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## Child Development and Economic Development: Lessons and Future Challenges

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**Young Lives recently published a review essay on how economic growth can work for children. What are some of its key messages?**

[Young Lives](#) is a longitudinal study of childhood poverty, following the lives of 12,000 children in 4 countries (Ethiopia, the state of Andhra Pradesh in India, Peru and Viet Nam) over 15 years. The children are grouped in 2 cohorts – an older cohort, born in 1994-95, and a younger cohort, born in 2000-01. The study has followed the children since 2001, over the years leading up to the financial, food and energy price crisis of 2009, when all four of the Young Lives study countries had been experiencing rapid economic growth, in common with many other developing countries.

Using evidence from the Young Lives survey, and drawing on research from several disciplines, a recent research paper suggests how policymakers can use such growth as a tool to benefit children. It concludes, in summary, that it is not economic growth per se, or the level of that growth, that matters for children, but rather the nature or *quality* of growth. Policymakers concerned to improve children's well-being need to better consider how to convert economic growth into social change that benefits poor children and their families.

### What influences children's development?

Child development is multidimensional in character and conventionally divided into distinct domains or pathways: physical-motor, cognitive, emotional and social. These pathways influence each other, and adversity in one area can have compounding effects. Young Lives data not only confirm these well-established links between early childhood nutrition and cognitive outcomes in later life, but additionally reveals similar links between child nutrition and social and emotional outcomes such as self-efficacy, self-esteem, and educational aspirations.

Children's survival and development are shaped by their experiences, actions and interactions. Our study allows us to explore how individual characteristics and biological forces work together with family dynamics and socio-cultural factors to determine developmental pathways. We are able to assess the availability of formal and informal mechanisms of support, including health, education and social protection, as part of this environment of child development.

Child development processes are time-sensitive and there are distinct periods when exposure to risk events (such as malnutrition or age-inappropriate heavy work) leaves children particularly vulnerable to long-term harm. The negative impacts of these risks and underlying deprivation during early childhood are especially powerful. Among the Young Lives children in Ethiopia, those whose mothers died when they were very young were 20 per cent less likely to be enrolled in school and this also affected how well they learned while in school (with about 42 per cent being unable to read a simple sentence by the age of 12).

Some children face multiple risks and impacts tend to cumulate over time with the greatest effect on those who were disadvantaged to start with. The source of inequalities intersect: so that children from poorer families are often rural, from ethno-linguistic minority communities, or who have mothers who have no or low education and are all less likely to do well across a wide range of indicators in education, health and psychosocial well-being. Children in poor households are 40 per cent less likely than others to have a healthy weight-for-age in Andhra Pradesh and a healthy height-for-age in Ethiopia and Peru – with consequences for their later development.

### What impact can economic growth have on child well-being?

Our study shows that economic growth altered child welfare in several ways. **Directly, increases in the family's financial resources improved child well-being. Indirectly, governments can use the additional tax revenue that can come from growth to provide services that benefit children and young people.** Economic growth can also change the nature of risk events to which households and children are exposed (such as vulnerability to price increases or loss of livelihood). But, while growth can improve quality of life for poor households, there is a wide variation in how improvements are distributed.

The economies of all four Young Lives countries produced growth that was accompanied by a broad increase in access to services and in levels of primary school enrolment. But such improvements reached children across socio-economic groups differently and produced different outcomes. In Andhra Pradesh, for example, while access to drinking water has increased rapidly (to reach over 97 per cent of Young Lives households), access to sanitation still remains low, at about 35 per cent. While primary school enrolment has become almost universal in India, Vietnam and Peru, the quality of education in government schools has often remained very poor. Such disparities in service access and quality have the potential to undermine children's well-being and skill formation.

### But does growth help the poorest children?

Material standards have gone up, but there is little evidence that growth is addressing the relative disadvantage that some groups face. More than this, disparities often widen as children grow up. For example, a difference between the poorest group and the rest of the Young Lives children in Vietnam was 5 percentage points in primary school enrolment but more than tripled for secondary schooling for those aged between 12 and 15 (by when 45 per cent of children from the poorest families were no longer in school). Closer examination of the patterns behind this dramatic fall in enrolment shows that economic disadvantage is overlaid with other factors in Viet Nam. Most children from the ethnic-majority Kinh community dropped out of school between the ages of 12 and 15 because they had failed the tenth-grade entrance exam. But ethnic minority children gave different reasons, often related to ethnic prejudice. Ho Mai said she dropped out because she was 'ashamed that she could not buy a bicycle to go to school'. Y Think would often miss classes because he 'got into fights when he was teased'. Y Mich was one of the few children from his community to get into tenth grade, but he left because none of his friends had stayed on.

