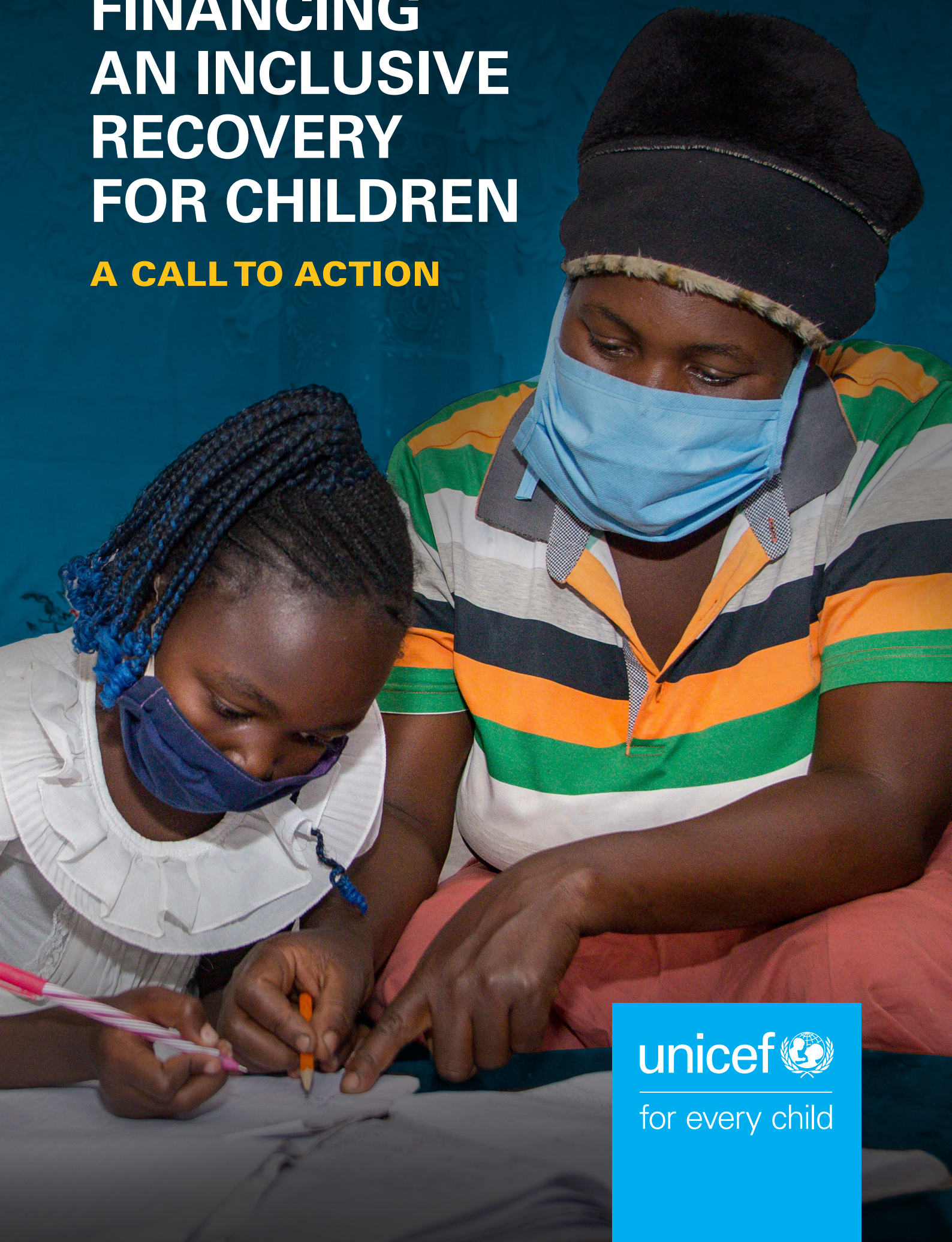


FINANCING AN INCLUSIVE RECOVERY FOR CHILDREN

A CALL TO ACTION



unicef 

for every child

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July 2021



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Abbreviations

DSSI	Debt Service Suspension Initiative
ECD	early childhood development
ECE	early childhood education
FAO	Food and Agriculture Organization
IFIs	international financial institutions
G20	Group of Twenty (an intergovernmental forum comprising 19 countries and the European Union)
GBV	gender-based violence
GDP	Gross Domestic Product
GNI	Gross National Income
IMF	International Monetary Fund
MENA	Middle East and North Africa
ODA	official development assistance
PPE	personal protective equipment
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
UHC	universal health coverage
UNFPA	United Nations Fund for Population Activities
WASH	water, sanitation and hygiene
WFP	World Food Programme
WHO	World Health Organization

Introduction

The combined health and economic crisis resulting from the Covid-19 (coronavirus) pandemic risks long-term repercussions for children's development and well-being around the world. These losses will affect not just children themselves, but also the future of their families, communities and economies, possibly for decades. Ensuring an inclusive recovery requires a new way of thinking and a commitment to financing the scale-up of high-impact interventions across social sectors, while enhancing the efficiency and effective use of multiple financing mechanisms.

Three critical actions are imperative to safeguard all children's futures, requiring strong commitment and action on the part of national governments, the international community and the private sector:

- **Safeguard critical social spending and minimize the negative impacts of the economic crisis** on people, children in particular, ensuring children are last in line for budget cuts.
- **Ensure the effective and efficient use of financial resources across social sectors for human capital development**, maximizing coverage and impact for all children.
- **Identify and deploy additional international and domestic financing options, using innovative approaches as necessary** to direct adequate finance towards an inclusive recovery that **protects children**, especially the poorest and most marginalized, **tackles inequalities**, including those of gender that have been revealed and deepened by the pandemic, and that **sets a course** for more resilient economies to respond to future shocks.

To support these steps, while facilitating evidence generation, learning and improved accountability, all actors should prioritize increasing the transparency of budgetary and financing information, and reporting on investment in children.

Achieving these ambitions requires a whole of government and society approach to support financing reforms embedded in Medium Term Expenditure Frameworks and anchored on strong, evidence-based sectoral expenditure plans, with clear prioritization of objectives and spending embedded within the context of the 2030 Sustainable Development Goals (SDGs). Stronger engagement between ministries of finance and social sector ministries, enhanced collaboration between international development actors at the country level, and greater volumes of concessional and other external finance will all be necessary.



The costs of the economic crisis for children

Covid-19 and its economic consequences risk reversing many of the gains made on children's rights during this century. More than 142 million additional children are predicted to fall into poverty as a result of the pandemic, and 150 million more children will experience multiple deprivations, numbers that may increase over the years without an adequate social response. Children stand to lose the equivalent of \$872 a year from their future earnings due to loss of schooling. Progress on infant mortality will be put back by between 5 and 15 years, and deaths from malaria are predicted to regress to pre-2000 levels, with 70 per cent of those deaths being children aged under 5. Almost 9 million more children may end up in child labour, 10 million more girls in early marriages, and many more children will experience violence, and suffer negative impacts on their mental health.

This is not only a loss to children, but also to communities, countries and the world. 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.¹

These costs are not affecting all children equally: in fact, they are likely to hurt the poorest most. Evidence from previous crises shows that the wide-ranging social and economic costs of the pandemic are likely to have a greater impact on the poorest children, with marginalized and vulnerable groups suffering the severest consequences in terms of poverty and hunger linked to reduced family incomes, job losses and rising inequality.² Poorer and marginalized children are also more vulnerable to loss of education, have a lower ability to participate in distance learning, and reduced ability to access health-care services. Covid-19 is particularly affecting three different groups of children in poverty. It is severely worsening the situation of children who are already poor and vulnerable, most of them in rural areas or contexts affected by conflict, fragility and displacement. In addition, those who had managed to emerge from poverty in recent years are quickly falling back. And finally, there will be children who have never experienced it before falling into poverty, mainly in urban areas, among families working in the informal sector, and with above-average levels of education. Children in socially excluded groups, ethnic minorities, children affected by disability, those on the move and in humanitarian crises or street situations are also more at risk from the consequences of disrupted or reduced services. The additional risks to girls include more limited access to remote education and disruption of education, greater risk of physical, psychological and sexual violence, particular vulnerability to health-care service closures, and involvement in unpaid care labour.³ These unequal impacts are already evident from global monitoring of the effects on children.⁴

¹ World Bank, 'Pandemic Threatens Human Capital Gains of the Past Decade, New Report Says', Press Release, World Bank Group, Washington DC, 16 September 2020, <www.worldbank.org/en/news/press-release/2020/09/16/pandemic-threatens-human-capital-gains-of-the-past-decade-new-report-says?cid=GGH_e_hcpexternal_en_ext>.

² IMF, 'How Pandemics Leave the Poor Even Farther Behind', blog, International Monetary Fund (IMF), Washington DC, 11 May 2020, <blogs.imf.org/2020/05/11/how-pandemics-leave-the-poor-even-farther-behind/>.

³ UNICEF Data hub 'Gender equality and Covid-19', UNICEF, New York, <data.unicef.org/topic/gender/covid-19/>.

⁴ UNICEF Data hub 'Covid-19 and Children', <data.unicef.org/covid-19-and-children/#:~:text=Exacerbating%20the%20learning%20crisis&text=Schools%20for%20more%20than%20168,of%20their%20in%2Dperson%20learning>.

Evidence from past crises also indicates that the risks will persist over the medium- and longer term.⁵ Many countries remain in situations of emergency and recovery, while some are already beginning the journey to rebuild their economies in a 'new normal'. Although the trajectory of this pandemic and its long-term effects on economies are still uncertain, a fact related to the progress of the infection and its variants, vaccination and the policies used to contain it, policies and financing decisions deployed in response to the crisis and ensure an inclusive recovery could significantly mitigate the risks to children.

Impacts of Covid-19 on children

- Around 142 million more children are predicted to fall into poverty as their families lose income and employment, meaning almost 700 million children living in poverty.⁶
- The number of people facing acute food insecurity is expected to double to 265 million, and 7 million more children will experience wasting.⁷
- An additional 150 million children will fall into multidimensional poverty – deprived in multiple dimensions of health, education, nutrition, and access to water and sanitation – a total of around 1.2 billion children.⁸
- With an average loss of over half a year's schooling, children stand to lose the equivalent of \$872 a year from their future earnings, a global loss of over \$10 trillion.⁹
- 160 million children globally are in child labour, and 9 million additional children are at risk of entering child labour to compensate for losses in household income, by the end of 2022.¹⁰
- An additional 15 million cases of gender-based violence (GBV) are predicted for every three months of lockdown; up to 85 million more girls and boys worldwide may be exposed to physical, sexual and/or emotional violence as a result of Covid-19 quarantine;¹¹ and an additional 10 million¹² child marriages will take place over the next decade.¹³
- Limited evidence of the impact on children's mental health suggests an increase in anxiety, and worsening of pre-existing mental health conditions.¹⁴

⁵ Richardson, Dominic, Victor Cebotari, Alessandro Carraro and Kaku Attah Damoah, *Supporting Families and Children Beyond Covid-19: Social protection in Southern and Eastern Europe and Central Asia*, Innocenti Research Report, UNICEF Office of Research, Innocenti, Florence, Italy, 2020, <www.unicef-irc.org/publications/1139-supporting-families-and-children-beyond-covid-19-in-eca-countries.html>.

⁶ UNICEF Data hub, 'Child Poverty and Covid-19', <data.unicef.org/topic/child-poverty/covid-19/>.

