

**THE ROLE OF CHILD BENEFITS IN
ENABLING FAMILY-FRIENDLY POLICIES
TO ACHIEVE THE TRIPLE BOTTOM LINE**

An evidence brief

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Introduction

Policymakers across the Global South today grapple with vital trade-offs involving family-friendly policies. Compelling evidence demonstrates that paid parental leave, breastfeeding breaks, quality childcare and child benefits enable families to provide their children with the best possible start in life, particularly in terms of improved health, education and other dimensions of well-being.¹ Finance ministries, however, express concerns about fiscal sustainability and the resource trade-offs affecting economic growth priorities. This note builds a business case for child benefits that not only support families with financial resources, but also integrate with a more comprehensive social protection system that enables intersectoral synergies to support a broad set of development outcomes in addition to the triple bottom line. This note defines ‘child benefits’ as cash transfers provided by governments (or other agents) to families with children for the purpose of tackling poverty and vulnerability and promoting children’s well-being. Households can receive children cash benefits and cash equivalents through cash transfers that target children nutrition, education, health, sanitation and behavior outcomes. If adequate, child benefits complement other components of family-friendly policies to better enable parents and other caregivers to raise healthier, better-educated and happier children. These interventions support comprehensive approaches to early childhood development to nurture children’s cognitive capital, which, by building labour productivity relevant for the twenty-first century knowledge-based economy, represents the main driver of a nation’s future prosperity.

Policy decision-makers today face vital choices for the future of economic growth and prosperity in their nations. The most successful countries over the next several decades will recognize now that the future of not only inclusive social development but also equitable economic growth depends more than ever on their investments in these family-friendly policies. This note makes two main points. First, child benefits integrated within a life cycle social protection system deliver for families, for business and for the economy as a whole. Child benefits help transform the character of economic growth into an inclusive and sustainable dynamic that delivers results for children and their families—and prosperity for their communities and their nations. Child benefits within a comprehensive social protection system support the achievement of 14 of the Sustainable Development Goals (SDGs). Second, child benefits provide the linchpin for a comprehensive social protection system that builds bridges from single-sector policy silos and embraces comprehensive and integrated approaches to inclusive development and economic growth, starting with investments in early childhood that integrate health, education, social care, family benefits, child protection, water and sanitation and other sectors. This strengthens a developmental dynamic that improves the well-being of families, ensures that the private sector prospers, and reinforces a strong national economy.

Child benefits help deliver the triple bottom line

Child benefits — and universal child benefits in particular — represent the foundation of a comprehensive social protection system and the most effective core instruments tackling poverty. They deliver for families, for business and for the economy. Child

benefits fit within a larger social protection system that integrates a system of policy instruments that tackle poverty, vulnerability, and social exclusion. The instruments include not only child benefits but also other cash and in-kind transfers, insurance

mechanisms, programmes facilitating access to social services and associated developmental measures to promote livelihoods. These benefits reach individuals, households, and whole communities. These interventions mitigate vulnerabilities across the life cycle, supporting dignity and delivering human rights. They strengthen inclusive social development and equitable economic growth both by building human capital and enabling poor people to increase their participation in economically productive activities, benefitting both the private sector and the larger national economy.

A well-documented evidence base demonstrates that child benefits (and other social protection instruments) consistently strengthen human capital development, especially when benefits reach pregnant women and young children.² Child benefits enable households to make long-term investments in education, health and vital nutrition components, directly benefiting children while laying the foundation for future economic growth. For example, the Hagen-Zanker et al.³ macro review of 201 rigorous studies of cash transfers operating in low- and middle-income countries, many of which were aimed at families, made the following broadly positive conclusions: cash transfers stimulate health service use and improve dietary diversity, but there is less evidence that they affect the height and weight of children. They also increase school attendance rates, but evidence gaps exist in terms of learning outcomes.

