Confronting inequality

Social protection for families and early childhood through monetary transfers and care worldwide

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Introduction

This paper analyzes social protection policies for families and early childhood focusing on three main policies: family allowances and other types of monetary transfers for families with children, work leaves and early childhood education and care (ECEC) policies worldwide. It analyzes the design and reform of policies which protect families with children and early childhood comparing Latin America with other regions in the world. This analysis not only includes the basic description of these policies and its main features worldwide and across regions, but also pays attention to how these policies increase intergenerational and intra-generational equality as well as sustainability, efficacy and efficiency.

These three policies are part of what is usually defined as ‘family policies’ or ‘early childhood social protection policies’, two categories that have emerged as categories for grouping policies and programs aimed at providing welfare for families with children, including both direct and indirect actions towards this particular population sector (Kamerman and Kahn, 1978). More specifically, this category includes two main types of policies: those targeting families with children under 18 years old, covering the monetary compensation for the costs of having children (Kamerman and Kahn, 1978; OECD, 2011a; Richardson and Bradshaw, 2012), and those policies aiming at achieving a better balance between work and family life, which focus almost exclusively on families with younger children (O’ Brien, 2012).

The emergence of this idea, that there is a need for family and early childhood social protection and care evolve out of three increasingly accepted facts and findings: (i) in the first years of their life children develop a critical set of capacities that if not achieved then will be extremely hard and far costlier to properly achieve later on in life, (ii) in the same way that a long time ago social policy recognized that the elderly confront risks due to diminished capacities, it is accepted today that families are especially vulnerable and more fragile when they are having children and when raising very small children and (iii) if left to market dynamics, such vulnerability and fragility, can put many families in this stage of their cycle in poverty, and with them, their very young children.

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1 For the purposes of this document, early childhood refers to children between 0 and 5 years old.
2 Leave policies combine the aim of time policies regarding work/family demands and monetary transfers. Their design in general combines both types of benefits (time and transfers).
3 Usually cash transfers can be accompanied by “tax benefits”/“tax credits”, mostly present in Anglo-Saxon countries (Richardson and Bradshaw, 2012), which establish exonerations or tax returns for families with children, in some countries also focusing on poor families.
The secular privatization of child welfare (Furstemberg, 1997) —in which families were ultimately lone agents responsible for their welfare— has been undermined by these three facts and findings. In a way such findings have definite implications: (i) that child poverty and lack of access to basic goods and services should not be thought simply as a problem of particular families but rather a structural problem of our societies; (ii) that leaving child welfare up to market forces and family structures and capacities is socially and economically inefficient; and (iii) neither logic nor institutions nor the law make it possible to separate State and family responsibilities in violating or upholding the rights of children. There must therefore be a guarantor State to safeguard the capacity of families and regulate the actions of their members in this area.

The three policies we analyze are meant to protect against two interrelated risks. First it tackles risks regarding family vulnerability that occurs when women are pregnant and families have very small children. Such vulnerability is due to potential loss of income, increasing time strains and increasing costs due to new family members to feed, clothe and care for. Secondly it aims to protect against risks that relate to children’s welfare in the early stages of their life (we consider here from 0 to 5 years) when they are highly dependent on family capacities and functioning.

While health care and housing are relevant areas of family welfare (and social protection) they are specific to other risks4. Also other relevant social protection policies such as policies aimed at combating intra-family violence, policies on adoption and policies that regulate the obligations of parents during marriage and very especially in the event of divorce or separation are also relevant policies but are far more specific in terms of the risks/vulnerabilities they confront.

The three areas of policies that this paper selects are the ones that pertain to child care through family protection and direct substitutes of family time and care by providing cash, time and services. While they are not yet, in many countries, thought as a subsystem of social protection, increasingly they are viewed as subset of policies that can and should be considered as an interrelated group of interventions with a general aim: improving family and state capacities to care and grant basic access to goods and services for very young children.

Extensive research has shown the effect of family and early childhood social protection policies on families’ well-being. In the case of transfers, studies from the developed world confirm that these policies are reducing poverty by 60% or more in countries like Austria, Iceland, Ireland, Sweden, Finland, Norway or Hungary (Richardson and Bradshaw, 2012). This evidence has contributed to sustain the idea that policies aimed at protecting families with children and early childhood are key to achieve certain levels of well-being and a new ‘welfare equilibrium’ (UNICEF Innocenti Research Centre, 2000; Esping-Andersen, 2002 and 2007). However, this seems to be only true in countries where these policies are more generous, while in poorer countries they are clearly insufficient to maintain families out of poverty. In other words, coverage and quality of policies (for example, value of transfers) are usually not enough in many developing countries to achieve the positive effects that the literature has proven in more advanced countries.

The evidence is also quite compelling regarding conciliation or ‘co-responsibility’ policies. Maternity leaves have positive effects on mothers’ health, both during pregnancy and immediately after childbirth (Whitehouse, Hosking, and Baird, 2008), as well as on children’s wellbeing (Galtry and

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4 One could argue that health care policies aimed at the mother-pregnancy-delivery-early childhood health are also part of family and early childhood protection policies. As a matter of fact one could even argue that they constitute the first pillar of family and early childhood policies that developed before the other three policies and that are also first in the sequence of care policies, chronologically and logically precedent to the ones we that we are considering. Indeed, check-ups during pregnancy, delivery attended by specialized personnel, immunizations and child health check-ups during the first years of their life constitute the first way in which state and families came together to care for the new generations. They deal with a very specific set of risks: health and survival. They are not meant to balance family work on the labor market and on care, they are not meant to contribute to family income in a time when such income can decrease. For these reasons, while acknowledging its importance they will not be treated in this document. A document focusing only on such policies is recommended since they constitute a sector with its own traditions and policy nuances which tackle a very specific set of risks and which require for its evaluation and comparability across the world a wide set of also highly specific indicators that exceeds the possibilities of this paper.
Callister, 2005). Parental leaves seem to have important positive effects on the possibility of mothers to return to work after a period of being absent after the birth and first months of their children’s lives (Waldfogel, Higuchi, and Abe, 1998; Spiess and Wrohlich, 2006), as well as on the possibility of increasing their income in the mid and long term (Datta Gupta and Smith, 2002). They can also impact in the distribution of paid and unpaid work between men and women, but achievements in this dimension are still weak and incipient (Kitterod and Pettersen, 2006). Finally, child care policies have proven to have significant effects on female labor participation (Heckman, 1974; LeFebvre and Merrigan, 2005; Bennet, 2008), as well as on children’s wellbeing, including on cognitive and non-cognitive abilities, educational performance, among other dimensions (National Research Council and Institute of Medicine, 2000; Cunha, 2005; Sylva, 2003; National Institute for Early Education Research, 2006). Here again, both coverage and quality are different across regions and even within regions across countries.

Indeed, in contrast to old age spending, spending in early childhood tends to be weakly associated with overall social protection spending (Filgueira and Manzi, 2017). In fact, countries with very similar development levels might present very different patterns in terms of fiscal efforts regarding family allowances, work leaves and child care services.

The literature has consistently showed that a key variable for explaining generosity in family policies is related to culture and values around the role of families and, particularly, women. In the classic Esping-Andersen’s typology (Esping-Andersen, 1990) of welfare regimes (which basically distinguishes between liberal, continental and social democratic regimes), the latter —mainly found in the Nordic countries— have relatively strong family policies, with high capacity to reduce age, gender and class inequalities at the same time. The reason behind this performance is that they ‘defamiliarize’ welfare by diminishing the importance of families in providing welfare, and more specifically care. By contrast, liberal regimes (found in the US, UK, Australia or New Zealand) and continental regimes (found in Germany, France and, in its Mediterranean form6, in Spain, Portugal or Italy) tend to assume family and more specifically women as the main provider of welfare and care. In this sense, they familiarize welfare. In these countries, families —and within them, women— tend to be the primary caretakers of the home, gender cleavages intervene in the social stratification as much as social class (Leira, 1992; Lewis, 1992, 1997; O’Connor, 1993; Sainsbury, 1996). In liberal regimes, for instance, household care work becomes an obstacle for women to join the labor market, one they are usually forced to face by themselves.