⁷ World Food Programme, 'Risk of Hunger Pandemic as coronavirus set to almost double acute hunger by end of 2020', *Insight*, 16 April 2020, <insight.wfp.org/covid-19-will-almost-double-people-in-acute-hunger-by-end-of-2020-59df0c4a8072>.

⁸ Save the Children and UNICEF, 'Impact of Covid-19 on Child Poverty', Technical Note, September 2020, <data.unicef.org/resources/impact-of-covid-19-on-multidimensional-child-poverty/>.

⁹ World Bank, *Simulating the Potential Impacts of Covid-19 School Closures on Schooling and Learning Outcomes: A Set of Global Estimates*, World Bank Group, Washington DC, June 2020, <pubdocs.worldbank.org/en/798061592482682799/covid-and-education-June17-r6.pdf>.

¹⁰ ILO and UNICEF, *Child Labour: Global Estimates 2020, Trends and the Road Forward*, UNICEF, New York, June 2021, <data.unicef.org/resources/child-labour-2020-global-estimates-trends-and-the-road-forward/>.

¹¹ World Vision, *Covid-19 Aftershocks: A Perfect Storm*, World Vision, Uxbridge, UK, 15 May 2020, <reliefweb.int/sites/reliefweb.int/files/resources/Aftershocks%20FINAL%20c.pdf>.

¹² UNICEF, *Covid-19: A threat to progress against child marriage*, UNICEF, New York, 2021 <data.unicef.org/resources/covid-19-a-threat-to-progress-against-child-marriage/>.

¹³ Ramanarayanan, Deekshita, 'Highlights from COVID-19: Magnifying the World's Inequities', *New Security Beat*, 29 May 2020, <www.newsecuritybeat.org/2020/05/highlights-covid-19-magnifying-worlds-inequities/>; United Nations Population Fund (UNFPA), Millions more cases of violence, child marriage, female genital mutilation, unintended pregnancy expected due to the COVID-19 pandemic, <www.unfpa.org/news/millions-more-cases-violence-child-marriage-female-genital-mutilation-unintended-pregnancies>.

¹⁴ OECD, *Combating Covid-19's effect on children*, OECD Policy Responses to Coronavirus, Organisation for Economic Co-operation and Development, Paris, 11 August 2020, <www.oecd.org/coronavirus/policy-responses/combating-covid-19-s-effect-on-children-2e1f3b2f/>.

Doubling down on investments in human capital for an inclusive recovery

There is a strong investment case for prioritizing social sectors, even in contexts of economic recession and fiscal contraction. 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.¹⁵ Health, education, nutrition, early childhood development (ECD), social protection, and water and sanitation interventions 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 develop and apply skills to improve labour productivity. Investing in children also prevents more serious and complicated problems developing that can be costly to correct later in life.¹⁶

Time and again, 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.¹⁷ Social protection has been proven to generate critical impacts on child and adolescent well-being, including in terms of food security and 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.¹⁸

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.¹⁹ In contrast, the austerity policies that followed the global food, finance and fuel crisis of 2008 were prolonged, and had negative consequences for children and their families. Austerity policies had direct, negative effects on children's development and well-being, resulting in increased numbers of children losing parental care and dropping out of school, and indirect negative effects, including increased gender inequality, homelessness, poor mental health, suicides and long-term unemployment, and reduced school finances and quality of services.²⁰

As the world moves through and beyond the recovery phase, the need for long-term stimulus and opportunities for social and economic transformation to create inclusive and resilient economies is taking precedence. As the best possible investment for the future of economies and societies, investment in children must be at the heart of this recovery.

¹⁵ See World Bank, 'The Human Capital Project', <www.worldbank.org/en/publication/human-capital/brief/the-human-capital-project-frequently-asked-questions#1>; Chandy, Laurence, 'Four key arguments for investing in human capital', Remarks to the ASEAN 2019 High-Level Meeting on Human Capital Development, 9 September 2019, UNICEF Office of Global Insight & Policy, <www.unicef.org/globalinsight/stories/four-key-arguments-investing-human-capital>.

¹⁶ Rees, Nicholas, Jingqing Chai and David Anthony, *Right in Principle and In Practice: A Review of the Social and Economic Returns to Investing in Children*, UNICEF, 2012.

¹⁷ Copenhagen Consensus, 'The Nobel Laureates Guide to the Smartest Targets for the World 2016–2030', Copenhagen Consensus Center, <www.copenhagenconsensus.com/sites/default/files/post2015brochure_m.pdf>.

¹⁸ Tirivayi, Nyasha, Dominic Richardson, Maja Gavrilovic, Valeria Groppo, Lusajo Kajula, Elsa Valli and Francesca Viola, *Rapid Review of Economic Policy and Social Protection Responses to Health and Economic Crises and their Effects on Children: Lessons for the Covid-19 Pandemic Response 2020*, UNICEF Innocenti Working Papers, UNICEF Office of Research, Innocenti, Florence, Italy, June 2020, <www.unicef-irc.org/publications/1095-rapid-review-economic-policy-social-protection-responses-to-health-and-economic-crises.html>.

¹⁹ Ibid.

²⁰ Ibid.

The response to date risks failing children

There is no escaping the fiscal challenge that economies are currently experiencing as pandemic conditions persist and economies struggle to bounce back from the losses of 2020. The most recent world economic outlook from the International Monetary Fund (IMF) estimated that the global economy had contracted by 3.3 per cent in 2020, with predicted growth of 6 per cent in 2021,²¹ which translates into global economic losses of around \$11 trillion.²² Developing countries are facing a shortfall of \$1.7 trillion in the financing they would need to keep them on track for the 2030 SDGs.²³

Governments and the international community have taken measures to increase public spending to respond to the pandemic, to meet health system needs, and to offset the effects on household income and the overall economy. By March 2021, around \$16 trillion of new stimulus measures had been announced.²⁴ The international community has also announced and begun to disburse billions of dollars in new concessional financing.²⁵

Some of this increased spending is reaching children, but is far from adequate to respond effectively to needs:

- **Stimulus resources have been vastly concentrated on high-income countries, while middle- and low-income countries are less able to mount an effective response.** While the richest countries mobilized over 10 per cent of Gross Domestic Product (GDP) for fiscal stimulus in 2020, middle-income countries mobilized only around 4 per cent of GDP, while low-income countries mobilized less than 2 per cent of their GDP.²⁶ The average person in sub-Saharan Africa benefited from 2 per cent of the amount of emergency support received by citizens of the Group of Twenty (G20) countries (\$37 versus \$1,650).²⁷ In middle-income countries, effective stimulus measures have been constrained, while in low-income countries, governments were largely unable to increase spending, and capital spending was cut in 60 per cent of countries.²⁸
- **International resources have increased, but there is potential for more.** By June 2021, although the IMF had provided over \$110 billion under its various emergency lending arrangements and a further \$727 million via debt relief, only around \$30 billion of IMF new funding came from its allocations specifically for low-income countries,²⁹ and less than \$8 billion was disbursed to low-income countries. By October 2020, the World Bank had approved around \$43 billion in new Covid-19 finance, including \$25 billion for low-income countries; however, total disbursements were only \$11.8 billion.³⁰ Both commitments and disbursements are increasing during 2021, but the amounts disbursed in some regions, particularly East and West Africa, remain low.³¹ Overall, the level of official development assistance (ODA) increased by 3.5 per cent during 2020, but at 0.32 per cent of Gross National Income (GNI) on average, it remains well below the 0.7 per cent GNI target.³² Humanitarian aid was already under increasing pressure following a fall of \$1.6 billion in 2019, the first fall in seven years.³³

²¹ IMF, 'Managing Divergent Recoveries', World Economic Outlook Update, International Monetary Fund (IMF), Washington DC, April 2021, <www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021>.

²² Gopinath, Gita, 'A Long, Uneven and Uncertain Ascent', IMF blog, 13 October 2020, <blogs.imf.org/2020/10/13/a-long-uneven-and-uncertain-ascent/>.

²³ OECD, *Global Outlook on Financing for Sustainable Development*, 2021, OECD, Paris, November 2020, <www.oecd.org/dac/global-outlook-on-financing-for-sustainable-development-2021-e3c30a9a-en.htm>.

²⁴ IMF, *Fiscal Monitor Database of Country Fiscal Measures in Response to the Covid-19 Pandemic*, IMF, Washington DC, <www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-Covid-19>.

²⁵ IMF \$250 billion <www.imf.org/en/Topics/imf-and-covid19/Covid-Lending-Tracker>; World Bank \$160 billion <ida.worldbank.org/financing/responding-covid-19>; European Union \$15.9 billion <global-response.europa.eu/index_en>.

²⁶ IMF, 'Policies for the Recovery', *Fiscal Monitor*, October 2020, International Monetary Fund, Washington DC, <www.imf.org/en/Publications/FM/Issues/2020/09/30/october-2020-fiscal-monitor>.

²⁷ UNICEF Eastern and Southern Africa Regional Office, *COVID-19: Upending Investments in Human Capital Across Eastern and Southern Africa*, UNICEF ESARO, Nairobi, Kenya, 2020, <www.unicef.org/esa/media/7306/file/UNICEF-ESA-Covid19-Upending-Investments-Human-Capital-2020.pdf>.

²⁸ IMF, 'A Fair Shot', *Fiscal Monitor*, April 2021, International Monetary Fund, Washington DC, <www.imf.org/en/Publications/FM/Issues/2021/03/29/fiscal-monitor-april-2021>.

²⁹ See Group of 30, *Sovereign Debt and Financing for Recovery after the Covid-19 Shock*, Group of 30, Washington DC, October 2020 <group30.org/images/uploads/publications/G30_Sovereign_Debt_and_Financing_for_Recovery_after_the_Covid-19_Shock_1.pdf>; and IMF, *COVID-19 Financial Assistance and Debt Service Relief*, International Monetary Fund, Washington DC, <www.imf.org/en/Topics/imf-and-covid19/Covid-Lending-Tracker#APD>.

³⁰ World Bank, *World Bank COVID-19 Response*, World Bank, Washington DC, <www.worldbank.org/en/news/factsheet/2020/10/14/world-bank-covid-19-response>.

³¹ World Bank, *Financial Resources – Overview*, World Bank, Washington DC, <financesapp.worldbank.org/summaryinfo/overview/>.

³² OECD, Covid-19 spending helped to lift foreign aid to an all-time high in 2020, Detailed Note, 13 April 2021, <www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2020-detailed-summary.pdf>.

³³ Development Initiatives, *Global Humanitarian Assistance Report 2020*, Development Initiatives, Bristol, UK, <devinit.org/resources/global-humanitarian-assistance-report-2020/executive-summary/>.