It can be argued that these human capital impacts strengthen economic growth by enhancing labour productivity, fostering sustainable development and expanding livelihoods and employment opportunities.⁴ For example, there is evidence that cash transfers of various kinds have a beneficial effect on macro-economic growth, in part by boosting local consumer and producer demand, and small-scale entrepreneurial activity. Because the drivers of this growth involve pro-poor transfers, the benefits also reduce economic inequality.

The effects on growth can be split into direct effects, primarily through enabling low-income households to invest and boost productivity, and indirect effects, by altering the income distribution, which tends to improve growth. In Latin America, there is evidence that social protection has made a positive contribution to economic growth and supports macro-economic stability. An International Labour Organization (ILO) study of social protection systems in Latin America showed a positive correlation

between social protection provision and economic growth.⁵ The study concluded:

There is a positive link between an expansion of social protection systems and economic development. As recent studies have shown, there is no trade-off between redistribution and growth. In fact, Latin American countries with a higher social protection index, or even higher social spending, have had higher growth rates.⁶

In Brazil, the *Bolsa Família* cash transfer scheme has been credited with increasing gross domestic product (GDP) growth. Since low-income households have a high propensity to consume, a large portion of the money received through *Bolsa Família* is spent on goods and basic necessities, and this has an income multiplier effect.⁷ *Bolsa Família* has strengthened local economies, as most of the money has been spent in local markets, generating demand for domestic goods and services. In many instances, this favours small and micro-enterprises in rural areas, and the programme thus plays an important role in boosting job creation.⁸ The existence of this scheme before the crisis, and its expansion during it, may help to explain why Brazil coped reasonably well with the global shock of 2008 onwards and managed to sustain growth.

Cash transfers stimulate economic growth in at least three ways: individuals are enabled to invest more, the local economy is stimulated by increased spending, and the extra spending has a multiplier effect on economic growth.⁹ Hailu and Soares in their study of cash transfers in Brazil concluded:

... well-designed and targeted social policies stimulate aggregate demand and consumption. The transmission mechanism is straightforward. A virtuous cycle of increases in the income of poorer families, together with wage growth, has enlarged the domestic market. Greater consumption of mass-market goods has led to growing labour demand for these same families, spurring further increases in their income and purchasing power.¹⁰

They added that one reason for Brazil not suffering as much as other countries during the financial crisis of 2008 was that the domestic economy had been strengthened while the reduction in income inequality due to cash transfers had boosted domestic production. During the crisis, the *Bolsa Família* was credited with increasing GDP growth and performing better in this regard than other in-

terventions. Much of the money received through *Bolsa Familia* was spent on local goods and basic necessities, which had a multiplier effect in the local economy.¹¹

Multiplier effects are also crucial.¹² An Institute for Applied Economic Research study supported this contention, arguing that the income multiplier is greatest when public transfers are directed to low-income families. They estimated that an increase of 1 per cent of GDP in *Bolsa Familia* resulted in a positive change of 1.44 per cent in GDP and of 2.25 per cent in household income, while the same increase in interest payment raised GDP by only 0.71 per cent and household income by 1.34 per cent.¹³

In Colombia, one study of the effects of the *Familias en Acción* cash transfers (now *Más Familias en Acción*) used luminosity data generated by satellites orbiting the earth, which served as a proxy for economic and per capita growth. The study concluded that the programme caused a positive effect of 0.11 in the growth rate and growth rate per capita on treated municipalities in 2004.¹⁴ The research concluded that local economy effects strengthened economic growth.

Child benefits and other social protection instruments reduce inequality and promote social cohesion.¹⁵ These programmes often have the benefit of empowering individuals who are marginalized by structural factors. By addressing the needs of particularly disadvantaged groups, the programmes promote both gender and economic equality and increase citizens' trust and satisfaction in their society and government.¹⁶ Furthermore, social protection has the ability to help vulnerable citizens deal with new risks such as the increasingly common climate-related disasters that disproportionately affect the Global South, by providing them with financial protection against these shocks.