While some of these policies emerge due to the concern of protecting families with young children and supporting them during the first years after childbirth, they also seek to modify private family relationships and, more specifically, how maternity and paternity are lived by societies, even when these goals might not be as articulated (Lewis, 1992). Studying context and variation in how these policies are combined across different regions becomes crucial for understanding trends and identifying challenges.

In particular, issues such as coverage and quality, but also design and context of implementation, will make results vary significantly. In the case of childcare services, for example, quality is a key condition in the causal relationship between childcare enrollment and child development (NICHD Early Child Care Research Network, 2003 and 2005; Shonkoff and Phillips, 2000; Sagi, Koren-Karie, Gini, Ziv, and Joels, 2002; Vandell and Wolfe, 2000). In the case of work leaves, length, payment rates and incentives make a big difference for the expected impacts. As in for social protection systems and

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5 Esping-Andersen (1990) identifies three types of welfare regimes: liberal, continental and social democratic ones. Liberal regimes tend to subsidize low income households through low cash transfers, minimizing the role of the state and promoting the role of the market as welfare provider. Countries like the United States, Great Britain, Australia are the typical cases for liberal regimes. Continental regimes (found mostly in continental Europe) assign the state a key role in providing welfare but they usually present important differences between classes in terms of access and quality. As a result, their capacity to redistribute is limited. They also build their welfare architecture on a relatively traditional family model. Finally, social democratic regimes (characteristic of the Nordic countries, like Sweden and Finland) try to minimize the relative weight of the market in providing welfare through basic welfare services. Also, in these regimes access to welfare is not related to the individuals’ position in the families.

6 Mediterranean regimes are identified in the literature as a particular subtype within the continental regimes because of their specific configuration of lower share of social expenditure, strongly based on old-age pensions and relatively lower levels of social assistance, combined with a traditional approach on the role of families (and women) in caregiving (Ferrera, 1996).
regimes in general, studying variations in coverage, quality and design becomes critical when analyzing family and early childhood social protection systems.

In 2007 an article in The Lancet estimated that 200 million children in low and middle income countries were at risk of not attaining their developmental potential due to poverty, stress, maternal risk and lack of access to cognitive stimulation (Grantham-McGregor et al., 2007). In sum, investment in early childhood protection and promotion policies constitutes probably the single most important policy to both increase aggregate welfare in inter-temporal terms and combat intra and intergenerational inequality.

In section 1 the paper reconstructs the historical origins of these policies and the main features of their development. Section 2 describes the main components of three policies: family allowances, work leaves and childcare services. Section 3 focuses on demographic changes in family structures and its relationship with different configurations in state policies towards families with small children. In particular, it reviews world changes in family structures, especially the increase in female-headed households, female labour force participation and employment rates, and the decrease in fertility rates and number of children per household and discuss their impact on inequality and vulnerability of families with young children. Section 4 analyses net public and private transfers by age of children for selected countries around the world looking at the overall fiscal effort by ages and the relative weight of the different components (care and transfers). Section 5 briefly reviews how these policies translate into early childhood social protection systems across different regions of the world. Section 6 synthesizes the most relevant recent trends in early childhood social protection mechanisms, while a concluding remarks section presents the main challenges related to the consolidation of these policies.

Ultimately, the paper seeks to provide recommendations for Latin America –but also to other regions or the world, both developed and less developed- regarding the design and reform of early childhood social protection systems to increase intergenerational, intra-generational and gender equality as well as sustainability, efficacy and efficiency.
I. Family and early childhood social protection systems through monetary transfers and care: historical origins and development

Although this paper considers them together — under early childhood social protection policies, family allowances, work leaves and child care services have very different origins and have expanded and matured at different points in time.

Family allowances have been part of welfare policies in most developed countries for a long time. According to Daly and Clavero (2011), cash support to families appeared in some countries around the early 1910’s, targeting widows with dependent children (1911 in USA, 1913 in Denmark, 1916 in Canada). As early as the 1920s some form of family allowance existed in some European countries and in New Zealand and Australia. But during and after the Second World War most industrialized countries passed comprehensive family allowances laws. The initial models emerged under the form of family allowances seeking to support workers’ families’ incomes to help them face the additional costs of having and raising a child. Over the years, different targeted policies were developed to provide support to poor families, including specific transfers for unemployed or single-parent families (Bradshaw and Finch, 2002; OECD, 2011a) (figure 1).

Family policies were introduced in Europe as early as the late 19th century, and the initial interventions generally included maternity leaves. The first European countries to introduce maternity leave were Germany (1883), Sweden (1891), and France (1928). In addition, the ILO enacted its first Maternity Protection Convention in 1919. After World War II, several countries aimed at restructuring the traditional family model, where women would remain outside the labor force and care for the children. For example, countries such as Finland, Japan, Denmark and France introduced compulsory pregnancy leave but did not prohibit employees from laying off women from work. However, as of the late 1960s, the panorama began to shift. Several of these countries that had first introduced compulsory pregnancy leave started to include the prohibition to dismiss women from work on these grounds. Other countries followed during the 1970s and 1980s (Ruhm and Tegue, 1995).
Although the first maternity laws were established at the end of the nineteenth and beginning of the twentieth century (figure 2) it wasn’t until the 1940s and 1950s that the most relevant international regulations for guaranteeing mothers paid absence from work after childbirth were approved (see box 1).
Box 1
ILO recommendations on child protection, family and maternity

There are two relevant ILO conventions regarding child protection, family and maternity:

Convention N.102 (Minimum Standards of Social Security) adopted in 1952, is also known as the Social Security (Minimum Standards) Convention. As its name suggests, the Convention establishes a series of issues related to social security matters. It suggests that countries must adopt a series of benefits to care for the vulnerable in different situations: sickness benefits, unemployment benefits, old-age benefits, employment injury benefits, family benefits, maternity benefits, invalidity benefits, and survivors’ benefits. Regarding maternity, it first states that all women workers (and the wives of male workers) must be guaranteed appropriate medical care during their pregnancy and during the child’s birth, free of charge. After the child’s birth, the woman must be provided with a monetary benefit to compensate for her period of inactivity. The amount of the benefit must be estimated in relation to her earnings. More specifically, the Convention recommends a replacement rate of 45% of her salary. In addition, it states that maternity leave should last at least 12 weeks.

Convention N.102 also contemplates family benefits. In broad terms, it states that families must be provided with either cash benefits or in-kind benefits (e.g. food and clothing) to guarantee children appropriate levels of welfare and to help families maintain economic stability. The benefit should equal 3% of the wage, multiplied by all the children in the household, or of 1.5%, multiplied by all the members of the household.

Convention N. 183 on Maternity Protection, adopted in 2000, reviews some of the recommendations in C.102 regarding maternity benefits. First, it extends these rights to women who are employed in “atypical forms”. Second, it states that women must be allowed periodic breaks or reduced hours for breastfeeding. Third, it sets the replacement rate of the benefit to 66.7% of the worker’s salary. Finally, it extends the minimum length of the maternity leave to 14 weeks and sets the first 6 weeks after the child’s birth to be compulsory.


The recognition of the international conventions on maternity leave, however, is much recent and limited. To date, only 34 countries have ratified ILO’s Convention 102 and only 27 countries have ratified C183 (figures 3 and 4).

Figure 3
Year of ratification of ILO C102, world, 1953-2013
(Cumulative number of countries).

Parental leaves emerge in European countries during the 1980s and 1990s as a way of complementing the leave period already available to mothers through maternity leaves. Over the years, parental (and in some countries paternity) leaves have gained weight in the debate on family policies in Europe, becoming one of the key policies recommended by the European Union to its country members to improve co-responsibility in care work.