- **Social protection responses, although widespread, are not always reaching families and children, and many are temporary.** Social protection was a core pillar of the immediate response, and 18 per cent of overall global fiscal stimulus was directed to social protection.³⁴ However, over 80 per cent of the stimulus in high-income countries has been spent on packages directed to or through business, while only 2.6 per cent is for social protection measures directed to families raising children.³⁵ Average social protection spending in the Covid-19 response was \$874 per person in high-income countries, and only \$4 per person in low-income countries.³⁶ Even within the existing fiscal space, governments' response was unprecedented: 222 countries were able to provide immediate support, via top-ups of cash transfers using existing national systems, through programmes created to support newly affected populations, and other forms of social protection, such as unemployment benefits or specific support for those in the informal sector. However, the long-term sustainability of these programmes is still uncertain, as most of these are short term and still do not systematically cover specific groups, including migrants, the informal sector, care workers and other critical sectors.³⁷
- **Reprioritization within social sectors risks diverting resources away from critical services for children.** Increases in health sector funding have been relatively small in many countries in relation to the scope of the demands of the pandemic response,³⁸ and have led to concerns that Covid-19 is crowding out the resourcing and delivery of essential health care.³⁹ As the world strives to mobilize the billions of dollars needed for Covid-19 vaccines, and governments need to find resources for in-country delivery of vaccines, there are fresh concerns that resources may be diverted from essential health, education and other social services on which children rely.⁴⁰ Data from the UNICEF monitoring system also suggests that 21 countries are redirecting government funds away from water and sanitation services, while 16 countries report that water utilities are not able to collect revenues from customers who are themselves less able to pay for these services.⁴¹
- **The additional resources needed to transform service delivery under conditions of social distancing may not be available.** The additional requirements of responding to the virus and to the conditions of social distancing have led to increased costs for transforming service delivery approaches to ensure continuity, for example the need to adopt new hygiene and social distancing standards, additional training and adapting to providing digital and remote services. The cost of these additional measures is estimated at \$30 billion a year for low-income countries alone, and \$100 billion for middle-income countries.⁴² If these resources are not available, or available only for some, many children will lose out as disruption from Covid-19 continues.

³⁴ Gentilini, Ugo, Mohamed Almenfi, Ian Orton and Pamela Dale, *Social Protection and Jobs Responses to Covid-19: A Real-Time Review of Country Measures*, World Bank Group, Washington DC, 14 May 2021, <openknowledge.worldbank.org/handle/10986/33635>.

³⁵ Richardson, Dominic, et al., *Supporting Families and Children Beyond Covid-19: Social protection in high-income countries*, 2020, <www.unicef-irc.org/publications/1165-supporting-families-and-children-beyond-covid-19-social-protection-in-high-income-countries.html>.

³⁶ Almenfi, Mohamed, Melvin Breton, Pamela Dale, Ugo Gentilini, Alexander Pick and Dominic Richardson, *Where is the Money Coming From? Ten Stylized Facts on Financing Social Protection Responses to Covid-19*, World Bank, Washington DC, November 2020, <documents1.worldbank.org/curated/en/737761605775837011/pdf/Where-is-the-Money-Coming-From-Ten-Stylized-Facts-on-Financing-Social-Protection-Responses-to-Covid-19.pdf>.

³⁷ Gentilini, Ugo, et al., *Social Protection and Jobs Responses to Covid-19*, <openknowledge.worldbank.org/handle/10986/33635>. The average duration of Covid-19 social protection responses is 4.1 months.

³⁸ Average of 0.2 per cent of GDP for low-income countries based on IMF fiscal monitor (July 2020), Gheorghe, Adrian, Kalipso Chalkidou, Amanda Glassman, Tomas Lievens and Anthony McDonnell, *Covid-19 and Budgetary Space for Health in Developing Economies*, Center for Global Development, July 2020, <www.cgdev.org/sites/default/files/Gheorghe-Chalkidou-Covid-Budgetary-Space.pdf>; ~10 per cent increase in 2020 health budgets in East and Southern Africa region compared to 2019, UNICEF ESARO, *COVID-19: Upending Investments in Human Capital Across Eastern and Southern Africa*, 2020, <www.unicef.org/esa/media/7306/file/UNICEF-ESA-Covid19-Upending-Investments-Human-Capital-2020.pdf>.

³⁹ Regan, Lydia and Y-Ling Chi, *The Indirect Health Effects of Covid-19: The Challenges of Living through a Pandemic*, 2020, Center for Global Development, Washington DC, <www.cgdev.org/blog/indirect-health-effects-covid-19-challenges-living-through-pandemic>; World Bank, Global Financing Facility, *New Findings Confirm Global Disruptions in Essential Health Services for Women and children from Covid-19*, Press Release 18 September 2020, <www.globalfinancingfacility.org/new-findings-confirm-global-disruptions-essential-health-services-women-and-children-covid-19>; UNICEF ESARO, *COVID-19: Upending Investments in Human Capital Across Eastern and Southern Africa*, 2020, <www.unicef.org/esa/media/7306/file/UNICEF-ESA-Covid19-Upending-Investments-Human-Capital-2020.pdf>.

⁴⁰ UNICEF, *The Last Mile: In-Country Vaccine Delivery Challenges*, Advocacy Brief, June 2021 (forthcoming).

⁴¹ UNICEF, *Socio-economic survey*, March/April 2021, <data.unicef.org/resources/rapid-situation-tracking-covid-19-socioeconomic-impacts-data-viz/>.

⁴² OECD, *Global Outlook on Financing for Sustainable Development 2021*, 2020.

Call to action on financing an inclusive recovery for children

We call on national governments, international organizations and financial institutions, civil society and the private sector to join efforts to make the impact of Covid-19 on children visible, to take note of the gravity of the situation facing children as a result of the Covid-19 pandemic and the socio-economic crisis, and to protect the future of our children by committing to the steps of the Call to Action on Financing an Inclusive Recovery for Children.

Our response to the current crisis, unprecedented in living memory, must build on the lessons from the past and direct adequate finance from all sources towards an inclusive recovery that protects children, especially the poorest and most marginalized, and sets a course for more resilient economies to respond to future shocks. Austerity is not inevitable, and preventing this outcome will require more ambitious external support for many countries, as well as stronger domestic tax capacity.

To mitigate the costs of the pandemic, protect decades of investment and progress for children, and ensure that we take this crisis as an opportunity to ensure an inclusive recovery and build back better, we propose a three-step approach. This requires the active collaboration of all actors in the sphere of financing for development, including ministries of finance and the social sectors, international financial institutions (IFIs), creditor agencies, bilateral donors, United Nations agencies, civil society organizations, and the private sector.

The three steps are:

- 1. Safeguard critical social spending and minimize the negative impacts of the economic crisis** on people, children in particular. Focus finance on priority investments in human capital, ensuring that vital social systems and interventions are protected from spending cuts, and are expanded where they are inadequate. Investments in children, such as reducing child malnutrition, expanding preschool and primary education particularly for girls, and reducing child poverty through social protection, are vital to protect human capital and consistently provide the highest social and economic returns. Gender transformative interventions, including enhancing care economies and scaling up family-friendly policies, can also create new employment opportunities and are proven enablers of women's economic participation. Increasing investments in social service workforces will be critical to ensuring that the most vulnerable families have access to social protection and other essential social services. All governments should identify and ring-fence spending on programmes for children, adopting the principle of cuts for children last, while developing inclusive and child-focused recovery plans. Sectoral and multi-sectoral priorities can be defined by the national context, using the suggested menu of options presented in the annex to this Call.
- 2. Ensure the effective and efficient use of financial resources across social sectors for human capital development**, maximizing coverage and impact for all children. Spend resources more efficiently, effectively and inclusively. An inclusive recovery requires extra effort to ensure public services are reaching poor and excluded children, to enhance short-term recovery and contribute to reducing future inequality. To increase efficiency, governments should eliminate wasteful or duplicative expenditure, adopt more efficient public finance practices to improve budget execution, and where possible, commence measures to reduce or eliminate fossil-fuel subsidies and convert the savings into more effective programmes to reach the poorest families and children.

3. Identify and deploy additional international and domestic financing options, using innovative approaches as necessary, to direct adequate finance towards an inclusive recovery that protects children, especially the poorest and most marginalized, and that sets a course for more resilient economies to respond to future shocks. Take urgent steps to mobilize new resources from domestic, international, public and private sources, to strengthen preparedness and systems to enable faster responses to future shocks, increase access to services, including for the poor and marginalized, and fund innovation and adaptation of service provision, while paying attention to the sustainability of funding sources. This should include as a priority:

- supporting the cost of Covid-19 vaccines that will enable the sustainable re-opening of societies and economies, including providing dedicated and additional immediate financing for in-country delivery of vaccines and tools, so that life-saving prevention and treatments are equitably available and do not crowd out other social services
- taking urgent and meaningful action on debt, so that countries grappling with the economic crisis caused by the Covid-19 pandemic can invest in recovery plans. This could include targeted extension of debt-service suspension beyond the end of 2021 in some countries, as part of measures for coordinated action covering all creditors to restructure and, where necessary, reduce debt, and developing and implementing mechanisms to convert debt into investments for children
- agreeing a new allocation of IMF Special Drawing Rights (SDRs) to increase resources for all countries, and designing methods to reallocate resources from wealthy economies to low- and middle-income countries where the need for additional finance is greater. Reallocation can also be linked to a requirement to spend on safeguarding or expanding services for children
- scaling up bilateral ODA to meet the existing commitment of providing 0.7 per cent of GNI and provide over \$150 billion of additional resources, reverse cuts in humanitarian aid, and direct more resources towards children
- increasing the level and speed of disbursement of multilateral funding, in particular finance to low-income countries and finance focused on social spending and investments
- mobilizing and directing additional private sector finance to support social investments and expand coverage, provided there are safeguards to protect the access and quality of services for all children.

Effective implementation of these steps must be supported by strengthened transparency and accountability in the use of resources, including by improved data, monitoring and reporting on social spending, and specific reporting of spending on children and families. All actors should increase the availability of financial and budgetary information and report on Covid-19-related inflows and expenditures, including adopting measures to identify spending on children within budget reporting and information systems. Governments should use digital technology to enhance information-sharing with citizens, including children. Civil society organizations and citizens are encouraged to participate in social sector budget processes and to monitor spending and implementation. Governments and international agencies should take steps to support and comply with international reporting on public spending in the social sectors, including on SDG spending indicators and reporting against Article 4 of the Convention on the Rights of the Child.





Annex: Three steps to protect children and promote an inclusive recovery



STEP 1: Focus finance on priority services and investments in human capital

The first and minimum imperative is to protect social spending for all children, including the poorest and most marginalized. Investments in human capital are essential for economic growth and productivity. Health care, education, nutrition, ECD, social protection, and water and sanitation interventions 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 develop and apply skills to improve labour productivity. Investing in children also prevents more serious and complicated problems from developing that can be costly to correct later in life.⁴³ Social protection has been proven to generate critical impacts on child and adolescent well-being, including in terms of food security and dietary diversity, nutrition, 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 minimize negative coping strategies in the event of shocks and stressors.⁴⁴

Time and again, 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.⁴⁵ Thirteen of the most cost-effective of all the SDG targets relate to investing in children. Interventions in nutritional supplementation, immunization, increasing preschool education, eliminating violence against women and children, additional years of schooling for girls, and cutting indoor air pollution are among the most effective areas of spending (see Figure 1).⁴⁶ The return on investment in ECD programmes can be about 13.7 per cent.⁴⁷ Investments are also needed to prevent and respond to violence against children, which is estimated to cost between \$3.7 and \$7 trillion a year globally,⁴⁸ and to end child marriage, which if ended in 2015 could have saved the global economy \$566 billion by 2030.⁴⁹

⁴³ Rees, Nicholas, et al., *Right in Principle and In Practice*.

⁴⁴ Tirivayi, Nyasha, et al., *Rapid Review of Economic Policy*.

⁴⁵ Copenhagen Consensus, 'The Nobel Laureates Guide'.