Child benefits provide the linchpin for both social protection systems and larger developmental frameworks. In particular, child benefits can strengthen initiatives for gender equality.

Governments deliver child benefits primarily to women, and a range of studies demonstrate that the positive impacts are greater for girl children, remediating inequalities.¹⁷ A study of the impact of cash transfers¹⁸ on women and girls, found that they positively impacted the well-being and opportunities of women and girls, particularly in education

and employment. It also found that, on the whole, women and girls benefit as much as men and boys, and there is also a decrease in child labour for both girls and boys, though larger reductions are seen for boys. However, cash transfers can have different impacts on the way women and men spend their time, with women sometimes increasing time spent on domestic work (alongside a reduction in time spent by girls on domestic chores). There is some evidence that female-headed households make greater productive investments than male-headed households.

Universal and unconditional child benefits are likely to provide the greatest positive impact on gender equality as they largely avoid exclusion errors and therefore the most vulnerable children are more likely to enjoy the benefit. However, universal coverage should not be confused with constituting adequacy. The impact of universal benefits relates to both coverage extensiveness and adequacy. A low benefit will often have a negligible impact. A substantial body of evidence shows that targeted programmes often exclude the majority of the intended beneficiaries (primarily women),¹⁹ and conditionalities can reinforce gender stereotypes and impose inefficient and inequitable burdens on women.²⁰ Universal and unconditional child benefits both most effectively deliver rights for families and contribute most productively to the triple bottom line.²¹

Child benefits improve the inclusive character of sustainable economic growth because they address both the manifestations and the root causes of poverty and social exclusion. They also strengthen the pro-poor patterns of economic growth and integrate cross-sectoral interventions that better ensure inclusive social development. The programmes represent a powerful policy tool for strengthening progress towards achievement of most of the SDGs, particularly those most important for realizing children's rights. Figure 1 illustrates the documented core and supplemental impacts of social protection and how they map to the individual SDGs.

Figure 1.
The role of child benefits (and other social protection instruments) in supporting the SDGs



Evidence

CHILD BENEFITS DELIVER FOR FAMILIES

Child benefits reduce poverty and improve the well-being of families and their children

Around the world, child benefits prove to be among the most effective government instruments for tackling poverty. In South Africa, the Child Support Grant is the foundation of a social grant system that reduces the nation's destitution gap by 68 per cent.²² In Thailand, a new Child Support Grant efficiently reduces poverty for the nation's most vulnerable demographic.²³ In high-income countries, nations that have adopted universal child benefits (UCBs) and have significant progressivity in their tax systems report lower-than-average child poverty rates.²⁴

The evidence from high-income countries shows that countries with universal child benefits – in the vast majority – report lower-than-average child poverty rates²⁵ according to the most recent data (Luxembourg and Slovakia are exceptions, but are within 1–2

per centage points of the average), including 6 of the top 10 places; and that – after controlling for economic growth, expenditure on other social transfers in the welfare system, and rates of different family types (sole parents, specifically) – at average rates of cash-based public spending on families, spending on UCBs as part of comprehensive universal approaches (including universal lone parent benefits, and extensive family leave policies) produce notably lower rates of poverty overall”²⁶ (effectiveness, and are shown to report greater reductions in poverty in countries with incrementally higher spending (efficiency)).²⁷ Specifically, the effectiveness and efficiency results, are borne out in what could be called the ‘comprehensive UCB’ countries – Estonia, France, Hungary, Norway, Denmark, Finland, Sweden, which historically have long enjoyed UCBs. This is not to

say targeted approaches have no meaningful impact (intuitively, they have poverty reduction effects, due

to their targeted nature), rather that they lag behind UCBs in regard to effectiveness.²⁸