Finally, early childhood care services (ECEC) appeared for the first time in France in the mid-nineteenth century in the form of creches. This experience was followed by several European countries, as well as by the United States in the second half of the nineteenth century and the early twentieth century. Yet they remained a marginal proportion of state spending in childhood care throughout most of the first half of the 20th century. The massive incorporation of children in such systems as part and parcel of the state public policies slowly increased in countries in the second half of the 20th century and found a new wind in the Nordic countries in the 1970s and 1980s. Towards the end of the 20th century and in the eve of the 21st century an increasing proportion of countries have undertaken the expansion of ECEC. The other trend that is clear is the increasing number of countries that lowered the age of the start of compulsive educational attendance incorporating children at ages 4 and 5. In many cases while no law was passed regarding its compulsory nature supply and actual coverage expanded significantly.
II. The wide variety of social protection systems for families and the early childhood

A. Cash benefits, cash transfers and family allowances

Cash benefits, in the form of cash transfers and/or family allowances, are a key component of family and early childhood social protection systems. For analyzing design, we focus exclusively on family allowances, since this device is usually stably inserted in the welfare architecture, while other forms of transfers tend to be more volatile. However, references to other types of cash benefits are included when necessary.

Family allowances are a key device among child and family benefits included in social protection systems, aiming at enhancing income security for families with children. Today, 108 out of 183 countries (59%) have some kind of family allowance anchored in their national legislation7 (ILO, 2014b). However, there is an important variation in terms of design. There are at least four dimensions that need to be considered when analyzing this variation: eligibility and the relationship with contributory and non-contributory social protection systems, the sources of financing, eligibility rules and coverage, and the type of benefits provided.

1. Eligibility and coverage: contributory, universal non-contributory and means-tested mechanisms

Of the 108 countries with child/family benefit schemes anchored in national legislation, 32 (18%) base their family allowances in employment-related schemes. In these cases, benefits are only available to formal workers contributing to contributory social insurance. On the other side, 58 countries (32%) base their family allowances in non-contributory schemes, either offering targeted means-tested benefits

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7 These figures are drawn by analyzing only programs anchored in national legislation, as these are usually more stable in terms of funding and institutional frameworks (ILO, 2014b).
(18%) (for example Argentina or France)\(^8\), or universal non-contributory benefits (14%) (like the large-scale policies from Canada, Germany or Mongolia). A minority of cases have mixed schemes, combining employment based schemes with non-contributory ones, either with means-tested or universal benefits (Uruguay, for example) (Diagram 1).

### Diagram 1

**Overview of child and family cash benefit programs anchored in national legislation, by type of scheme and groups covered, 2012/13**

<table>
<thead>
<tr>
<th>Child/family benefit scheme (periodic cash benefits) anchored in national legislation: 108 countries</th>
<th>59%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment-related scheme* only</td>
<td>32 countries</td>
</tr>
<tr>
<td>Employment-related scheme* and non-contributory universal scheme</td>
<td>1 country</td>
</tr>
<tr>
<td>Employment-related scheme* and non-contributory means-tested scheme</td>
<td>17 countries</td>
</tr>
<tr>
<td>No child and family benefit scheme anchored in national legislation</td>
<td>75 countries</td>
</tr>
<tr>
<td>Social assistance (targeting children) but without legal basis (including pilot programmes)</td>
<td></td>
</tr>
<tr>
<td>General social assistance programmes (no specific child/family benefits)</td>
<td></td>
</tr>
<tr>
<td>Non-contributory means-tested scheme only</td>
<td>32 countries</td>
</tr>
<tr>
<td>Non-contributory universal scheme</td>
<td>26 countries</td>
</tr>
<tr>
<td>No child and family benefit scheme anchored in national legislation: 41%</td>
<td></td>
</tr>
</tbody>
</table>


* Employment-related schemes include those financed through contributions from employers and workers, as well as those financed exclusively by employers.

Excluding the cases where benefits from family allowances are defined with a universalistic approach and therefore based on government funding for financing the whole coverage (this is the case in some Western European countries), contributory-based funding in countries with high informality translates into low coverage levels (in Africa and Latin America, for example) (figure 5). In some cases (North America and Central and Eastern Europe are good examples) it might still be possible to reach universal coverage, but achieving that goal usually requires the government’s involvement in complementing or compensating for the sectors that are usually excluded from the formal labor market. This complementation usually takes the form of a means-tested benefit and provides support for the unemployed or workers in the informal economy.

\(^8\) Means-tested child benefits usually target poor children and families and include a wide variety of programs, which can be either conditional or unconditional.
In addition, in some cases benefits are dependent on children attending school or having regular health check-ups. This, which is a dominant feature of a particular kind of monetary transfers that has emerged in the last 20 years (Conditional Cash Transfers – CCTs-) is also present in some older – typical family allowances- programs, especially regarding school attendance at older ages.

2. Sources of financing

There are important variations in the sources of financing family allowances. While in some countries they are fully or partially funded by the general tax system in others the main source for funding family allowances is employment-related, usually through social insurance contributions (this is more frequent in Africa and in Latin America) (ILO, 2014b). There are also different combinations of these two main sources. For example, in 50% of the cases of the 182 countries for which ILO collects information about family allowances, the benefits are funded through general government tax systems, but in 28 countries (26%) family allowances are funded by a combination of employee/employers’ contributions and general government.

3. Type of benefits and level of benefit

Benefits could vary according to different dimensions. First, although cash transfers are the most common form of benefits in family allowances, some countries offer in-kind benefits, including access to free or subsidized goods (e.g. school meals, books) (ILO, 2014b). Second, in some cases there are no direct transfers but rather tax credits through negative income tax systems or by allowing families to lower their tax burdens if children attend private schools or have private health care systems. Especially in countries coming from the liberal welfare traditions, this is quite common. Third, while the cash benefit is usually provided with a flat rate, there can be important variation in rates depending on the age of the child and the number of children in the household. Some countries increase or decrease the amount given the number of children, and in some cases, there are no additional allowances after a given number of children.
Another important variation has to do with the amount of the benefits provided. According to data from the OECD, they can amount to as little as 1% of the average wage per child to almost 10% for each child. A similar variation, though with lower ceilings, can be seen in Latin America where recently there has been a massive expansion of cash transfer programs (Rossel, Filgueira, and Rico, 2015). In other cases, while regular family allowances might not be too high, other benefit for single mothers and for large families in vulnerable situations end up providing a rather generous cash safety net for families with young children.

B. Work leaves: maternity, paternity and parental benefits

The review of the international regulation on work leaves related to child care reveals three different types of mechanisms: maternity leaves, paternity leaves and parental leaves (Bruning and Plantenga, 1999; Kamerman, 2000).

1. Maternity leave

Maternity leaves were designed to recognize women’s right to be out of work in order to take care of the newborn child and recover from birth (Kamerman, 2000; Drew, 2005:10). This right has been part of the international conventions for several decades and is recognized by ILO through different regulations, such as the Convention on maternity protection (Convention No. 3 from 1919), and the Maternity Protection Conventions (No. 103 in 1952 and No. 183 in 2000). It is also part of the CEDAW’s historical platform for fighting against women’s discrimination in the labor market. Also, maternity leave has been defined as the income replacement to compensate for the absence of paid work due to childbirth. In this sense, the benefit has historically been related to working women in the formal labor market and it differs from other instruments or benefits offered to all mothers, independently from their position in the labor market. To date, 183 countries provide statutory cash benefits during maternity leave. However, there is an important variation between countries and regions regarding designs. The bulk of research on maternity leave consistently points to the positive impacts of this benefit—or, by contrast, the negative effects of not having maternity leave benefits—on children’s cognitive development (Brooks-Gunn, Han, and Waldfogel, 2002; Baum, 2003).

2. Paternity leave

Paternity leaves usually establish a period in which fathers can devote time to take care of the newborn. They have been established more as a complement for maternity leaves (Kamerman, 2000) and tend to be much shorter than the former. According to ILO, paternity leave entitlements can be found in the national legislation of at least 79 countries out of 167 for which data are available: 29 in Africa, 7 in Asia, five in Eastern Europe and Central Asia, 24 in the Developed Economies, 13 in Latin America and the Caribbean and in two countries in the Middle East, Saudi Arabia and Syrian Arab Republic (ILO, 2014a).

The average length of paternity leaves in the 20 OECD countries that offer the benefit leave is 1.6 weeks and the average replacement rate is 85.6%.