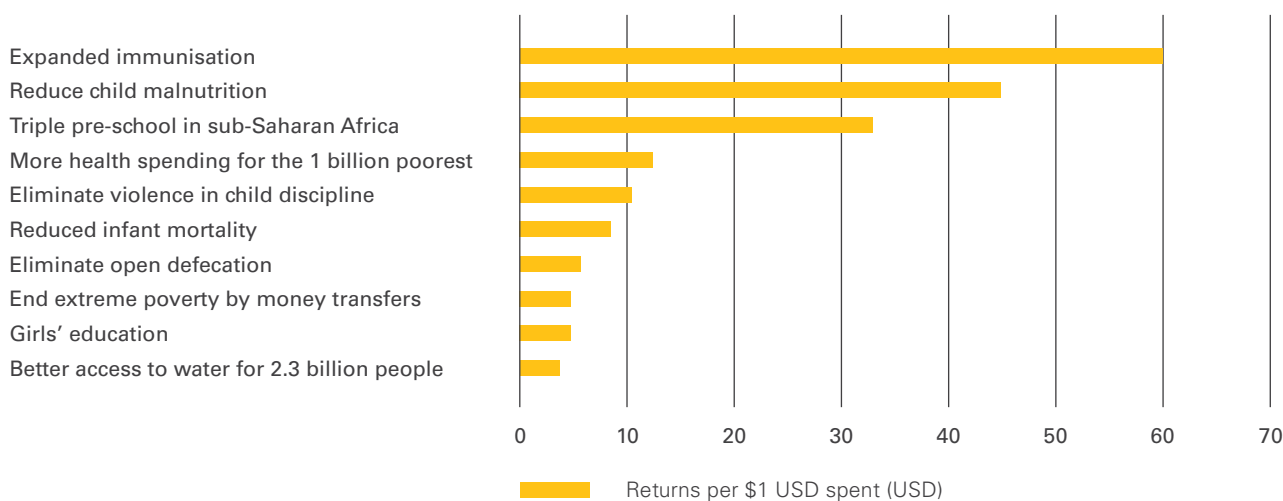
⁴⁶ Ibid.

⁴⁷ Britto, Pia Rebello, *Early Moments Matter for Every Child*, UNICEF, New York, 2017 <<https://eric.ed.gov/?id=ED589952>>.

⁴⁸ Martha Santos Pais, United Nations Special Representative of the Secretary-General on Violence Against Children, *The Economic Costs of Violence Against Children*, United Nations, New York, 13 July 2015, <violenceagainstchildren.un.org/economic_costs_of_vac_viewpoint>; Pereznieto, Paola, Andres Montes, Solveig Routier and Lara Langston, *The costs and economic impact of violence against children*, Overseas Development Institute, London, UK, September 2014, <www.researchgate.net/publication/266258834_The_costs_and_economic_impact_of_violence_against_children>.

⁴⁹ Wodon, Quentin T., Chata Male, Ada Nayihouba, Adenike Onagoruwa, Aboudrahyme Savadogo, Ali Yedan, Jeff Edmeades, Aslihan Kes, Neetu John, Lydia Murithi, Mara Steinhaus and Suzanne Petroni, *Economic Impacts of child marriage: global synthesis report*, World Bank, Washington DC, 2017.

Figure 1: Return on investment per \$1 spent



Source: Copenhagen Consensus, 'The Nobel Laureates' Guide to the Smartest Targets for the World 2016–2020', <www.copenhagenconsensus.com/sites/default/files/post2015brochure_m.pdf>

The investment case is strong even in contexts of economic recession and fiscal contraction. In previous crisis responses, economic stimulus packages that have included critical social protection measures, including 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.⁵⁰ In contrast, the austerity policies that followed the global food, finance and fuel crisis of 2008 were prolonged, and had negative consequences for children and their families. Austerity policies had direct, negative effects on children's development and well-being, resulting in increased numbers of children losing parental care and dropping out of school, and indirect negative effects, including increased gender inequality, homelessness, poor mental health and suicides and long-term unemployment, and reduced school finances and reduced quality of services.⁵¹

Spending on children contributes to broader economic recovery. Public social services are major employers in most countries; investment in public social infrastructure creates jobs in construction and maintenance, while investment in childcare services enables parents and caregivers to participate in the economy. Investment in public social infrastructure as part of an inclusive recovery has significant potential to generate growth and jobs, and to crowd in private investment.⁵² Social protection, including cash transfers, is used by families to improve child outcomes and family productivity,⁵³ and has both countercyclical fiscal effects on larger economies and a strong multiplier effect on local economies.⁵⁴

⁵⁰ Tirivayi, Nyasha, et al., *Rapid Review of Economic Policy*.

⁵¹ Ibid.

⁵² IMF estimates that increasing public investment by 1 per cent of GDP could strengthen confidence in the recovery and boost GDP by 2.7 per cent, private investment by 10 per cent, and employment by 1.2 per cent. IMF, *Public Investment for the Recovery, Fiscal Monitor*, IMF, Washington DC, October 2020, <www.imf.org/en/Publications/FM/Issues/2020/09/30/october-2020-fiscal-monitor>.

⁵³ UNICEF, *Cash transfer impacts in Africa*, <transfer.cpc.unc.edu/wp-content/uploads/2019/02/CT_Impacts-PNG-min.png>.

⁵⁴ FAO, *The Local Economy Impacts of Social Cash Transfers: a Comparative Analysis in seven sub-Saharan countries*, Food and Agriculture Organization of the United Nations, Rome, 2016, <www.fao.org/3/a-i5375e.pdf>.

As the world moves through and beyond the recovery phase, the need for long-term stimulus and opportunities for economic transformation to create inclusive and resilient economies is taking precedence. There will be complicated and sometimes difficult policy trade-offs to negotiate. As the best possible investment for the future of economies and societies, responding to children's needs makes good sense for children, their parents, and the health and future of economies. This means protecting and supporting basic social systems, and ensuring these can deliver priority programmes for children and their families. In many cases, public spending on services for children was already inadequate pre-pandemic, with major coverage gaps among critical populations. The current challenge is to ensure that this level does not fall further, while identifying new resources to close the gap.

What are the game changers for children and families?

The following offers a short summary of game-changing areas of spending to be protected, and where possible expanded, as countries consider adjustments to spending priorities. Any prioritization exercise needs to take place within a national context, taking into account existing policies and levels of spending and the scale of adjustments that may be needed. The following is a brief summary of the most significant areas of spending that can be considered to support children's well-being through the pandemic and to build an inclusive recovery.

In health

Even before the pandemic, it was clear that there was insufficient investment and progress to achieve the SDG goal of universal health coverage (UHC) by 2030, with at least half of the world's population lacking access to essential health-care services, and out-of-pocket expenses driving almost 100 million people into poverty each year.⁵⁵ Pre-Covid-19 projections estimated that up to one third of the world's population would remain underserved by 2030. Covid-19 risks reversing the progress of recent decades, widening the equity gap in health care and increasing preventable maternal and child illness and death.⁵⁶

Covid-19 has displaced and disrupted the delivery of the essential health-care services that have been key drivers of recent global reductions in maternal and child mortality, while the economic impact has increased financial barriers to access. Almost all countries experienced some disruption of essential health-care and nutrition services, with more disruptions reported in low-income countries,⁵⁷ and substantial disruptions persisting for more than one year into the pandemic.⁵⁸ Initial analysis highlights the impact of the disruptions on the vulnerable, particularly pregnant women, infants and children,⁵⁹ as well as greater adverse impacts in low-income contexts.⁶⁰ Measuring the full consequences of the disruptions will take time, but early modelling of Covid-19 by The Lancet indicated that disruption to maternal and child health interventions and decreased access to food over six months could result in additional deaths of up to 1.1 million children and 56,000 mothers.⁶¹

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- ⁵⁵ United Nations, Political Declaration of the High-level Meeting on Universal Health Coverage, 'Universal health coverage: moving together to build a healthier world', 23 September 2019, <www.un.org/pga/73/wp-content/uploads/sites/53/2019/07/FINAL-draft-UHC-Political-Declaration.pdf>.
- ⁵⁶ UNDP and University of Denver, *Impact of Covid-19 on the Sustainable Development Goals: Pursuing the Sustainable Development Goals (SDGs) in a World Reshaped by Covid-19*, United Nations Development Programme, New York, December 2020, <sdgintegration.undp.org/sites/default/files/Impact_of_Covid-19_on_the_SDGs.pdf>.
- ⁵⁷ WHO, 'Pulse survey on continuity of essential health services during the Covid-19 pandemic: interim report', World Health Organization, Geneva, 27 August 2020, <www.who.int/publications/i/item/WHO-2019-nCoV-EHS_continuity-survey-2020.1>.
- ⁵⁸ WHO, 'Second round of the national pulse survey on continuity of essential health services during the Covid-19 pandemic', World Health Organization, Geneva, 2021, <www.who.int/publications/i/item/WHO-2019-nCoV-EHS_continuity-survey-2021.1>.
- ⁵⁹ Gilbert Ulep, V, et al. *The Impact of the Covid-19 Pandemic on Social Health Insurance Claims for High-Burden Diseases in the Philippines*, CGD Working Paper 580, Center for Global Development, Washington DC, <www.cgdev.org/publication/impact-covid-19-pandemic-social-health-insurance-claims-high-burden-diseases-philippines>.
- ⁶⁰ Chmielewska, B., Imogen Barratt, Rosemary Townsend, Erkan Kalafat, Jan van der Meulen, Ipek GuroI-Urganci, Pat O'Brien, Edward Morris, Tim Draycott, Shakila Thangaratinam, Kirsty Le Doare, Shamez Ladhani, Peter von Dadelszen, Laura Magee and Asma Khalil, 'Effects of the Covid-19 pandemic on maternal and perinatal outcomes: a systematic review and meta-analysis', *The Lancet*, vol. 9, Issue 6, E759-E772, June 2021, <[www.thelancet.com/journals/langlo/article/PIIS2214-109X\(21\)00079-6/fulltext](http://www.thelancet.com/journals/langlo/article/PIIS2214-109X(21)00079-6/fulltext)>.
- ⁶¹ Robertson, Timothy, Emily D. Carter, Victoria B. Chou, Angela R. Stegmuller, Bianca D. Jackson, Yvonne Tam, Talata Sawadogo-Lewis and Neff Walker, 'Early estimates of the indirect effects of the Covid-19 pandemic on maternal and child mortality in low-income and middle-income countries: a modelling study', *The Lancet*, vol. 8, issue 7, E901-E908, 1 July 2020, <[www.thelancet.com/journals/langlo/article/PIIS2214-109X\(20\)30229-1/fulltext](http://www.thelancet.com/journals/langlo/article/PIIS2214-109X(20)30229-1/fulltext)>.

The timely and equitable delivery of Covid-19 vaccines in all countries is the key to ending the Covid-19 pandemic and breaking its cycle of repeated health and socio-economic shocks. Covid-19 vaccine procurement and delivery are priority game-changing spending needs for all countries. However, care must be taken to ensure that Covid-19 vaccination spending, including vaccine delivery costs, does not crowd out and disrupt other essential services.

Countries need to generate a country-specific list of essential health-care services to protect, or if possible, expand, based on their context and needs,⁶² while maintaining a focus on system strengthening and resilience.