Child benefits improve children's nutritional and health outcomes

The first 1,000 days of a child's life represent a critical window for nutritional and behavioural interventions, as children experience rapid physical and mental growth during this period. Adequate nutrition and psychosocial stimulation are essential for ensuring that children reach developmental milestones in a timely manner.²⁹ Just as important in understanding child malnutrition are the consequences of adult caregivers having adequate knowledge of feeding habits that can ensure good nutritional outcomes. Maternal knowledge of proper child rearing and feeding habits, especially with regard to the amount of time spent breastfeeding and the quantity and quality of solid foods, has been proven just as important in ensuring childhood health as having access to food.³⁰ Malnutrition compromises future economic growth by impairing both physical and cognitive development, as well as by increasing the likelihood of future productivity-reducing health problems. Appropriately designed and effectively implemented child benefits and other social protection programmes improve nutritional outcomes³¹ South Africa's Child Support Grant reduced stunting and improved other nutritional outcomes.³² Colombia's conditional family cash transfer resulted in an improvement in the average height-for-age among children.³³ A recent evaluation of Thailand's Child Support Grant finds similar results.³⁴ An evaluation of Indonesia's cash transfer programme PKH finds important

health-related outcomes, in terms of increasing prenatal visits and immunizations indicators and reducing severe stunting.³⁵ An evaluation of the Philippines 4Ps child benefit programme finds significant impact across a range of child-sensitive outcomes, "including the improvement in the preventive healthcare among pregnant women and younger children" and the reduction of malnutrition.³⁶

Child benefits and other child-sensitive social protection programmes strengthen children's health outcomes. Evaluations of the Health Equity Fund in Cambodia, a maternity incentive scheme in Nepal, and a health insurance programme in Indonesia (JAMKESMAS) all document improvements in health-care access, particularly for children. Other evaluations find direct improvements in health outcomes. New-borns in Mexico's *Progres*a (now *Prospera*) programme were 25.3 per cent less likely to have been ill in the previous month than new-borns in otherwise comparable households not receiving benefits. Children aged 0 to 3 years old were 39.5 per cent less likely to be ill over the course of 24 months that programme effects were being measured.³⁷ In South Africa, children enrolled in the Child Support Grant since birth, particularly girls, were less likely to suffer illness than those who had joined the programme later in childhood.³⁸

Child benefits improve children's education outcomes

Child benefits also generate important improvements in educational outcomes. Cash transfer programmes around the world improve school attendance rates.³⁹ Mexico's *Oportunidades* (now *Prospera*) programme resulted in increased enrolment of children in primary school, especially for

girls., Secondary school enrolment increased by 6 percentage points for boys and 9 percentage points for girls. Additionally, girls' transition rate from primary school to secondary school increased by 15 percentage points.⁴⁰ Moreover, drop-out rates decreased by 24 per cent, with a corresponding

rise in completion rates of 23 per cent for rural secondary schools.⁴¹ These results indicate an overall increase in completed years of schooling of about 10 per cent for children in families covered by *Oportunidades*. Significantly, this is predicted to increase children's future permanent earnings by about 8 per cent when they become adults.⁴² Crucially, the *Oportunidades* programme practically eradicated

the gender gaps in the enrolment of boys and girls in secondary schools. This is especially true in rural areas.⁴³ Rigorous quantitative evaluations of cash transfer programmes in Bangladesh and Cambodia identify even larger impacts.⁴⁴ South Africa's Child Support Grant demonstrates similar impacts in terms of improved educational outcomes, with particularly powerful impacts for girls.⁴⁵

CHILD BENEFITS DELIVER FOR BUSINESS

Child benefits strengthen labour productivity and improve the private sector's competitiveness

Across Asia, Africa and Latin America, an extensive evidence base further documents the important impacts of child benefits and other social protection programmes in raising labour productivity, particularly by strengthening food security, reducing stunting and improving a broad range of nutritional outcomes.⁴⁶ For example, South Africa's Child Support Grant produces nutritional impacts that improve long-term labour productivity and generate net economic rates

of return between 60 per cent and 130 per cent in terms of long-term wage gains.⁴⁷ World Bank research finds that adults who suffered early childhood malnutrition lose 12% of potential earnings due to lower labour productivity – costing China and India billions of dollars a year in foregone incomes.⁴⁸ Investing in child benefits provides one of government's most productive tools for raising labour productivity and strengthening the private sector.