In some countries, paternity leaves can only be taken by fathers if mothers don’t take their leave, are not entitled to a leave or are physically unable to use their leave benefit. This reveals that although the right of fathers to take care of the newborn is increasingly being recognized, the fact that in some countries this right is attached to the situation of the mothers places strong limitations (Bradshaw and Finch, 2002b). Also, even when paid paternity leave is available in many countries, the proportion of fathers who use the benefit is relatively low.

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9 See www.un.org/womenwatch/daw/cedaw/text/econvention.htm, article 11.
10 Although paternity leaves are present in many countries, they are not formally established in international standards.
11 Simple average of length and replacement rate in the following countries: Australia, Belgium, Chile, Denmark, Estonia, Finland, France, Greece, Hungary, Italy, Korea, Luxembourg, Mexico, The Netherlands, Poland, Portugal, Slovenia, Spain, Sweden and the United Kingdom. Data from the OECD Family Database, Table PF2.1.B, Summary of paid leave entitlements for fathers.
3. Parental leave

While maternity and paternity leaves were designed to cover for the absence from paid work in the first weeks after birth of the child, parental benefits aim at enabling and adequate conciliation between paid and unpaid work during the child’s first years, when care demands are higher. In this sense, they complement maternity and paternity leaves (Drew, 2005) through the possibility of mothers and fathers to take some additional time from work in order to take care of their children during the first years of their life.

Since the 90s, several countries have adopted parental leaves as a mechanism to improve the situation of mothers in the labor market and to reduce inequalities related to child care. There is, however, an important variation in the design of parental leaves between countries (Bruning and Plantenga, 1999; Ray, Gornick, and Schmitt, 2008; Bradshaw and Finch, 2002b; ILO, 2014a).

Evidence on the implementation of parental leaves is mixed. Although slowly changing, the proportion of parents with children under 1 year of age that use the parental leave benefit varies significantly across countries. Also, distances between men and women on leave taking remain significant (Castro and Pazos, 2007), except for Iceland, Sweden, Portugal and Norway, where specific design incentives (see specific section on Europe) have been included to stimulate fathers’ involvement in child rearing.

4. Work leaves: design features

There are at least eight relevant dimensions for analyzing work leaves’ designs: i) length, ii) type of benefit, iii) eligibility criteria, iv) sources of financing, v) flexibility, vi) individual versus shared entitlements, vii) conditions for returning to work and viii) special incentives.

Length

The length of the different work leaves is an important factor for assessing protection to families with young children and their effects in the situation of parents—especially mothers—in the labor market, as well as in the health of children and parents.

In the case of maternity leaves, for example, if they are too short they could impact negatively mothers’ and child health12, as well as the conditions in which mothers return to work. However, if leaves are too long, this could have negative effects on women’s attachment to paid work13.

While ILO establishes a minimum length of 14 weeks, the international landscape in maternity regulations is highly diverse14. Several countries offer maternity benefits that are beyond ILO’s standard (Czech Republic, Ireland, Hungary and Italy, for example, offer maternity leaves with a duration higher than 20 weeks), but there are many others that still offer 12 weeks of maternity leave15. When comparing between regions, European countries stand out as those with longer leaves (average of 20.8 weeks), while Asia and Oceania have benefits that, on average, are far below the 14 weeks established by ILO (figure 6).

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12 Studies have shown that the length of the maternity leave influences mothers’ health and wellbeing, especially during the puerperal phase and while breastfeeding (Whitehouse, Hosking y Baird, 2008). Also, evidence confirms the importance of a proper length of the leave regarding child health, particularly because of the benefits of being fed exclusively with breast milk (Galtry and Callister, 2005).

13 Evidence suggests that when the leaves periods are longer, the possibility of mothers to re-enter the labor market or having the similar wage levels to the ones they had before the leave tend to diminish (Ruhm, 1998; Waldfogel and Harkness, 1999; Galtry and Callister, 2005). ILO’s Convention No. 183 establishes that “[A] woman to whom this Convention applies shall be entitled to a period of maternity leave of not less than 14 weeks” (Article 4(1)).

14 Also, Recommendation No. 191, establishes that “Members should endeavor to extend the period of maternity leave referred to in Article 4 of the Convention to at least 18 weeks” (Paragraph 1(1)).

15 The United States is a paradigmatic case regarding this dimension, since it continues to be not only the last industrialized country to have established a maternity leave (still unpaid), but also as one of those offering the benefit for the shortest period of time (Kamerman, 2000; Allewell and Pull, 2003). Today, the United States has a 12-week unpaid leave.
The duration of maternity leave, however, cannot be considered separately from parental benefits. The United Kingdom, for example, provides mothers the possibility to use 52 weeks of maternity leave, of which a portion is a parental benefit that could be used either by either parent (in this case, maternity and parental leaves are integrated into one single benefit). Although the integration of both maternity and parental benefits is still limited, some countries are starting to establish unified regulations (Australia, Canada, New Zealand or Sweden) (Bradshaw and Finch, 2002b). Also, several countries that offer relatively short maternity leaves (Norway or Sweden) complement it with relatively generous parental benefits.

**Type of benefit**

The level of paid benefit is, along with the duration, another key indicator of the generosity of work leaves benefits. Not all work leaves policies offer paid benefits and, when they do, not all of them provide recipients the same level of payment.

The level of payment defines the type of incentive that is provided for workers to decide whether to stay at home to take care of their children or remain in the labor market. Some kind of payment is important to avoid interruptions in mothers’ income (and eventually careers) and is also key to promote fathers to temporarily leave the paid work in order to devote some time to child care (Ray et al., 2008).

In the case of maternity leaves, the great majority of countries offer paid benefits (the United States remains as an exception, providing 12 weeks of unpaid leave\(^\text{16}\)), replacing a proportion of the mothers’ salary. The size of this proportion varies from 50%/60% (Canada, Japan, New Zealand, Slovakia) to 100% (which seems to be the most frequent option, and is present in countries like Austria, Denmark, Finland, France, Germany, Greece, Israel, Korea, Luxembourg, The Netherlands, Poland, Portugal, Spain). In some countries, the percentage of the salary that is replaced during the leave varies and changes over time. In Belgium, for example, the benefit reaches 82% of the salary in the first 30 days but after that it descends to 75% and remains in that level for the rest of the leave.

In the case of paternity leave, most countries offer a paid benefit but there are still some exceptions (Azerbaijan, the Bahamas, Ethiopia, Kazakhstan, Republic of Korea, New Zealand, Norway and the Syrian Arab Republic) where the legislation only covers for the work absences and doesn’t provide a cash benefit. Since they cover a relatively short period, paternity leaves tend to replace 100% of previous earnings\(^\text{17}\).

\(^\text{16}\) Other country that did not have an exclusive period of paid maternity leave for a long time was Australia, a situation that generated an extensive debate in the last decade. In 2010, this country introduced cash benefits for maternity leave under its first paid parental leave scheme with 18 weeks of pay at the federal minimum wage (ILO, 2014a).

\(^\text{17}\) The exceptions are Burundi (50 per cent), Belgium (100 per cent for the first three days and 82 per cent for the remaining seven days), Bulgaria (90 per cent), Iceland (80 per cent, up to a ceiling), Slovenia (100 per cent up to a ceiling for the first 15 days and a
While in maternity and paternity leave benefits the replacement of the 100% of the salary is relatively frequent, parental leave schemes, which usually provide benefits for longer periods, tend to combine paid and unpaid periods. Chile, for example, has a 100% payment rate but provides a relatively short parental leave (12 weeks\footnote{In 2011, Chile reformed its maternity leave (or post-natal) extending the benefit up to 24 weeks (see details in Box 3).}). By contrast, countries like Finland, Slovak Republic, Estonia or Hungary provide the leave for the longest periods of time, but their payment rate is much lower (in Estonia and Hungary, it is between 40% and 50%, while in Slovak Republic and Finland is around 20% and 30%).

