and child-relevant policies in international collections – such as birth grants and parental leave policies, childcare systems and child protection systems. Building on existing mechanisms and support efforts of international partners, they can set up real-time, standardized data collections of expenditures country by country, in partnership with governments. They can regularize and standardize these collections for use in international agreements and the domestic policy arena.

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UNICEF Innocenti – Global Office of Research and Foresight

Via degli Alfani, 58
50121 Florence, Italy
Tel: (+39) 055 20 330
Fax: (+39) 055 2033 220

researchpublications@unicef.org

www.unicef-irc.org

@UNICEFInnocenti on Twitter, LinkedIn, Facebook, Instagram and YouTube

Center on Poverty and Social Policy

Columbia University
1255 Amsterdam Avenue
New York, New York 10027

CPSP@columbia.edu

https://www.povertycenter.columbia.edu

@CpspPoverty on Twitter

The York Policy Engine

University of York, York,
United Kingdom,
YO10 5DD

type@york.ac.uk

https://www.york.ac.uk/policy-engine/

@UoYPolicy on Twitter

CENTER ON POVERTY & SOCIAL POLICY at Columbia University

UNIVERSITY of York
The York Policy Engine

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