Child benefits strengthen opportunities for investment and entrepreneurship

Child benefits and other social protection programmes sometimes provide poor families with the capital that enables investments and better access to labour markets which can lift them out of poverty. For example, Zambia's Child Benefit programme enabled recipient households to increase agricultural inputs such as seeds and labour and expand land used for agricultural production by 34 per cent, multiplying the impact on household well-being, with crop sales increasing income by 50 per cent.⁴⁹ Cash transfers in Kenya, Lesotho, Malawi, Zambia enabled recipient families to expand their livestock ownership. The Zambia social cash transfer programme also enabled families to diversify into non-agricultural business ventures, increasing these activities by 16 per cent.⁵⁰

While child benefits mainly aim to directly and immediately benefit children, they also enable families to take a longer view to improving child well-being.

Family cash transfers also contribute to growth by boosting entrepreneurialism and productive risk-taking. This may assume the form of being more prepared to experiment with new products or higher-yielding crops. Evidence of the latter was found with *Oportunidades*; the programme increased the probability of spending on crop inputs by 4.8 percentage points.⁵¹ And more productive livestock were purchased. Households covered by the scheme were 17.1 per cent (4.2 percentage points) more likely to own draught animals and 5.1 per cent (3.6 percent-

age points) more likely to own production animals than control households, while increasing the value of draught animals owned were 21.4 per cent greater and the value of production animals 16.6 per cent greater.⁵² For similar reasons, Paraguay's *Tekoporã* conditional cash transfer had a significant impact on spurring agricultural activity. Over a period of 12 months, beneficiary households, who were mainly own-account farmers, invested more than over 45 per cent more in production than non-beneficiary

households, and were six per cent more likely to acquire extra livestock.⁵³ The cash transfers also encouraged more extremely poor households to start investing in production.

By providing security and liquidity, child benefits (and other social protection instruments) can help families escape poverty traps and improve the livelihoods that support families and their children.

Child benefits make markets work better for families and their children

Household deprivation persistently reinforces poverty traps across the global South, because poor families cannot participate in the well-functioning markets that drive economic growth and prosperity. Without income, the demand side of markets atrophy, discouraging private sector actors from producing. Market atrophy discourages employment and traps communities and even nations in poverty. Economic crises and downturns make this dynamic particularly devastating.

Child benefits provide a counter-cyclical and pro-poor impetus that can break poverty traps. Resilient to business cycles, child benefits provide a stabilizing influence on markets and the overall economy. By providing secure income to the poorest and most vulnerable, child benefits expand market participation and reinforce the role of the private sector in improving the well-being of families. Child benefits also make markets work better for poor families and their children.

CHILD BENEFITS DELIVER FOR THE ECONOMY

Child benefits strengthen macroeconomic resilience and social cohesion

Child benefits and other social protection programmes also have demonstrated impacts on macroeconomic resilience, especially when households are facing shocks. Not only does human capital development enable innovation, it also makes households more resilient by allowing them to maintain adequate food consumption and stability in times of strife. Social protection can also reduce precautionary savings, which means people are more likely to support economic growth through consumption, and thus social protection can help stimulate aggregate demand.