**Eligibility criteria**

Maternity leaves were initially designed to cover for the needs of working women immediately after giving birth. For this reason, most maternity leaves target formally employed population. However, in many countries this category refers exclusively to dependent workers and only a few countries\footnote{Among them, Belgium, Denmark, Finland, France and The Netherlands.} include in this category unemployed mothers or self-employed ones. Also, non-standard (casual, short-term, part-time) or informal workers tend to be excluded from the statutory provision of maternity leave benefit. At the same time, a minimum time-in service period is required for mothers to have access to the benefit. These restrictions in eligibility criteria usually apply as well to paternity leaves and parental leaves.

**Sources of financing**

In 62% of the 183 countries with statutory maternity leaves, the benefits are financed through social insurance (either exclusively of with a combination of employer liability or other instruments). However, in 46 countries maternity leaves are financed by employers’ liability (Figure 7).

**Figure 7**

Sources of financing of maternity leave (number of countries with each type of source), 2013

<table>
<thead>
<tr>
<th>Source of Financing</th>
<th>Number of Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer liability</td>
<td>46</td>
</tr>
<tr>
<td>Employer liability, social assistance</td>
<td>1</td>
</tr>
<tr>
<td>Employer, social insurance (self-employed)</td>
<td>1</td>
</tr>
<tr>
<td>Employer, social insurance and social assistance</td>
<td>1</td>
</tr>
<tr>
<td>Employment related system</td>
<td>1</td>
</tr>
<tr>
<td>Mixed: employer liability &amp; social assistance</td>
<td>1</td>
</tr>
<tr>
<td>Mixed: social insurance and social assistance</td>
<td>5</td>
</tr>
<tr>
<td>Social insurance</td>
<td>113</td>
</tr>
<tr>
<td>Social insurance &amp; mandatory private insurance</td>
<td>2</td>
</tr>
<tr>
<td>Social insurance &amp; mandatory private insurance or employer</td>
<td>1</td>
</tr>
<tr>
<td>Social insurance and employer</td>
<td>1</td>
</tr>
<tr>
<td>Social insurance and social assistance</td>
<td>3</td>
</tr>
<tr>
<td>Social insurance; employer</td>
<td>1</td>
</tr>
<tr>
<td>Social insurance; social assistance</td>
<td>1</td>
</tr>
<tr>
<td>Universal</td>
<td>1</td>
</tr>
<tr>
<td>Universal and social assistance</td>
<td>1</td>
</tr>
<tr>
<td>Unpaid</td>
<td>2</td>
</tr>
<tr>
<td>No benefit</td>
<td>1</td>
</tr>
</tbody>
</table>


Some studies show that, in countries where maternity leaves are financed through employment liability, an important part of the cost is translated directly to workers. This takes place through different mechanisms, such as offering a reduced salary to women in their reproductive years (Allewell and Pull,
Although these negative effects are sometimes corrected through strong anti-discrimination regulation, this remains as a debated issue.

Compared to the developed world, Latin America presents a relatively low proportion of countries that finance maternity leaves through social security (59% versus 84% in the developed world). However, it is also the region with the highest proportion of mixed funding mechanisms (figure 8).

### Figure 8

**Sources of financing of maternity leave (percentage of countries with each type of source), 2008**

![Source: Prepared by the authors based on International Labour Organization (ILO), World Social Security Report 2010/11 Providing coverage in times of crisis and beyond, Geneva, ILO.](source)

**Flexibility**

Leave benefits can be offered with different degrees of flexibility. In the case of maternity leaves, flexibility refers basically to the possibility of combining the leave with a part time job for a period within the leave and the extent to which countries mandate a period of compulsory leave before or after childbirth. Regarding the former, several countries allow for the combination of maternity leave benefits after some compulsory weeks of full time leave after childbirth. Regarding the latter, while approximately two thirds of the countries establish a compulsory period (in general, a minimum of six weeks is required after childbirth a minimum of two weeks before), the duration of this period and the way it is distributed varies across countries (ILO, 2014a). In the case of paternity leaves, flexibility also refers as well to the possibility to take the leave or not. Almost all countries for which there is information available give fathers the option of taking the leave or not (only three countries –Chile, Portugal and Italy- make paternity leave compulsory) (ILO, 2014a). In the case of parental leaves, studies show that more flexible policies are more successful in promoting fathers’ involvement in child care, favor reentry of leave takers into the labor market and contribute to a more equitable distribution of unpaid work between men and women (Bruning and Plantenga, 1999; Drew, 2005; Ray et al., 2008).

Flexibility in parental leaves refers to four different dimensions:

- **When the leave can be taken**, this is, if it is necessary to take it all at once or if it can be partitioned. In countries that establish parental leaves as a way of extending maternity and paternity benefits, the parental benefit can only be taken immediately after and during a single block period. This is the case of the models adopted by Australia, Austria, Canada, Finland, France, Japan, New Zealand or Sweden. However, other countries allow parents to partition the leave into smaller block periods, offering a ‘leave credit’ system.

- **Until when the benefit can be used**, or in other words, until what age of the child the parents can take the leave.
• In ‘family or shared benefits’, how the leave is combined between the mother and the father, this is, how the leave is partitioned between the mother and the father.

• Combination with part-time work. The possibility of combining the leave with a part-time job has been proven effective in promoting fathers’ take up of parental benefits (Rós Valdimarsdóttir, 2006). Part of this is explained more by a fear of interrupting their careers than by the real possibility of losing income (Bittman, Hoffmann, and Thompson, 2004). Countries like Austria, Belgium, Finland, Germany, the Netherlands, Norway, Portugal, Spain or Sweden have established part-time parental leaves that allow parents to combine the parental leave with a part-time job. Portugal, for example, offers incentives for parents to choose this option (part-time leaves can last 12 months, while the maximum length of full-time leaves is 3 months).

Individual vs shared entitlements

In the case of parental leaves, an important dimension is who is the beneficiary defined by the policy. Parental leaves could be defined a family benefit that is assigned either to the mother and the father 20 or as an individual and non-transferable benefit for the mother, the father or both.

When parental leaves are defined as family benefits, it could be taken by the mother or the father (they could work complementarily). Countries that have adopted this approach (Austria, Belgium, Canada, France, Germany, Ireland, Luxembourg, The Netherlands, Norway, Poland, Spain) offer a family leave that can be taken either by the mother or the father. In these countries, parents must decide which one of them will take the leave.

When parental leaves are defined as individual rights usually both parents can take the leave during the period. Although this model is present in a minority of countries (among them, Denmark, Greece, The Netherlands), some countries (Norway, Sweden) started to modify their original ‘family’ design to individual rights to work leaves. Some countries have established ‘daddy quotas’, a period of the parental leave that can only be used by fathers and that it is lost if not used. An emblematic case of this particular device is Iceland, were the ‘daddy quota’ can reach a maximum of three months (Moss and O’ Brien, 2006; Ray et al., 2008).

Different studies assess the advantages and disadvantages of these two models. The evidence reveals that shared benefits result in a highly unequal distribution of leaves between men and women, because the proportion of men taking the leave under this type of arrangement is very low (Bruning and Plantenga, 1999; Smith, 2001). By contrast, fathers’ likelihood of taking the leave tends to be higher when the benefit defined as an individual right of parents separately (Castro and Pazos, 2007; Moss, 2008).

Conditions for returning to work and leave-related policies

One important dimension regarding design in work leaves refers to the conditions that different arrangements offer for returning to work after taking the leave.

Breastfeeding-related legislation has proven effective to guarantee mothers the possibility of breastfeeding, since the return to work emerges as an important obstacle for mothers to continue doing so after the first six weeks (ILO, 2014a). It has also been proven to have effects on children’s well-being (Ruhm, 1998 and 2000; Tanaka, 2005; Gregg and Waldfogel, 2005) 21 , consistent with the promotion of exclusive breastfeeding in the child’s first 6 months 22 as part of the health policies in many countries.

20 Countries that set aside parental leave only for mothers are rare. Exceptions are Guinea, Jordan and Kuwait.

21 Ruhm (1998) finds that more generous leave systems (and specifically, flexibility in conditions for returning to work) have an effect on children’s overall health. Tanaka (2005) arrives to similar conclusions.