Game changers include:

- timely, equitable and safe Covid-19 vaccination, giving priority to vaccination of health-care workers and high-risk groups
- strengthened primary health care, especially at the community level, to deliver integrated and prevention-focused services and support
- management and response for emergency health-care needs, including services for vulnerable populations, including infants, adolescent caregivers and children with disabilities
- essential prevention and treatment services for communicable diseases, including immunization
- reproductive health and maternal and child health services, including pregnancy, childbirth, post-natal, newborn and infant care, counselling, and delivery messages on coping, parenting and early stimulation
- management of chronic health conditions, including mental health of children and their parents and caregivers
- services, such as diagnostic, laboratory and blood-bank services.

In social protection

Despite significant progress being made in the expansion of social protection across the world, two out of three children had no access to any form of social protection before the pandemic.⁶³ This was already affecting investment in their human capital development. As part of the pandemic response, over 200 countries committed to introducing, adapting or expanding social protection programmes.⁶⁴ The majority of social assistance programmes are in the form of cash grants and school feeding, as well as labour-related schemes, including unemployment grant or anticipation of pensions. While these programmes took priority as a response to initial restrictions on economic activity, as the economic consequences of the pandemic deepen and persist, there is a need to place these responses on a more permanent footing. This includes important aspects of the design, such as the comprehensiveness of social protection systems and assurances of gender responsiveness and inclusiveness, to ensure these are reaching the poorest and marginalized groups, including persons with disabilities, ethnic minorities, refugees and migrants. In cases of protracted crisis, where social protection responses are financed through humanitarian ODA, these resources should also be shielded from cuts.

⁶² Support available from WHO guidance and tools, including WHO, 'Maintaining essential health services: operational guidance for the Covid-19 context interim guidance', 2020, <apps.who.int/iris/bitstream/handle/10665/331561/WHO-2019-nCoV-essential_health_services-2020-1-eng.pdf?sequence=1&isAllowed=y>.

⁶³ ILO and UNICEF, *Towards Universal Social Protection for Children: Achieving SDG 1.3: ILO-UNICEF Joint Report on Social Protection for Children*, ILO and UNICEF, 2019, <www.unicef.org/reports/towards-universal-social-protection-children-achieving-sdg-13>.

⁶⁴ Gentilini, Ugo, et al., *Social Protection and Jobs Responses to Covid-19*, <openknowledge.worldbank.org/handle/10986/33635>.

Game changers include:

- earmarking finance for the expansion of social cash transfers to meet additional needs, including where possible universal child benefits for all children, and, where appropriate, the extension of contributory and non-contributory social protection to those working in the informal sector, and migrant and displaced children and their families
- protecting and prioritizing investments to build and/or strengthen inclusive and shock-responsive social protection systems, enhancing their ability to respond to multiple vulnerabilities across the lifecycle and to link with different sectors, while also improving delivery mechanisms and their capacity to assist children, women and families, including in fragile and humanitarian settings
- as a key component of system strengthening, scaling up links between national cash transfer programmes and the provision of complementary services linked to outcomes in education, child protection, nutrition, water, sanitation and hygiene (WASH), and health to promote ECD and improve gender outcomes, especially for women and girls
- addressing the current care crisis by promoting investments in appropriate protection for caregivers, and instituting and supporting family-friendly policies, including affordable, good-quality childcare and paid parental leave⁶⁵
- risk informing social protection systems, including by increasing and protecting finance to enhance the ability to prepare and respond to shocks and to build resilience for the future.

In education ⁶⁶

Ninety per cent of children in the world have had their education disrupted due to Covid-19, and the effects of reduced budgets are projected to lead to a financing gap of \$200 billion a year in low- and middle-income countries. Education is a critical part of the recovery in both the immediate and longer term. The pandemic is also an opportunity to reform education, drive learning and build the range of skills needed to accelerate global progress and meet the challenge of changing labour markets. Increasing equity within education, in particular through the education of girls, should be prioritized. Preschool is also one of the most cost-effective investments and an area where global spending pre-pandemic was very limited.

Game changers include:

- strengthening tracking of attendance and learning, vulnerability and risk assessment, and embedding adequate contingency planning within education planning processes
- investing to re-open schools, including preschools, and improving safety, including through physical distancing, school health protocols and upgrades to infrastructure such as water and sanitation

⁶⁵ UNICEF, 'UNICEF Social Protection Response to Covid-19', Technical Note, 2020, <www.unicef.org/media/67361/file/UNICEF%20Social%20Protection%20Response%20to%20Covid-19.pdf>; UNICEF, ILO and Women in Informal Employment: Globalizing and Organizing (WIEGO), *Family-Friendly Policies for Workers in the Informal Economy*, UNICEF, New York, July 2021, <www.unicef.org/media/102821/file/Family-Friendly%20Policies%20for%20Workers%20in%20the%20Informal%20Economy%20.pdf>. Family-friendly policies are the measures and arrangements that have a positive impact on workers' abilities to reconcile work and family responsibilities, and so advance the development and well-being of children and caregivers. The potential advantages of family-friendly policies include reducing child mortality and low birthweight, decreasing instances of child abuse, increasing rates of breastfeeding and immunization, enhancing children's cognitive development and school performance, and increased economic empowerment and well-being for primary caregivers.

⁶⁶ This section draws on Save Our Future, *Averting an Education Catastrophe for the World's Children*, 2020, <saveourfuture.world/wp-content/uploads/2020/10/Averting-an-Education-Catastrophe-for-the-Worlds-Children_SOF_White-Paper.pdf>.

- developing alternative education pathways, including but not limited to investment in digital learning solutions (including curricula and teacher training), connectivity, devices, accessibility, and other remote learning modalities
- introducing school fee waivers and subsidies and cash transfers to improve attendance and support the poor and marginalized
- continuing and enhancing school-meal and feeding programmes that improve attendance, benefit nutrition and aid children’s cognitive development
- instituting reforms to improve the quality of learning, and ensuring that effective teachers are available in all areas, including marginalized areas
- focusing technology on areas where it will be most effective and equitable, while ensuring that content is available at no cost and offline for those who cannot access digital platforms
- integrating early childhood education (ECE) into basic education distance learning programmes, including by providing guidance and practical support to parents
- taking action to enhance safety and protect mental health by addressing bullying and cyber-bullying
- as schools re-open, ensuring that ECE is included in mass re-enrollment campaigns, implementing accelerated learning programmes for young children, and introducing hygiene protocols that include young children
- ensuring that marginalized adolescents, especially girls, are supported to return to in-person education on site to repair their learning loss.

The Save Our Future White Paper recommends specific actions governments and partners can take to develop credible plans and financing strategies for maintaining and increasing investment in education.⁶⁷

In WASH

The pandemic immediately highlighted the urgent need to budget for increased water and sanitation requirements in connection with health-care facilities, together with hygiene promotion measures as central for reducing transmission rates. As the pandemic progresses, it is vital to ensure that local water and sanitation authorities and utilities are supported to ensure business continuity and the quality of water and sanitation services to avoid deterioration of essential public services as a secondary effect of the pandemic.

Game changers include:

- establishing WASH in health-care facilities and schools to enable safe delivery of health-care services and the re-opening of schools
- supporting WASH providers and households (via cash transfers) in low-income areas and among those severely affected by Covid-19, including where household income has been affected
- ensuring hygiene supplies and infrastructure are available in businesses, public places and public institutions, and available for household purchase; this includes supporting local production of key hygiene supplies, or importation if local production is not feasible or insufficient to meet demand, and tax reductions to make these items more affordable

⁶⁷ Save Our Future, *Averting an Education Catastrophe for the World’s Children*, 2020.

- continuing advocacy campaigns and behaviour change initiatives for sustained impact, and research to understand the impact of interventions on transmission pathways
- distributing 'how-tos' and kits on hygiene practices, both at home and in ECE centres and schools.

In child protection

Measures used to prevent and control the spread of Covid-19 have exposed children to protection risks, including family separation and deprivation of parental care, adolescent pregnancies, mental health problems and self-harm, emotional, physical and sexual abuse, neglect, and online harassment and bullying. Particular groups, including children with disabilities, children in street situations, unaccompanied children, children deprived of their liberty, and child refugees and migrants, are at heightened risk. Increases in child marriage, female genital mutilation and child labour threaten to reverse the gains made in eliminating these practices.⁶⁸ Major disruptions have been reported in the delivery of basic child-protection services, with 104 countries reporting disruption of violence prevention and response services, and 90 per cent of countries facing humanitarian crises reporting disrupted services during 2020.⁶⁹ The availability of social services workers, who are at the heart of child protection, was already a significant problem before the pandemic, and the pandemic risks diminishing this even further.

As part of the Covid-19 response, governments should prioritize financing to keep the national child-protection system operational, guarantee the continued delivery of essential child-protection services, and maintain and expand evidence-based violence prevention programmes in all settings across the humanitarian–peacebuilding–development continuum. Civil registration and justice systems should also remain functional to ensure the provision of specialized support services.

Game changers include:

- ensuring that vaccination is made available to members of the social services and justice workforce, as part of vaccination of all essential workers
- establishing and strengthening qualified and specialized social services and justice workforce in child protection, equipping it with tools such as online and remote case management, telephone referrals and follow-ups, and personal protective equipment (PPE) to ensure uninterrupted, in-person essential services to children and families
- providing specialized services, such as family-based alternative care services for children deprived of family care, child helplines and inter-agency referral mechanisms to child-protection services support services for women and children survivors of violence and abuse, including health-care services, mental health and psychosocial support

⁶⁸ The Alliance for Child Protection in Humanitarian Action, 'Protection of Children during the Coronavirus Pandemic, Version 2', Technical Note, May 2020, <alliancecpha.org/en/system/tdf/library/attachments/the_alliance_covid_19_tn_version_2_05.27.20_final_2.pdf?file=1&type=node&id=37184>; Bakrania, Shivit, Cirenia Chavez, Alessandra Ipince, Matilde Rocca, Sandy Oliver, Claire Stansfield and Ramya Subrahmanian, *Impacts of Pandemics and Epidemics on Child Protection – Lessons learned from a rapid review in the context of Covid-19*, Working Paper, UNICEF Office of Research, Innocenti, Florence, Italy, July 2020, <www.unicef-irc.org/publications/pdf/WP-2020-05-Working-Paper-Impacts-Pandemics-Child-Protection.pdf>; UNICEF and the Alliance for Child Protection in Humanitarian Action, 'Covid-19 and Children Deprived of their Liberty', Technical Note, Global Development Commons, UNICEF, April 2020, <gdc.unicef.org/resource/technical-note-covid-19-and-children-deprived-their-liberty>; The Alliance for Child Protection in Humanitarian Action, 'Guidance Note: Protection of Children During Infectious Disease Outbreaks', March 2018, <alliancecpha.org/en/system/tdf/library/attachments/cp_during_ido_guide_0.pdf?file=1&type=node&id=30184>.

⁶⁹ UNICEF, *Protecting Children from Violence in the Time of Covid-19: Disruptions in prevention and response services*, UNICEF, 2020, <www.unicef.org/reports/protecting-children-from-violence-covid-19-disruptions-in-prevention-and-response-services-2020>.

- providing community-based child-protection and violence prevention programmes, including parenting support and programmes for the elimination of harmful practices⁷⁰
- providing social protection programmes and schemes that integrate child protection concerns.
- civil registration and birth registration services.