There is evidence that family cash transfers have been used strategically as macro-economic stabilizers to support low-income families, and that this Keynesian policy has been relatively effective and was evident in the aftermath of the 2008 financial crisis. For instance, Brazil experienced a sharp but, by international comparison, relatively brief recession as a result of the global financial crisis of 2007–08. As part of a national stimulus package, the Government raised the value of the Bolsa Família by 10 per cent, giving it 1.5 per cent of the stimulus package.⁵⁴

In analysing the outcomes, the International Policy Centre for Inclusive Growth concluded that, during the financial crisis, the Bolsa Família enhancements softened the adverse welfare effects, by providing reliable income, sustaining household consumption and avoiding a decline in economic activity.⁵⁵ Other middle-income countries deployed additional cash through their cash transfer infrastructure. South Africa extended its Child Support Grants to all those up to age 18. This was intended to result in an additional 2 million children benefiting from this publicly-funded unconditional cash transfer.⁵⁶ In some richer countries, cash transfers were also used as a stabilizer during the financial crisis. In the United States, the income-led approach used during the financial crisis also showed that cash transfers aided the recovery. The United States Congressional Budget Office estimated that they played a particularly important role, calculating that they had an output multiplier of 0.8 to 2.1.⁵⁷

Social protection strengthens the effectiveness and credibility of governments, building social cohesion and reinforcing good governance, and honouring the social contract (taxes paid result in services).⁵⁸ Social protection programmes have been associated with positive contributions to social cohesion. Social cohesion in this context refers to the capacity for diverse groups within a society (or in this case a nation) to work collaboratively and find common ground on important societal dimensions that can promote comprehensive well-being among engaged parties.⁵⁹ There is a growing understanding in the international community that cash transfers contribute to growth and macro-economic stability by promoting social peace and public confidence in governments, especially at times of economic uncertainty. Both poverty and income inequality are associated with an increased risk of social unrest.⁶⁰ Combined, they undermine economic security and therefore threaten social peace and political and social stability. Cash transfers can support social peace by helping to reduce economic and social inequalities. In that regard, the evidence is quite encouraging. Studies of the impact of cash transfers on income distribution in Latin America show that the *Bolsa Família* and *Oportunidades* reduced inequality, as measured by the Gini coefficient, by about 2.7 per cent.⁶¹ Brazil's near-universal social pension has an even greater impact and accounts for an 8.8 per cent reduction in inequality.⁶²

In South Africa, the combined effect of the principal national social cash transfers – Old Age Pension, Disability Grant and Child Support Grant – were estimated to have reduced the ‘the number of individuals in

poverty from 40 per cent to 24 per cent. The grant system also strongly reduces inequality – the Gini coefficient (on per capita household expenditure) fell from 0.67 without grants to 0.62 with them.⁶³ Cash transfers, and social protection in general, can contain inequality and support equitable growth. Whatever the causal link, we do know that there is much less inequality in countries with high social expenditure than in those with lower social expenditure, as measured by Gini coefficients of between 0.225 and 0.261 in the former, compared with above 0.3 in the latter.⁶⁴

Social peace is a requisite for growth. It contributes to nation-building by renewing/reinforcing social solidarity and the social contract between state and citizens,⁶⁵ improving governance and equity, and establishing conditions conducive to political and social stability. More equal societies also seem to perform better across a range of other social dimensions.⁶⁶ More equal societies are likely to be more open to reforms (e.g. trade) and often this can be pro-growth.⁶⁷ All of this lays the foundations for economic prosperity and stability and better lives for children.

Mauritius's social protection system, which today includes some of the most generous child benefit programmes in the developing world, enabled the Government to lead a vulnerable mono-crop economy with high poverty rates onto a high growth export-driven path which has produced extraordinarily high economic growth rates and some of the lowest poverty rates in the developing world.⁶⁸ Nepal's labour unions negotiated child benefits and other social protection initiatives as necessary quid pro quo for business-friendly labour market reforms, with a resulting win-win policy mix that would reinforce both growth and social equity. Nepal's social protection system, which includes progressively achieving universal and unconditional child benefits, also serves to help build a more secure state, prevent a return to conflict and to provide a visible peace dividend. Both Indonesia and Mexico have employed child benefit programmes to compensate poor households for the costs of economic reforms, thus better enabling the growth that benefits both rich and poor people in the long run.