### And what about gender?

Inequalities are evident between different children within households. In India, there remains a systematic bias against girls in education where parents have much lower aspirations for their daughters than their sons at age 12, which by the age of 15 translates into girls having lower educational aspirations for themselves (Dercon and Singh 2011). When their children were age 8 parents in India aspired that boys would stay in education on average 1.4 years longer than girls, and this effect is associated with girls having lower aspirations for themselves at age 15 (though the difference is smaller). Importantly, the story in the other countries is different, and parents in Peru and Vietnam (asked when their children were 8) actually had slightly higher aspirations for their daughters' education.

While gender bias in Indian education has long been recognised, the mechanisms through which it is manifested have changed in a context of economic growth. In the mid-1990s, it showed itself in lower enrolment rates for girls than boys in primary school. A decade later, among the Young Lives sample in Andhra Pradesh, boys and girls were equally likely to be enrolled (with near universal enrolment at age 8), but boys were more likely to be attending private schools and could expect to have more money spent on their education. Private schooling is increasing rapidly: from 24 per cent of the older cohort at age 8 (in 2002) to 44 per cent of younger cohort at the same age (in 2009).

Gender is not the only axis of disadvantage, however, and other factors may be more significant (e.g. differences between urban and rural children). In Ethiopia, for example, the effect associated with living in a rural area on lowering children's education aspirations at age 15 was twice as large as that associated with being a girl. In Andhra Pradesh, the difference between access to private schooling for 8-year-old boys and girls (9 per cent) is much smaller than that between rural and urban children (54 per cent), children from more-deprived and less-deprived castes and tribal groups (44 per cent), and children with more-educated or less-educated mothers (41 per cent).

## What are the challenges?

The Young Lives study finds that economic growth has generally been associated with progress for children. However, both economic growth (and economic downturns) affect human development in highly differentiated ways related to ethnicity, geography, caste and gender, and improvements have taken much longer to reach some groups than others. For growth to achieve its potential for all children attention must be paid to equitable access to jobs, effective fiscal regimes, and policies to support marginalised and excluded children and families. Achieving social justice for all, even when economic development depends more on some than others, is of central importance. To offer opportunities to poor families, a greater emphasis must be placed on growth that eliminates absolute poverty and reduces risk and relative deprivation.

A further challenge we found is how to ensure that economic growth contributes to children's psychosocial well-being. Children's sense of pride, self-confidence and emotional stability are vital to their well-being and also affect their school performance, as well as their economic productivity in adulthood. Yet these qualities do not depend solely on access to good education and other services. They arise from growth that is inclusive of children and young people from all social and economic backgrounds.

## How can effective policies be developed?

Economic growth can be an important engine for change and make a significant difference to children's lives. It offers financial space for governments and families to invest in children and create improved infrastructure and opportunity. But policies are needed to ensure that recent investments are sustained, focus on the most critical phases in childhood, benefit all children, and extend into early adulthood. In the formulation of effective policies, a great deal depends on which issues are prioritised. Strong leadership in setting government agendas is vital.

In the current global financial climate, sustaining current spending on human development is under challenge. In this context it is important to build resilient systems to protect investments in children's welfare. This may involve emphasising labour-intensive growth which tends to be relatively equitable and could avoid the social problems associated with whole generations coming to feel disenfranchised.

In summary, developing effective child-focused policies requires adequate infrastructure and funding, and good technical design. More than this, however, it demands:

- understanding the mechanisms through which biases and exclusion are perpetuated for particular groups, and the ways that these mechanisms change over time.
- more pro-poor growth, concentrating on broad socio-economic development at the same time as investing in disadvantaged groups.
- recognising the links between sector areas so that all aspects of children's well-being and development can be provided for effectively.
- widening social protection policies so that they reach poorer populations more effectively.
- investment in governance, effective accountability mechanisms and human resources in public institutions to tackle the challenges of clientelism, corruption and the quality of public service workers.
- attention to balancing the political and fiscal dimensions of sustaining current services.
- taking the realities of children's lives into account in programme design to ensure that services are appropriate, valued and reach those with most need.
- above all, policymakers need to treat children as social actors rather than just as users of services or future workers.

## Some general resources

- Jo Boyden and Stefan Dercon (2012) *Child Development and Economic Development: Lessons and Future Challenges*, mimeo, Oxford: Young Lives.
- Jo Boyden and Michael Bourdillon (eds) (2012) *Childhood Poverty: Multidisciplinary Approaches*, London: Palgrave Macmillan.
- Stefan Dercon and Abhijeet Singh (2011) *From Nutrition to Aspirations and Self-Efficacy: Gender Bias over Time among Children in Four Countries*, Working Paper 71, Oxford: Young Lives.
- P.L. Engle et al. (2011) 'Strategies for Reducing Inequalities and Improving Developmental Outcomes for Young Children in Low-income and Middle-income Countries', *The Lancet* 378 (9799): 1339–53.

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