In nutrition ⁷¹

At the start of 2020, 47 million children aged under 5 globally were wasted, 144 million were stunted and 38 million were affected by overweight,⁷² while at least 340 million suffered from micronutrient deficiencies.⁷³ The pandemic is increasing maternal and child malnutrition through three major pathways. First, there is reduced access to nutritious diets as a result of the drop in household income, interruptions in food supplies, and containment measures such as school closures that result in children missing nutritious meals in school. Second, access to essential nutrition services has been curtailed because resources are diverted to the Covid-19 response, which has combined with the limiting effects of containment measures and loss of financial access to services among the poorest, who are less able to meet out-of-pocket costs. Third, changes in the levels of professional and social support to parents and caregivers, combined with adjustments to working practices, have left many parents with little spare time to prepare good-quality meals for their families.

As part of the Covid-19 response and recovery, governments should prioritize financing to secure food supply chains and local food markets in order to i) make good nutrition and safe, affordable, sustainable diets available; ii) improve access to nutrition services; and iii) support parents to improve child-feeding and dietary practices.

Priority investments outlined in The Lancet Call to Action on child malnutrition in the context of Covid-19⁷⁴ are to:

- safeguard and promote access to nutritious, safe and affordable diets
- invest in improving maternal and child nutrition through pregnancy, infancy and early childhood
- re-activate and scale up services for the early detection and treatment of child wasting
- maintain the provision of nutritious and safe school meals for vulnerable children
- expand social protection, including economic schemes to cover the needs of households with pregnant and breastfeeding mothers, and supplementary food distribution in food-insecure settings to safeguard access to nutritious diets and essential services.

⁷⁰ For more information on programmes to eliminate harmful practices and end child marriage see UNICEF, UNFPA–UNICEF Global Programme to End Child Marriage, 2020, <www.unicef.org/protection/unfpa-unicef-global-programme-end-child-marriage>.

⁷¹ Priorities in maternal and child nutrition are outlined in UNICEF, *Maternal And Child Nutrition: UNICEF Programming Priorities To Respond To The Socio-Economic Impacts Of The Covid-19 Pandemic*, UNICEF, New York, 1 June 2020, <www.unscn.org/uploads/web/file/UNICEF-NUTRITION-AND-COVID-19-FINAL-.pdf>.

⁷² UNICEF, WHO and World Bank, *Levels and trends in child malnutrition: Key findings of the 2020 edition of the Joint Child Malnutrition Estimates*, World Health Organisation, Geneva, 2020, <www.who.int/publications/i/item/jme-2020-edition>.

⁷³ UNICEF, *The State of the World's Children 2019. Children, food and nutrition: Growing well in a changing world*, UNICEF, New York, 2019, <www.unicef.org/sites/default/files/2019-10/SOWC-2019-EAP.pdf>.

⁷⁴ Fore, Henrietta H., Qu Dongyu, David M. Beasley and Tedros A. Ghebreyesus, 'Child malnutrition and Covid-19: the time to act is now', *The Lancet*, vol. 396, Issue 10250, pp. 517–518, 22 August 2020, <[www.thelancet.com/article/S0140-6736\(20\)31648-2/fulltext](http://www.thelancet.com/article/S0140-6736(20)31648-2/fulltext)>.

United Nations agencies estimated that \$2.4 billion was needed in 2020 to scale up life-saving interventions to protect maternal and child nutrition, including in the most vulnerable countries.⁷⁵ The package of four life-saving interventions includes: prevention of wasting in children at risk; treatment for children who are wasted; biannual vitamin A supplementation for children aged 6–59 months (90 per cent coverage); and mass communication for the protection, promotion and support of breastfeeding that focuses on caregivers or families of children aged 0–23 months. However, a systems approach to nutrition will ensure a more sustainable way to fulfil the right to nutrition.

In ECD ⁷⁶

As a result of decades of research across multiple disciplines, we now know that the early years are a critical period, as the brain develops faster than at any other time, laying the foundation for life-long learning, health and well-being. Despite overwhelming evidence and political momentum, over 43 per cent of children under the age of 5 are at risk of not fulfilling their full developmental potential.⁷⁷

Owing to the pandemic, many more children are now at risk from the disruption in essential ECD-related services. Moreover, the unique nature of the pandemic placed parents as first-line responders for their children’s survival, care and learning. The crisis also threatens to reverse gains achieved in recent decades, including with respect to budgetary allocations for ECD, within an environment of financial constraints.

Consequently, promoting and supporting the protection and expansion of ECD-related services, including addressing the public financing bottlenecks that hinder the equitable implementation of these services, takes on greater urgency than ever. While highly context specific, examples of key priority investments in ECD during the Covid-19 crisis and recovery period include:

- minimizing disruption of essential health and nutrition services, such as routine immunizations for mothers and young children, antenatal care, safe childbirth, post-natal care, maternal nutrition, breastfeeding support, and early detection and intervention for children with developmental delays and disabilities
- supporting caregivers’ mental health and emotional well-being through messages on coping, stress management and parenting strategies, including knowledge and skills to provide care and stimulation to young children at home, including use of play, books and learning materials
- providing additional resources for adaptation of service delivery where necessary, for example through remote delivery of home visits, mental health support and early intervention for the most vulnerable families, including children with disabilities, refugees, ethnic minorities, and families affected by HIV, among others
- financing additional direct services to young children and their families to promote nurturing care and to help parents cope, for example by providing educational entertainment for young children through radio, TV and the internet, and distributing books, learning and play materials, and providing supportive parenting messaging

⁷⁵ Ibid.

⁷⁶ For examples of how to finance early childhood care and education, see UNICEF, *Global Resource Guide on Public Finance for Early Childhood Development*, UNICEF, New York, <www.unicef.org/documents/global-resource-guide-public-finance-children-early-childhood-development>; and for Covid-19-specific examples, see World Bank, *15 Ways to Support Young Children and Their Families in the Covid-19 Response*, World Bank Group, Washington DC, 2020, <openknowledge.worldbank.org/handle/10986/33646>.

⁷⁷ Black, M M, Susan P Walker, Lia C H Fernald, Christopher T Anderson, Ann M DiGirolamo, Chunling Lu, Dana C McCoy, Gunther Fink, Yusra R Shawar, Prof Jeremy Shiffman, Amanda E Devercelli, Quentin T Wodon, Emily Vargas-Baron, and Sally Grantham-McGregor, ‘Early childhood development coming of age: science through the life course’, *The Lancet*, vol. 389, Issue 10064, pp.77-90; 07 January, 2017. <[www.thelancet.com/journals/lancet/article/PIIS0140-6736\(16\)31389-7/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(16)31389-7/fulltext)>.

- providing affordable childcare, with priority to first responders
- integrating ECD into distance learning programmes, and as schools re-open, ensuring ECD is included in mass re-enrollment campaigns
- using social protection mechanisms, such as cash transfers and family-friendly policies, to strengthen systems and provide parenting support and information to families, as well as to distribute books and hygiene supplies.

Protecting and expanding these investments

Given the reality of the fiscal situation, protecting or expanding child investments requires explicit measures to ensure these investments are prioritized as governments consider the multiple demands on public budgets. As they grapple with these choices, all actors need to adopt the principle of putting children's needs first and foremost. These are some practical ways to apply this principle through the budget process:

- **Assess overall adequacy:** Ministries of finance and social sectors should assess whether the sector budgetary allocation is adequate in relation to international benchmarks and regional or income-level comparator countries, and refer to or update existing costings of critical services, where available. Additional consideration should be given to the adequacy of spending to finance necessary Covid-19-related service-delivery costs.
- **Identify priority budget lines:** Social sector ministries should review their sector budgets for expenditures that correspond to the priorities above, including spending that benefits children. This will be easier where countries already have specific budget lines and good budget information available that identifies spending on these elements.
- **Ring-fence priority spending:** Include identified expenditures under items to be protected or ring-fenced from cuts, including in the definitions of protected spending relating to social spending floors or targets related to international loans or grants.
- **Adopt the principle of cuts for children last:** Where cuts are unavoidable due to prevailing conditions, governments should adopt the principle of cutting child-focused expenditures last, only after other cuts have been made. International agencies should also adopt this principle in their technical advice and in conditions on lending.
- **Channel sufficient resources to sub-national levels:** If priority services are the responsibility of sub-national governments, measures should be taken to ensure that sufficient resources are channeled to those governments to enable the spending to be protected. This may mean an increase in transfers to local level.
- **Prepare child-focused investment plans:** Where there are gaps in coverage of essential priority services, or where service quality is a concern, countries should undertake costing exercises and develop child-focused investment plans to determine the cost of expanding investment if additional resources can be identified from public or private sources.

Examples

In Malawi, forecasts of low-to-negative GDP growth, reduced revenues and increased expenditures jeopardise the sustainability of an already heavy debt burden and decrease the country's limited fiscal space, posting a threat to the funding of the social sectors and services. UNICEF has engaged with the Ministry of Finance, development partners and other ministries to highlight the medium- and long-term impacts of the crisis on the financing of social sectors and the availability of fiscal space. To protect priority spending, UNICEF has used the pilot costed minimum package of child-protection services to lobby for increased child-protection funds in the 2020–2021 budget. This methodology will be extended to all social sectors to identify and protect priority investments in human capital.

www.unicef.org/esa/media/6766/file/UNICEF-Malawi-2019-2020-Child-Protection-Budget-Brief.pdf

In Argentina, UNICEF used national budget quarterly reports to track Covid-19 budgetary allocations and to follow budget responses for ECD during the crisis, building on its long engagement with the Ministry of Finance. A Children and Adolescents Special Chapter in the 2021 Budget identified specific ECD budget lines and resource allocation. UNICEF's budget analysis informed debate on the ECD budget allocation within the National Congress. The Government allocated \$356 million (an increase of over 600 per cent) for the construction of kindergarten infrastructure, and over \$1 billion for a programme of food-security support for vulnerable families and children.

STEP 2: Use the opportunity to prioritize equity and efficiency in spending and investment

Inequity and inefficiency in spending mean that scarce public resources are not being put to the most effective use. The anticipated squeeze on fiscal resources over the medium term means governments will need to improve the value for money of public spending, while also prioritizing inclusiveness and reaching the most marginalized. It is also an opportunity to innovate in the management of public finances, to ensure budgets are more credible and to strengthen budget execution and coordination and generate fiscal space.

Before the pandemic, it was already clear that the poorest and most marginalized children were receiving less in public spending than better-off children, and in some cases (e.g. refugee and migrant children) were excluded altogether. In low-income countries, on average only 10 per cent of education resources are spent on the poorest 20 per cent of children.⁷⁸

Losses due to inefficiency in public spending and in the management of public resources contribute to wastage and weak development outcomes, while operational inefficiencies in budget management can mean planned programmes are not implemented. The Covid-19 economic and fiscal context places a premium on efficient spending, and is a spur to the adoption of public finance innovations and reforms in the social sector.

⁷⁸ UNICEF, *Addressing the Learning Crisis: An Urgent Need to Better Finance Education for the Poorest Children*, Advocacy Brief, UNICEF, New York, 2020, www.unicef.org/media/63896/file/Addressing-the-learning-crisis-advocacy-brief-2020.pdf.

Efficiency losses

Countries in the Middle East and North Africa (MENA) region could close one third of their gap in human development outcomes by raising the efficiency of public spending to the average of advanced economies.⁷⁹

In 22 countries, an average of 30 per cent of planned immunization budgets remained unspent at the end of the year, while at the same time children went unvaccinated.⁸⁰

About 2 per cent of GDP spending on education in low- and middle-income countries is lost due to inefficient spending and management.⁸¹

Fuel subsidies cost the global economy \$5.2 trillion in 2017, 6.5 per cent of global GDP, and are inefficient at reaching the poorest.⁸²

Spending that is inequitable is also inefficient: it means that public funds are not going to the most beneficial use. For example if schools in a wealthy district receive more resources than schools in a poorer district, the benefit that could be derived from the overall investment in education is sub-optimal.