Policy implications of the global evidence base for family-friendly policies

GLOBAL TRENDS ON FAMILY-FRIENDLY POLICIES AND THE 2019 SITUATION POLICY-MAKERS FACE

Integrating child benefits within a more comprehensive framework of social protection and family-centred investment policies holds the potential to strengthen an inclusive growth paradigm, enabling governments to fuel inclusive social development and propel the dynamics of increasing prosperity. Policymakers (and advocates) across the global South face a nuanced but important crossroads, including:

1. to adopt family-centred investment because it is the right thing to do in order to realize the rights of parents, other caregivers and children, or
2. to centre investment in families at the heart of a long-term inclusive growth strategy that drives future prosperity.

The case for the first path is straightforward. The evidence in the preceding sections identifies how delivering children's and families' rights through child benefits and other instruments of child-sensitive social protection with its vital linkages to nutrition, health, education and more sustaining livelihoods represents the best investment for a more equitable future for children and their families.

The second path follows a more complex route, recognizing that family-centred investments are instrumental in achieving long-term developmental impacts. Drawing the developmental linkages can cultivate the broad-based political support for the complex investments that enable inclusive social development and equitable economic growth – investments that both ensure and require that all children realize their rights to nutrition, health, education and other basic needs. Three factors reinforce the policy demand for this approach, including:

1. First, rising dependency ratios across the Global South threaten falling standards of living unless labour productivity rises faster than populations age. Child benefits integrated within family-friendly policies and a larger system of early childhood interventions

provides the most productive investment governments can make to ensure rapidly rising labour productivity over generations. Child benefits within a life-cycle social protection system, with the resulting powerful long-term effects on human capital development, counter the demographic trap of rising dependency ratios by better enabling labour productivity to grow faster than the population ages. This is particularly important for low-income countries who are still reaping the demographic dividend – perhaps for another several decades. Investing now in children builds a long-term human and cognitive capital stock that can generate powerful and productive demographic dividends. Better-educated adults also work longer and more productively, further extending these demographic dividends.

2. Second, the continually evolving nature of growth dynamics place cognitive capital at the heart of global wealth productive today. No country can build this prosperity-producing capital stock if it leaves a vast proportion of its children disadvantaged during the life-cycle stage when returns to investment in cognitive capital are the greatest. Child-sensitive social protection provides the highest yielding investment in a nation's long-term cognitive capital stock. Nobel Laureate James Heckman demonstrates that rates of return on investments made during the prenatal and early childhood years average between 7 and 10 percent greater than investments made at older ages.⁶⁹ Ground-breaking work by a consortium of economists, psychologists, statisticians and neuroscientists documents the productive impacts of early childhood development on national economic, health and social outcomes. Adverse early childhood environments lead to adults burdened with deficits in skills and abilities that drive down productivity and increase social costs – thereby adding to fiscal deficits that burden national economies, hampering long-term growth and development.⁷⁰ Investments in child health and well-being build the foundation for productive adulthood and cohesive communities and societies, strengthening a country's

future workforce and ability to thrive economically. Ensuring that all children, including the most vulnerable living at the margins of society, have the best possible start in life is a tried and tested means to ensure that individuals, families, communities and societies achieve their fullest potential over the long-term.

3. Third, at this point in the twenty-first century, policy initiatives have already harvested the low-hanging fruit that has propelled high rates of economic growth and development in many regions of the world. Future progress depends on policies that tackle more complex challenges – initiatives that build bridges across sectors and generate developmental synergies. Child benefits within a comprehensive social protection system provide a policy innovation that demonstrates the powerful potential of comprehensive and integrated approaches.