22 Exclusive breastfeeding for the first 6 months is recommended by the World Health Organisation and UNICEF. The effects of breastfeeding in this period on the child’s health have been widely documented in the literature. See, for example, Kramer and Ritsuko (2001) and Kramer et al. (2008).
The percentage of countries that have statutory provision for breastfeeding or nursing breaks has increased significantly between 1994 and 2013, reaching similar levels across regions (figure 9). However, the duration of the entitlement to nursing breaks varies from one region to another and, as will be explored in detail in section 5, Latin America stands far behind from most regions in this matter (figure 9).

**Figure 9**

Statutory provision of paid nursing breaks, 1994 and 2013 (136 countries)

(In percentage of countries)


**Figure 10**

Duration of the entitlement to nursing breaks, 2013 (123 countries with provisions)

(In percentage of countries)

In the case of maternity leave, while the job is guaranteed, returning to work could be harder or easier depending on other mechanisms. Some countries offer flexible arrangements (like the combination of the leave with a part-time job) or a reduction of the working hours to enable mothers to reach a better work-family life balance. The evidence confirms these arrangements have a positive impact not only for employers—in terms of productivity and less absenteeism—(O’Brien, 2012), but also for employees since these arrangements contribute to reduce stress and enable a better balance between family responsibilities and paid work (Glass and Finlay, 2002).

Some countries include specific incentives to make fathers to take the parental leave. As mentioned before, one of the most relevant trends is the creation of fathers’ quota or ‘daddy quota’.

Also, incentives are included to prevent the use of the maximum time available to take from parental benefits. These incentives include flexible work arrangements for returning to work earlier, as well as accessible and high-quality childcare services.

C. Early childhood education and childcare services

Early childhood education and care (ECEC) services have had an important growth worldwide in the last few decades. The literature identifies different types of services and important variations in terms of design (OECD, 2016).

Usually, childcare services are provided to children between 0 to 3 years old, although in some countries they target children under 2, while 3-year-old children are covered by the educational system. By contrast, educational preschool services usually cover children from 4 to 5 years old, with the heterogeneity mentioned above.

1. Type of services provided

There are three main types of childcare and early childhood educational services:

- External, formal or center-based day-care, which are provided outside the home in licensed centers (for example, nurseries, day care centers, crèches, playschools and parent-run groups).
- Family day care (FDC), usually provided in a home setting (either at caretaker’s home, or at the child’s own home where a qualified or registered child minder looks after the child). Usually, these services allow for a maximum number of 3 or 4 children that can be cared for simultaneously.
- Pre-school early education programs, which include services aiming at preparing children for primary school and therefore usually include some amount of educational content.

The analysis presented in this paper refers mainly to the first type of services (external, formal or center-based day-care) for children below 3 years of age and to a lesser extent for children in typical pre-primary ages (3 to 5 years old). Specific mentions are made in the text when the analysis includes other types of childcare.

2. Hours covered

The hours covered by typical formal care systems for children aged 0 to 2 years old vary across countries. The debate here has two contradictory arguments. From the perspective of labor force participation and employment of women, full time or extended time child care centers are favored. Yet from the perspective of children’s welfare extended times without their parents can be harmful, especially if the quality and the ratio of adults per child are not adequate. There is limited comparable data on the realities in each country. For Europe, where the most reliable data are available, variation indicates that childcare for children between 0 and 2 years old go from a typical part-time modality (around 20 to 25 hours a week) to full working day schedules (around 36 to 40 hours a week) (figure 11).
3. Public-private provision and regulation

As a reflection of the evolution that social services have had in the past decade among developed countries, the literature that analyzes ECEC services emphasizes the institutional dimension as a key factor to consider in the design phase. Two aspects deserve special attention.

First, the presence of private actors is very relevant for ECEC services, especially in those for children under 3 (Prentice, 2005), and in countries where the State has had a timid role in terms of direct transfers. Of even greater importance has been the role of civil society, which in several countries still stands as the main provider of child care for children between 0 to 3 years old. The debate around the ideal combination is quite pertinent at the design phase. These decisions structure the relationship between public and private (or third sector) actors, the space given to care within families, and the different models of regulation and control, necessary to guarantee access to these services (Bradshaw and Finch, 2002a; Plantenga and Remery, 2005).

Second, there is an increasing tendency to place child care services in a more general framework of personal services or of proximity, associated with the claim of increased participation of local governments and local care networks. There is an increasing trend of placing child care in the local scenario, but this is strongly linked to the degree to which decentralization has consolidated.

There is a wide variety of models and child care systems for children under 3 years old. However, most countries have public systems with fiscal deductions for parents or subsidies for children; or are partly public and partly private.

Private services are common in several countries, such as Australia, Canada, Ireland, New Zealand, Netherlands, Switzerland, United Kingdom, and United States. Within this category, a small proportion of services are provided by family groups, small-scale childcare centers and “parental run
childcare centers”. These centers have been developed by groups of parents (sometimes informal in their beginnings) and have developed into formal centers with state approval and state subsidies.

There is a tendency to favor more institutionalized models as children become older. Day care centers are more common after the child has turned three. Several countries have reformed these types of services by tying them to school programs, introducing one or two years of preschool education in Primary schools. Examples of such cases are “Prep” in Queensland, Australia, “1st group (1st year of “Kleuterschool) in the Netherlands, “Educación infantil” in Spain, and “Reception classes” in the U.K. In Latin America, after a strong trend towards pre-school or early schooling coverage for 5 year olds and 4 years old in the 1990s and early 2000s, there is increasing supply for three year olds also linked to the formal schooling system.

On the other hand, family day care tends to be oriented towards children under three years old. This tendency is linked to the availability of spots in institutionalized day cares and with the parents’ preference of leaving their children in smaller, more familiar environments. It is among this type of centers where the private sector has more weight, in contrast with services for children above 3, where the public sector plays a preponderant role in its provision.

Despite the momentum experienced in the last decade regarding the creation and consolidation of the services mentioned, this does not automatically reflect the degree of penetration of these policies in different countries. The data on the extent to which populations make use of these services evidences a diverse panorama with unequal levels of development. While in countries such as Denmark, Ireland, Norway or Sweden the proportion of children that attend child care centers is around or above 40%, in countries such as Poland and Czech Republic, attendance is below 3%.

4. Sources of financing

The sources of financing formal childcare services also vary across countries. In many European countries, where the public sector plays a key role in provision, costs translated to the families –if any- are usually topped up by parental fees which are off-set by tax credits or child allowances (OECD, 2016).

Secondly, many countries have invested in reducing costs for users through state subsidies, co-payments, benefits associated with income, and tax deductions for families with children in these age groups. State subsidies to child care services are present in most countries (Spain and the U.K. are, perhaps, the clearest exceptions to this rule). Many countries have also introduced subsidies and benefits specifically tied to earnings. In any case, the result is that, in most countries, services are not entirely free, but parents pay reduced prices (Plantenga and Remery, 2005).

In a large proportion of countries, subsidies for child care services are presented in diverse forms and can be classified in two broad categories: “portable” subsidies and “direct” subsidies. The first type is tied to a family and is given according to their employment conditions, their income, or other household characteristics. The second type refers to subsidies given to a specific program for a given group of children. These are generally agreements in the form of subsidies or concessions between governments (local, state, or national) and child care providers. In most countries, subsidies are associate with formal, not informal care (do not cover informal care, but are instead associated with formal, not informal care (Plantenga and Remery, 2005).

Lastly, several countries have individual tax benefits for families or people who have children in these age groups. They tend to include tax credits on rent or tax credits on child care.

5. Flexibility

Another important dimension to consider in the design of child-care services is the flexibility that services offer, especially when considering children under three years old. Flexibility is related to the schedules which children may attend, the possibility to modify them depending on family needs, and the

23 Reasons behind variations in childcare usage across countries are related both to supply (existence of adequate services) and demand issues (cultural issues, levels of female labor participation, structure of families) (Plantenga and Remery, 2005; Bennett, 2008).
possibility to create “personal routines”. These issues seem key to understand why some countries have been so successful in extending their coverage, and have even managed to cover sectors of the population that were previously excluded. Notwithstanding, the challenge of flexibility operates differently when the services are private or public, and it is precisely in these differences that the segmentation of both sectors becomes more significant (Plantenga and Remery, 2005).