The pandemic, combined with changes in funding sources and flows and adjustments to budget processes, has also given rise to increased sources of inefficiency, such as rapid disbursement of funds against hastily prepared plans, multiple sources of funding following different rules and accountabilities, relaxation of procurement controls, no-regret principles, increased prices for many vital commodities (particularly PPE and specialized medical equipment), general uncertainty over market conditions for many goods and services (including logistics and freight), adjustments to budget processes, introduction of emergency budgets, and delegation of authority and a lower level of control over spending. This is compounded by generally lower levels of accountability as there has been limited reporting of spending, reduced scrutiny by legislatures, and virtually non-existent input on spending priorities from the public, especially those most affected by the pandemic.⁸³

Reducing inefficiency and enhancing equity

In most countries, a lot is already known about sources of inequity and inefficiency, but reforms to address it are slow to be adopted. To speed up necessary reforms and generate fiscal space to protect and expand social services for children, governments can take the following actions:

⁷⁹ Mathai, Koshy, Christoph Duenwald, Anastasia Guscina, Rayah Al-Farah, Hatim Bukhari, Atif Chaudry, Moataz El-Said, Fozan Fareed, Kerstin Gerling, Nghia-Piotr Le, Franto Ricka, Cesar Serra, Tetyana Sydorenko, Sébastien Walker and Mohammed Zaher, *Social Spending for Inclusive Growth in the Middle East and Central Asia*, International Monetary Fund, Washington DC, September 2020, <www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2020/09/25/Social-Spending-for-Inclusive-Growth-in-the-Middle-East-and-Central-Asia-49669>.

⁸⁰ Cho, Chloe, Jason Lakin and Ulla Griffiths, *Underspent Immunization Budgets: A budget credibility analysis of 22 countries*, International Budget Partnership, Washington DC, 2019, <www.internationalbudget.org/wp-content/uploads/Underspent-Immunization-Budgets.pdf>.

⁸¹ International Commission on Financing Global Education Opportunity, *The Learning Generation: Investing in education for a changing world*, ICFGEO, 2016, <report.educationcommission.org/wp-content/uploads/2016/09/Learning_Generation_Full_Report.pdf>.

⁸² Coady, David, Ian Parry, Nghia-Piotr Le and Baoping Shang, *Global Fossil Fuel Subsidies Remain Large: An Update Based on Country Level Estimates*, IMF Working Paper, International Monetary Fund, Washington DC, 2019, <www.imf.org/en/Publications/WP/Issues/2019/05/02/Global-Fossil-Fuel-Subsidies-Remain-Large-An-Update-Based-on-Country-Level-Estimates-46509>.

⁸³ International Budget Partnership, *Managing Covid Funds: the accountability gap*, International Budget Partnership, Washington DC, May 2021, <internationalbudget.org/covid/wp-content/uploads/2021/05/Report_English-2.pdf>.

In the short term

- Undertake rapid analysis to identify children who may be excluded from existing programmes, including children in poverty and children excluded due to gender, disability, ethnicity or migrant status, and take short-term measures to eliminate exclusions.
- Review existing diagnostics and evidence on spending efficiency and identify and implement quick wins to speed up financial flows.
- Eliminate wasteful or duplicative expenditure, and commence measures to consolidate fragmented areas of spending.
- Enhance budget coordination, particularly in areas that require multi-sectoral investments such as ECD.
- Adopt more efficient public finance practices that enhance the speed and openness of procurement and transactions and improve value for money.⁸⁴
- Where relevant, commence measures to reduce or eliminate fossil-fuel subsidies and convert the resulting gains into more effective investments, ensuring that the poorest families and children are cushioned from the resulting price increases through appropriate social protection.⁸⁵

Over the medium- and longer term

- Review the equity of public spending, including structural causes, and institute reforms to share resources more equitably.
- Work towards the integration of programmes, developing integrated delivery mechanisms and more efficient services.
- Review and adjust the overall allocation and prioritization of spending to improve effectiveness.

Examples

In Tunisia, UNICEF has worked with the IMF to encourage the Government to redirect funds from inefficient fuel subsidies towards social protection for children. UNICEF used information on the budget for fuel subsidies to analyse alternative policies, demonstrating that child grants would be more cost-effective and bring greater benefit to poor children, leading to better child outcomes. As part of the Covid-19 response and encouraged by the IMF, the Government reduced fuel subsidies, and implemented temporary cash-transfer measures, targeting at least 623,000 families with children.
<www.unicef.org/mena/reports/realizing-childrens-right-social-protection-middle-east-and-north-africa>

⁸⁴ See examples in The Economist, *The Future of Public Spending: Why the Way We Spend is critical to the Sustainable Development Goals*, The Economist Intelligence Unit, London, 2020, <content.unops.org/publications/Thefutureofpublicspending_EN.pdf?mtime=20200623084321>.

⁸⁵ For more guidance on this, see IMF, *The Time is Right! Reforming Fuel Product Pricing Under Low Oil Prices*, Special Series on Covid-19, International Monetary Fund, Washington DC, 16 July 2020, <www.imf.org/en/Publications/SPROLLS/covid19-special-notes>.

STEP 3: Massive mobilization of new resources directed towards social investments for children

An inclusive recovery for children can only be realized by continuing to finance services and support to communities and families and by expanding resources, particularly in those regions, countries and communities that were furthest behind before the pandemic hit, and that have the lowest capacity to mount a sufficient response. It is vital that we take the opportunity to innovate, close financing and coverage gaps, and ensure we build more resilient economies to respond to future shocks.

Prior to the pandemic, an estimated \$2.7 trillion extra a year was needed to reach the SDG targets for health, education and social protection. The additional costs of Covid-19 for developing countries have been estimated at \$2.5 trillion a year, of which at most \$500 billion is available, leaving an additional gap of over \$2 trillion.⁸⁶

Countries should continue to do what they can to mobilize domestic resources and deliver stimulus packages. A balance is needed in the design of stimulus packages between measures directed towards families (in particular the most vulnerable), and those targeting businesses and relying on a 'trickle-down' effect to offset the effects of economic contraction on child poverty. For example, of the \$10.3 billion in global fiscal stimulus by July 2020, 80 per cent was spent on packages directed to or through business, with only 2.6 per cent for social protection measures directed to families raising children. Channelling funds through business favours those attached to the formal labour market.⁸⁷ Stimulus packages need also to support small businesses and the informal sector, where more of the poor make their living, particularly in low- and middle-income economies.

For many countries, the challenge of the Covid-19-related economic crisis far exceeds their domestic capacity, and the global contraction has further undermined their ability to respond. The international community faces a moral imperative to increase the resources available to support low-income countries and those with particular vulnerabilities related to the effect of Covid-19. While advanced economies managed to mobilize resources equivalent to around 9 per cent of GDP on average for stimulus, low-income countries mobilized only around 1 per cent of GDP on average during 2020.⁸⁸ During 2021, this discrepancy continues, with advanced economies continuing fiscal support of on average 6 per cent of GDP, while low-income economies are no longer providing any stimulus, despite the intensification of pandemic conditions in many countries.⁸⁹ Efficiency savings cannot close the gaps created by the pandemic. To meet the fiscal challenge, and to find fiscal resources to direct to social spending, additional efforts will be needed from all sources, domestic and international, public and private, and these sources must all work together.

A massive scale-up in access to finance, particularly for low- and lower to middle-income countries, is necessary to enable countries to meet the additional cost of Covid-19, continue to finance fiscal stimulus, and generate inclusive growth and an inclusive recovery.

⁸⁶ Kharas, Homi and Meagan Dooley, *Sustainable development finance proposals for the global Covid-19 response*, Global Working Paper 141, Brookings Institution, Washington DC, 2020, <www.brookings.edu/wp-content/uploads/2020/08/Development-Financing-Options_Final.pdf>.

⁸⁷ Richardson, Dominic, et al., *Supporting Families and Children Beyond Covid-19*, <www.unicef-irc.org/publications/1165-supporting-families-and-children-beyond-covid-19-social-protection-in-high-income-countries.html>.

⁸⁸ The levels of increased spending in developing nations are far smaller in both percentage and absolute terms. See Mühleisen, Martin, Vladimir Klyuev and Sarah Sanya, *Courage Under Fire: Policy Responses in Emerging Markets and Developing Economies to the Covid-19 Pandemic*, IMF blog, 3 June 2020, <blogs.imf.org/2020/06/03/courage-under-fire-policy-responses-in-emerging-market-and-developing-economies-to-the-covid-19-pandemic/>.

⁸⁹ IMF, *Fiscal Monitor*, April 2021, <www.imf.org/en/Publications/FM/Issues/2021/03/29/fiscal-monitor-april-2021#Full%20Report>.



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Costs of meeting the SDGs in the social sector pre-pandemic

The International Labour Organisation (ILO) estimates the global cost to meet **SDG 1.3 on social protection floors** was \$800 billion a year (with a financing gap of \$527 billion).⁹⁰ ILO has recently estimated the financing gap (post Covid-19) to be \$1.2 trillion, which includes access to essential health care.⁹¹

Meeting **SDG4 on education** would require \$3 trillion a year by 2030. In 2017, global spending was \$1.2 trillion.⁹²

To meet the **SDG targets on health**, the world needed new investments of \$371 billion annually from 2017.⁹³

To meet the **WASH SDG targets 6.1 and 6.2**, an estimated capital investment of \$114 billion a year was required from 2016 to 2030 to serve the unserved with safely managed WASH infrastructure in households. WASH in institutions and public places would require billions more in spending.⁹⁴

How to mobilize the additional resources needed for children

Financing an inclusive recovery for children requires scaling up concessional resources, restructuring and if necessary forgiving debt, and taking bold and innovative steps to direct more global resources towards children. All these sources of funds also need to be brought together at national level and directed towards priority and effective investments, as outlined in the previous steps.

International concessional finance as grants and low-interest loans

The levels of additional concessional finance provided to date are only a fraction of what is needed, and of what is possible, even within the scope of existing commitments by the multilateral system and bilateral donors. Concessional financing should be further scaled up and disbursed at greater speed. In particular, IFIs, whose purpose is to respond to global economic shocks, can do more to make resources available quickly, to maintain human capital and avert worse outcomes.

⁹⁰ Valverde, Duran F, J. Pacheco-Jiménez, T. Muzaffar and H. Elizondo-Barboza, *Measuring Financing Gaps in Social Protection for Achieving SDG Target 1.3: Global Estimates and Strategies for Developing Countries*, International Labour Organization, Geneva, 2019, <www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_729111/lang-en/index.htm>.

⁹¹ ILO, *Financing gaps in social protection: Global estimates and strategies for developing countries in the light of Covid-19 and beyond*, ILO Working Paper, International Labour Organization, Geneva, September 2020, <www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_758705.pdf>.

⁹² SDG-Education 2030 Steering Committee, *Financing for SDG4: Making Global Education a Reality*, SDG-Education 2030 Steering Committee, 2017, <www.sdg4education2030.org/financing-sdg4-making-global-education-reality-sdg-ed2030-sc-november-2017>.