POLICY IMPLICATIONS: CHILD-BENEFITS CATALYSE A POLICY PARADIGM THAT DELIVERS THE TRIPLE BOTTOM LINE

Child benefits within a comprehensive social protection system hold the potential to achieve social and economic development objectives, which increases significantly when policymakers integrate the interventions within more comprehensive policy frameworks.

For example, when child benefits finance otherwise destitute household contributions towards their children's nutrition, health and/or education, these three areas are mutually reinforcing, maximizing the potential for human capital accumulation that exceeds that which a child benefit alone could achieve. Child benefits provide the linchpin strengthening human capital development, improve livelihoods engagement and broadly promote pro-poor economic growth. A multisectoral approach in which various policy sectors work together can more effectively strengthen the achievement of social protection objectives as well as the broader set of development objectives, including broadly inclusive economic growth. For example, the causal links between education and health are mutually reinforcing. When child benefits enable children to satisfy their nutritional requirements during critical periods of development, the same children will perform better in school, concentrate and learn better,

enhancing educational outcomes and maximizing government return on education spending. Better health and schooling increases longevity, makes workers more productive, increases employment, all of which contributes to economic growth. Most importantly, these impacts have intergenerational repercussions: the health and education of parents boost both outcomes in their children.⁷¹ A multisectoral approach that combines child benefits with social health interventions improves the effectiveness of both interventions.

The returns multiply with comprehensive early childhood investments in the range of sectors required to support nutritional outcomes that build cognitive capital. A child benefit improves access to food security, but clean water and proper sanitation are also essential. Clearly, there are arguments for investments in children in their own right. These stem in part from economic returns on cognitive/human capital. For example, 73 LICs and MICs⁷² demonstrates that increasing preschool enrolment to 50 per cent in a single year could grow a country's productivity by US \$33 billion across those children's lifetimes, with a benefit-to-cost ratio of between \$6.4:1 and \$17.6:1. Other arguments relate to smoothing life-time consumption and income for families that face most pressure when children are present. These arguments are stronger for the most disadvantaged children, and evidence clearly supports weighting investment towards such children.⁷³

In addition, children's development requires care, stimulation, love, safety and protection. Breastfeeding integrates these holistic interactions. Besides nutrients and proper health conditions, therefore, children need safe, stable and nurturing relationships as well as psychosocial stimulation for their brain development and evolving cognitive capacity. Integrated interventions – in nutrition, health, education, social protection, water, sanitation, child protection and livelihoods – are most effective in building cognitive capital because they leverage inter-sectoral synergies to multiply impact. Child benefits with a comprehensive social protection system – an intrinsically intersectoral intervention – better enable these synergies. The life cycle model of social protection also provides an integrating framework for positioning the range of family-friendly policies that complement each other and support the range of inter-sectoral synergies that foster inclusive social development, equitable economic growth and prosperity for all.

Recommendations

This review of the evidence on child benefits supports three vital recommendations, including:

- All governments should adopt child benefits as the foundation of a comprehensive social protection system, enabling families with children to meet basic needs such as food, education and health-care. Governments should rapidly expand coverage of child benefits, working towards progressively realising universal provision, maximizing the poverty-reduction impact while reducing stigma, promoting inclusion and ensuring the greatest possible developmental impact.
- The private sector should support the efforts of governments, their development partners and other non-State actors in building comprehensive social protection systems that include child benefits at their foundations. Child benefits (and other social transfers) make markets work for the poor and, by enabling the most productive investments in early childhood, build the cognitive capital that today represents the source of future prosperity. Appreciating the powerful contribution to the triple bottom line, the private sector should advocate persuasively for child benefits.
- Government, the private sector and other important stakeholders should work to ensure child benefits interact collaboratively and comprehensively with other vital initiatives to build developmental synergies including access to quality social services for all children. This will strengthen the long-term benefits and opportunities for families, maximize the impact on prosperity, and generate the greatest contribution to achievement of the SDGs.

Endnotes

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