6. Universality, public guarantee and restrictions for admission

In the first place, several countries with broad coverage have taken clear steps towards guaranteeing access to previously excluded populations, for example by including the youngest children. Not all developed (OECD) countries guarantee services for children under 3 (Bradshaw and Finch, 2002b; OECD, 2016).

It is also important to note that most of the countries that do not guarantee child care services give priority to children from single-parent households. In some cases, this decision falls on the center itself and in others it is explicitly states in the norms that regulate child care services (Bradshaw and Finch, 2002b).

A relevant dimension when analyzing the design of services is their reach and coverage, whether they aim at a more or less universal coverage of this age group or if, as in some regions it seems to be happening, they are more oriented towards vulnerable sectors. As shown in the previous section, the models are quite varied when considering this dimension, ranging from models that emphasize the role of the State in care provision to more restricted models, strongly based on a socio-economic segmentation.

In any case, both for childcare services for children below the age of three, as well as for children aged three to five the world has seen in the 21st century a large increase in coverage. While data for children under three is more scattered and harder to compare, UNESCO data for children 3 to 5 allows for global estimates (figure 12).

![Figure 12](image-url)

**Figure 12**

_Evolution of Gross Enrolment ratio, preprimary school, 1999-2014_


Note: It is important to note that in many countries education for five year olds is compulsory (the year just before formal primary school begins); thus for 5 year olds, attendance is very high; not so for 3 year olds.
North America and Western Europe show the larger percentages of population covered, reaching almost 90%. The other regions that have made the most progress are East Asia and the Pacific, Central and Eastern Europe and Latin America and the Caribbean. Clear laggards are South and West Asia, the Arab States and Sub Saharan Africa.

D. Policy designs and implications for welfare and inequality

There is a recurring paradox regarding social policies and how their design affects welfare and redistribution. Targeted programs are more redistributive dollar for dollar than universal programs and are supposed to be more effective in dealing with poverty than universal programs. Yet countries with universal social policies are usually more egalitarian and have lower poverty rates than countries with targeted social policies. Indeed universalistic welfare states raise more people out of poverty and redistribute more than countries that rely on targeted or only contributory social policies. Much is explained when we look at overall spending. Countries with universal social policies spend far more in absolute terms and as a percentage of GDP than countries with targeted social policies and also more than countries that only have limited contributory social models. The other part of the equation has to do with taxation: taxation is high in universalistic countries and moderately progressive. In countries where social policies are mostly targeted taxation is low and while usually progressive in design they have many loopholes for those better off.

### Table 1

<table>
<thead>
<tr>
<th>Welfare Regime</th>
<th>Market Income Inequality</th>
<th>Inequality after Transfer and Taxes</th>
<th>Percentage Gini decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Nordic</td>
<td>0.38</td>
<td>0.26</td>
<td>32</td>
</tr>
<tr>
<td>Average Anglo Saxon</td>
<td>0.46</td>
<td>0.34</td>
<td>25</td>
</tr>
<tr>
<td>Average Southern Mediterranean</td>
<td>0.48</td>
<td>0.34</td>
<td>29</td>
</tr>
<tr>
<td>Average Latin America</td>
<td>0.48</td>
<td>0.47</td>
<td>4</td>
</tr>
<tr>
<td>Average Asia</td>
<td>0.34</td>
<td>0.30</td>
<td>12</td>
</tr>
<tr>
<td>Average Continental Europe</td>
<td>0.43</td>
<td>0.34</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors based on OECD Income distribution database, 2016.

Nowhere is this pattern of spending and taxation -that explains such apparent paradox- more clear than in the case of family benefits and early childhood social protection.

Data from the OECD shows how spending in family benefits relates to childhood relative poverty rates. Either by looking at absolute spending in equivalent dollars or when looking at the effort in spending as a proportion of GDP the results are strong and clear.

The Nordic countries combine a strong fiscal commitment and a universal design in most of their family and early childhood social protection policies financed from general taxation. They fall systematically on the lower end of childhood and teenage poverty rates. On the other end (high poverty

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24 It is important to consider that, even in the most developed regions, there is a dramatic variation in terms of ECEC service quality. In developed countries, variations in quality have been identified as a key factor for explaining differences in the impact these services have on children’s wellbeing and educational performance at the primary and secondary level (Shonkoff and Phillips, 2000; Nyberg, 2004; Ahnert and Lamb, 2004; Belsky, 2005). Also, quality seems to be one of the main obstacles that countries from less developed regions are facing in their process of building ECEC systems (see for example, Araujo, Lopez Boo and Puyana (2013) for the case of Latin America).

25 It is important to note that this are relative poverty rates, thus in way they are not only a measure of relative deprivation but also a measure of inequality (less than 50% of the median household income) for families with children.
rates) we have three different groups of countries. Poorer countries that also spend less on family benefits (both in absolute terms –to be expected- but also on relative GDP terms) like Chile and Mexico, rich countries that spend little in GDP terms and lack universal programs on leaves, care and family allowances (the US), and finally countries with low spending and/or strong contributory limits in the eligibility regarding leaves and family allowances, as well as a relatively recent development in ECEC (the cases of Spain, Italy, Greece and Portugal) (figure 13).

**Figure 13**

Public spending on family benefits and child poverty rates, 2013

(As percentage of GDP)

Source: Prepared by the authors based on OECD Family Database.

One could assume that the relationship is relatively straightforward and has to do simply with one of the policies regarding families and children: income transfers to families with children. While this is partly true –countries that spend more on family transfers and tax breaks for families with children have lower poverty rates- the other part of the explanation comes from the fiscal commitment and coverage of early childhood education and care and leave policies for mothers, fathers and families.

Inequality (after taxes and transfers) presents a moderate simple correlation with fiscal efforts on early childcare and family protection, while child poverty and inequality (after taxes and transfers) presents a robust simple correlation (figures 14 and 15).

**Figure 14**

Spending on family benefits and inequality after taxes and transfers, 2013

Source: Prepared by the authors based on OECD Family Database.
One possible causal mechanism for both lower inequality and child poverty could relate to the effect that early childhood investment and family protection have on lowering initial market/income inequality. Indeed, as can be seen below (figures 16 and 17) child and family benefits have a stronger association with decreasing original inequality than spending on the elderly have. This is somewhat counterintuitive since in the case of the elderly we are only considering cash benefits while in family benefits we are taking into account not only cash but also services (ECEC). In addition, as can be seen, spending on the elderly (ranging from 2% to 16% of GDP) is usually quite larger than spending in family benefits (ranging from 1% to 4% of GDP).

There are two plausible explanations for why despite the fact that we should expect a stronger correlation between old age spending and decreasing market inequality we get the opposite. One is that old age spending is less progressive –dollar to dollar– than family and child protection spending (although because of their relative weight they account for most of the redistribution in developed countries) (Caminada, Goudswaard and Wang, 2012). This is indeed the case in most countries of the OECD. The second is that family expending has stronger, more diversified and longer lasting multiplier effects on decreasing inequality than has spending in the elderly. The longer lasting effects part of the argument is quite evident and directly related to the life expectancies of children and the elderly. The argument regarding both the stronger and more diversified multiplier effects relates to gender dynamics and path dependence.
Indeed larger fiscal efforts in family protection and child care have strong effects for reasons we have already argued: the critical importance of adequate nutrition, care and cognitive stimulation in the early years of life. But there are also diverse channels by which robust childhood spending contributes to lower inequality. One reason is that family protection and early childhood spending are related to larger rates of female labor participation, which both decrease inequality and lowers child poverty. In middle and lower income countries, it can also be expected that such spending, through better living conditions for children, will decrease mortality which in turns contributes to lower fertility. Furthermore, as countries move to later demographic stages, policies meant at balancing work and care can contribute to avoid lowest-low fertility scenarios.

The Nordic countries were able to combine a policy package that contributed to three interrelated outcomes that, in turn, contributed to more efficient, productive and egalitarian societies: i) fertility rates (around 1.6-1.8 TGF) that do not plummet to lowest-low fertility levels (TFR < 1.3) and that are not stratified among income and educational groups; ii) high -and again-, non-stratified patterns of women’s labor force incorporation and finally what we have already seen; and iii) very low child poverty, and one that is usually lower than overall population poverty.