⁹³ Hatefi, Arian, 'The costs of reaching the health-related SDGs', *The Lancet*, vol. 5, Issue 12, E1183, 1 December 2017, <[www.thelancet.com/journals/langlo/article/PIIS2214-109X\(17\)30415-1/fulltext](http://www.thelancet.com/journals/langlo/article/PIIS2214-109X(17)30415-1/fulltext)>.

⁹⁴ Hutton, Guy and Mili Varughese, *The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene*, World Bank, Washington DC, <www.worldbank.org/en/topic/water/publication/the-costs-of-meeting-the-2030-sustainable-development-goal-targets-on-drinking-water-sanitation-and-hygiene>.

Donor countries should scale up overseas aid and direct more of these resources to social sectors, particularly towards programmes affecting children. If donor countries were to meet their existing commitments to provide 0.7 per cent of GNI as ODA, this would more than double the funding available, delivering over \$150 billion of additional resources.⁹⁵ In 2019, bilateral donors provided \$46.25 billion in aid for social programmes,⁹⁶ from a total of \$152 billion. Prior to the pandemic, the proportion of ODA going to health was falling.⁹⁷ At the same time, in 2019, humanitarian aid to respond to the needs of some of the most vulnerable children fell by \$1.6 billion, the first fall in seven years.⁹⁸ Mechanisms to direct more resources to social sectors, and particularly towards programmes affecting children and promoting inclusion, such as for refugee and migrant children, children with disabilities and the poorest children, will be vital to building an inclusive recovery. Disbursing bilateral aid as grants is also critical to alleviating and not adding to the debt distress that many countries are experiencing.

Multilateral funding at concessional rates has increased, but the speed of disbursement needs to be increased, and the amounts available expanded, in addition to directing these additional resources to the priority areas of spending. In sub-Saharan Africa, for example, by mid-October 2020 only \$15.8 billion of new funding had been committed by IFIs.⁹⁹ The total global emergency lending of IMF funds, at around \$111 billion, represents around 10 per cent of its overall funding capacity of over \$1 trillion. The World Bank can leverage its balances to borrow further through bond issuances to assist countries that lack those options.

Examples

In Ecuador, UNICEF conducted a rigorous microsimulation analysis that provided evidence of the deteriorating conditions of households with children, and on the criticality of a child-sensitive social protection response. The results of this microsimulation analysis were shared and discussed with the IMF country team, leading to inclusion of a measure reflecting the increase of social assistance to the most vulnerable within the new IMF Extended Fund Facility Arrangement with Ecuador (IMF, Ecuador: Request for an Extended Arrangement Under the Extended Fund Facility, Press Release 5 October 2020).

In Rwanda, the Covid-19 lockdown measures rolled out from March to May 2020 had a negative impact on livelihoods, in particular on poor and vulnerable households and subsistence casual workers. As the financial year was coming to a close, there was little fiscal space in the national budget for immediate mobilization of resources to support relief efforts. In collaboration with other development partners, UNICEF supported the Government with the design of a comprehensive social protection response plan and intensified engagement with donor agencies to secure additional resources and scale up existing programmes. The EU repurposed part of its budget support towards the social protection response plan, and the African Development Bank approved a new loan of \$98 million to support health, social protection and economic measures. By September 2020, the Government reported that more than 60,000 additional households had been enrolled to benefit from income support under various social protection programmes.

⁹⁵ Mitchell, Ian and Arthur Baker, Financing Development: A 'Common but Differentiated Path' to 0.7%, Center for Global Development blog, 25 September 2019, <www.cgdev.org/blog/financing-development-common-differentiated-path-07>.

⁹⁶ OECD DAC database, 'ODA by sector', <data.oecd.org/oda/oda-by-sector.htm>.

⁹⁷ WHO, *Global Spending on Health: A World in Transition*, World Health Organisation, Geneva, 2019, <www.who.int/health_financing/documents/health-expenditure-report-2019.pdf?ua=1>.

⁹⁸ Development Initiatives, *Global Humanitarian Assistance Report*, 2020, <devinit.org/resources/global-humanitarian-assistance-report-2020/executive-summary/>.

⁹⁹ UNICEF ESARO, *COVID-19: Upending Investments in Human Capital Across Eastern and Southern Africa*, 2020, <www.unicef.org/esa/media/7306/file/UNICEF-ESA-Covid19-Upending-Investments-Human-Capital-2020.pdf>.

Debt forgiveness and relief linked to social investments and investments for children

By September 2020, over 250 million children were living in countries either in debt distress or at high risk.¹⁰⁰ The response to the pandemic has led to increasing government debt everywhere, with increasing debt payments reducing the fiscal space for countries to protect their social spending. In 2019, 25 countries had already spent more on servicing debts than on education, health and social protection combined.¹⁰¹ The only global initiative on debt to date, the Debt Service Suspension Initiative (DSSI), now extended until December 2021, applies to a limited number of countries, and covers only a small fraction of overall debts since most multilateral, some bilateral and all private sector credit is not included. By January 2021, \$5.7 billion had been deferred under the DSSI.¹⁰² Countries that have incurred new debt to respond to the current challenge are expected to direct this towards pandemic-related spending, but are faced with massive debt overhangs. More sustainable resolutions require complex negotiations on a case-by-case basis. For many countries this is not enough. The burden of adjustment of debt levels should not be met by only bilateral lenders, and children should not pay the price for the profits of private sector creditors.

To prevent an imminent and intensely harmful debt crisis, and to convert debt savings into investment in human capital, the international community must act to:

- take urgent and meaningful coordinated action covering all creditors to restructure and reduce debt so that countries grappling with economic crisis caused by the pandemic can invest in recovery plans
- consider a targeted extension of debt service suspension beyond the end of 2021 for some countries, as part of coordinated action
- develop and implement mechanisms to:
 - convert debt into investments for children, potentially through national child investment funds operating under the auspices of national governments and international agencies
 - direct debt savings towards priority spending areas or through conditioning debt relief on national policy commitments towards the SDGs, including child-focused expenditure
- ensure all bilateral, multilateral and private sector creditors comply with requirements for debt transparency to enable development of solutions and monitoring of liabilities.

More innovative ways of raising finance

A host of more innovative ideas are on the table to respond to this unprecedented – at least in modern times – crisis, involving national governments, international agencies and the private sector:

- In terms of domestic finance, governments can consider progressive tax reform, wealth taxes or taxes on sugar-sweetened beverages, as well as taking measures to increase revenue collection and curb corruption.

¹⁰⁰ Calculated from World Bank, Debt & Fiscal Risks Toolkit, <www.worldbank.org/en/programs/debt-toolkit/dsa> for countries in debt distress; and UNICEF Data Warehouse, <data.unicef.org/resources/data_explorer/unicef_f?ag=UNICEF&df=GLOBAL_DATAFLOW&ver=1.0&dq=.DM_POP_U18.&startPeriod=2015&endPeriod=2020> for child population.

¹⁰¹ Fore, Henrietta and Kevin Watkins, 'Let's convert unpayable debt into investments for children', *El País*, 18 October 2020, <blogs.unicef.org/blog/lets-convert-unpayable-debt-into-investments-for-children/>; UNICEF, *Covid-19 and the Looming Debt Crisis*, Innocenti Research Report, UNICEF Office of Research, Innocenti, Florence, Italy, April 2021, <www.unicef-irc.org/publications/pdf/Social-spending-series_COVID-19-and-the-looming-debt-crisis.pdf>.

¹⁰² Ibid.

- International measures to expand access to finance should include:
 - the proposed new allocation of SDRs and their redistribution towards poorer countries
 - urgently moving forward with the proposed measures to reduce international tax avoidance by global corporations
 - working towards fractional taxes, such as an international financial transactions tax, potentially using this to cover interest payments on Covid-19-related bonds.¹⁰³
- Mobilize additional private sector finance in particular areas of spending where this is viable, provided there are safeguards to protect the access of the poor to the services and this does not result in human rights violations.¹⁰⁴ Areas where the private sector role could complement public provision may include water and sanitation, ECE and ECD, and some areas of health, childcare and education provision. Governments can also leverage private capital towards an inclusive recovery by using tools and standards to mitigate risks and encourage best practice in stimulus and recovery plans.¹⁰⁵

The priority must be to use low-cost sources of finance first, and to guard against an excessive debt burden, since this will ultimately only reduce the fiscal space available for future social spending, and the children of today will end up paying the debt.

These diverse sources of finance need to be brought together at country level. This means using existing mechanisms, including the Medium Term Revenue Framework, Medium Term Expenditure Framework and National Investment Frameworks, and new tools such as Development Finance Assessments and Integrated National Financing Frameworks to support and direct different sources of finance to priority investments for children.

Strengthening monitoring and reporting of social spending

Ultimately, protecting priority social spending and spending on children and increasing investment will depend on better budget information. As the pandemic has increased the need for transparency both in sources of finance (e.g. taxation, debt) and in spending, it is also an opportunity to strengthen monitoring and reporting of public investment for children. This not only ensures improved accountability and reduced losses, but ultimately will result in more resources through improved public trust.

To improve transparency and the monitoring of spending and investments for children requires both general action on transparency, and improved transparency on spending within the social sectors.

¹⁰³ These and other 'innovative' options are discussed in Ortiz, Isabel, Fabio Durán-Valverde, Karuna Pal, Christina Behrendt and Andrés Acuña-Ulate, 'Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries', Extension of Social Security Working Paper, no. 58, International Labour Office (ILO), Geneva, 2017, <www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf>.

¹⁰⁴ Farha, Leilani, Juan Pablo Bohoslavsky, Koumbou Boly Barry, Léo Heller, Olivier De Schutter and Magdalena Sepúlveda Carmona [United Nations special rapporteurs], 'Covid-19 has exposed the catastrophic impact of privatizing vital services', The Guardian, 19 October 2020, <www.theguardian.com/society/2020/oct/19/covid-19-exposed-catastrophic-impact-privatising-vital-services>.

¹⁰⁵ For example, encouraging use of the methodologies to address the risk of GBV explained in UNICEF and the Criterion Institute, *The Material Risks of Gender-Based Violence in Emergency Settings: Is GBV Impacting Your Investment?*, UNICEF, New York, <www.unicef.org/media/67346/file/The-material-risks-of-gender-based-violence-in-emergency-settings-2020.pdf>.

Priority actions to improve social sector budget transparency and reporting include:

- taking action to increase the availability of information, participation in budget processes, and the strength of oversight processes in line with the Open Budget Survey findings and the Call to Action on Open Budgets¹⁰⁶
- instituting measures to report on Covid-19-related inflows and expenditures
- adopting methodologies to identify spending on children within budget reporting and information systems at national and sub-national levels
- using digital technology to enhance sharing of information with citizens¹⁰⁷
- supporting civil society organizations and citizens to participate in social sector budget processes and to monitor spending and implementation through community score cards
- improving international reporting on public spending in the social sectors, including on SDG indicator 1 b.1 on the proportion of public social spending going to the poorest, and reporting against Article 4 of the Convention on the Rights of the Child, in line with General Comment No. 19
- adopting measures to ensure transparency of debt obligations and creditor relationships.



¹⁰⁶ International Budget Partnership, *Call to Action on Open Budgets*, International Budget Partnership, Washington DC, 2019, <www.internationalbudget.org/open-budget-survey/about>.

¹⁰⁷ See, for example, South African National Treasury and IMALIYETHU, Vulekamali, Online Budget Data Portal, <vulekamali.gov.za/>.

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