This is not what happens to other countries as they move forward in the demographic transition. The liberal countries are unable to provide for more egalitarian patterns of fertility and labor force participation, while the Mediterranean countries while more egalitarian, are unable to resolve the trade-off between employment and reproduction thus lowering fertility levels to lowest-lows levels and by also limiting incorporation of women into the labor market.

Latin America presents the worst of both scenarios: relatively low labor participation and employment for women and especially a highly divergent pattern of fertility and labor force participation.

In short Latin America presents a very complex scenario where the Nordic virtuous circle seems to be far and away. Rather the regions seems to express the Mediterranean model with, not only all its problems, but also those of being poorer and more unequal.

Unless we choose a universal or very broadly targeted system of social policies to support families and early childhood well-being, and we do so in such a way that is inclusive, efficient and
sustainable, we might very well be witnessing the end of the regional hope for strong, equitable, and sustainable development.

**Table 2**

Outcome indicators across welfare regimes (circa 2013)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Norway, Sweden, Iceland, Denmark, Finland</th>
<th>Spain, Portugal, Italy, Greece</th>
<th>Brazil, Chile, Uruguay, Costa Rica, Argentina, Mexico</th>
<th>USA, N.Zealand, Australia, Ireland, Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fertility</td>
<td>1.8 – 1.9</td>
<td>1.3 – 1.6</td>
<td>1.7 – 2.1</td>
<td>1.8 – 2.0</td>
</tr>
<tr>
<td>Convergence in fertility</td>
<td>High and moderate</td>
<td>Moderate</td>
<td>Low</td>
<td>Moderate and low</td>
</tr>
<tr>
<td>Female employment</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High and moderate</td>
</tr>
<tr>
<td>Stratification in female employment</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>High and moderate</td>
</tr>
<tr>
<td>Child poverty</td>
<td>Low</td>
<td>Moderate and high</td>
<td>Very high</td>
<td>Moderate and high</td>
</tr>
<tr>
<td>Rel Children/Total Pop</td>
<td>Lower</td>
<td>Higher and equal</td>
<td>Higher</td>
<td>Higher and lower</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors based on OECD Family Database, ECLAC and UN-DESA (2015).
III. Demographic stages, economic development and early childhood social protection systems

There is a strong association between economic development and the size of the younger cohorts. Countries undergoing the first stages of their demographic transition lower mortality but still experience high fertility rates. This increases the relative size of the young cohorts and places high dependency rates on such countries. Lowering fertility comes after such stage and creates what has been termed a window of demographic opportunity. This stage occurs when fertility drops and the elderly is not yet a larger share of the population. Thus, it is a window of economic and social opportunity because the dependency rate goes down as there are more active people per dependents (children or the elderly).

Fertility rates have been dropping consistently around the world for the last 25 years. With the exception of the most developed countries where fertility has, after hitting their lowest mark in the end of the 20th century, slightly bounced back, the middle income and upper middle-income countries of the developing world are converging towards replacement level fertility. The Arab world mostly represented in the Middle East and North Africa has not advanced towards lower fertility in the 21st century and sub-Saharan Africa remains—despite important decreases—a high fertility region. South Asia while moving strongly towards lower fertility scenario is still far from replacement level fertility (figure 18).
This, combined with an ageing population (which implies less women in fertile ages and more elderly in the total population) will translate into a lower proportion of children and teenagers. Except for sub-Saharan Africa, where the population is still very young and ageing has not advanced, the proportion of children has dropped quite dramatically and will continue do so in almost all regions (figure 19).

Overall, it can be stated without much doubt that, as countries grow, fertility rates will continue to decline, the elderly will continue to increase and the proportion of children in the overall population will decrease (up until a certain point). Dependency ratios will also decrease in most regions of the world, though in countries in advanced stages of the demographic transition the dependency ratios have already started to increase. In effect, in contrast to what happens regarding the elderly population (Filgueira and
Manzi, 2017), the percentage of population under 15 years old is inversely related to economic development (GDP) (figure 20). The same happens with dependency ratios (figure 21).

**Figure 20**  
World: GDP and percentage of population under 15 years old (206 countries), circa 2010

Source: Prepared by the authors based on International Labour Organization (ILO), World Social Protection Report 2014/15 Building economic recovery, inclusive development and social justice, Geneva, ILO.

**Figure 21**  
World: GDP and total dependency ratio (206 countries), circa 2010

Source: Prepared by the authors based on International Labour Organization (ILO), World Social Protection Report 2014/15 Building economic recovery, inclusive development and social justice, Geneva, ILO.

Thus, similar levels of overall spending in children could imply quite higher per-capita spending per children. Furthermore, since overall dependency ratios will go down, there should be economic and fiscal space to further increase spending per-child. This space, given by the ‘demographic bonus’ emerging from a favorable relationship between dependents and non-dependents is almost finished in more developed (aged) societies, and will be opened for decades in countries that are behind in the
ageing process and in the reduction of fertility rates. That is the good news. The bad news is that child spending seems to be quite low in regions undergoing such stages of the demographic transition. The very bad news is that while overall social protection spending does increase with higher GDP, it does so led by elderly spending rather than by children spending (figures 22 and 23).

**Figure 22**
Overall social protection spending and old age spending as a percentage of GDP (206 countries), circa 2010

Source: Prepared by the authors based on International Labour Organization (ILO), World Social Protection Report 2014/15 Building economic recovery, inclusive development and social justice, Geneva, ILO.

The correlation between overall social spending and child social spending is markedly weaker.

**Figure 23**
Overall social protection spending and child spending as a proportion of GDP, circa 2010

Source: Prepared by the authors based on International Labour Organization (ILO), World Social Protection Report 2014/15 Building economic recovery, inclusive development and social justice, Geneva, ILO.

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26 In the case of Latin America, this window of opportunity closes in 10 years (2027) (ECLAC, 2015).
When we look at it by region the panorama becomes even more complicated. While Western Europe does show a strong positive difference in terms of children’s spending even when their proportion of children is low, in the rest of the world’s regions spending seems to have either no relation with the proportion of children, or even be inversely related (figure 24).

Figure 24
Public expenditure on child benefits by region, and proportion of children aged 0–14 in total population, 2010/11
(Percentage of GDP)


Such a pattern is highly problematic. Poorer countries systematically under invest in children’s welfare and in doing so they risk losing the possibility of harvesting the demographic bonus that will come when they lower their fertility rates, since their adult cohorts will be less productive than if investment had been robust during their childhood years.
IV. National transfer accounts and fiscal commitment to early childhood support: drawing conceptual and analytical links

Education and health are two of the most important transfer systems in the form of services that reach the young. In the case of early childhood, early childhood education and care (ECEC) is relevant. In addition, two systems of monetary transfers are very important at those ages and when families have young children: maternal, paternal and parental leaves and family allowances—which consist in monetary transfers meant to complement the family income when there are children in the household—. The National Transfer Accounts (NTA)\textsuperscript{27} project has provided tools to analyze demographic trends, economic structure and public policy regarding intergenerational transfers. As Mason and others (2016, p. 28) argue, ‘[t]ransfer systems serve an essential economic function by shifting resources across and within age groups. Children and, in most societies, the elderly meet their material needs by relying heavily on public and private transfers. As population age structure changes, transfer systems must constantly rebalance with profound implications for economic development and generational equity. How changes in age structure will play out over the coming decades varies greatly depending on each country’s position in the demographic transition and its approach toward intergenerational transfers’ (Mason et al, 2016:26). Also, the NTA perspective provides the adequate information to analyze social protection systems considering the life-cycle approach and, more specifically, the extent to which regimes are able to guarantee basic rights through the different stages of life.

The NTA approach starts by presenting a stylized description of consumption and income generation through the life cycle, as illustrated by the case of Thailand in figure 25.

\textsuperscript{27} The goal of the National Transfer Accounts (NTA) project is to improve the understanding of the generational economy. The accounts are designed to complement the UN System of National Accounts, population data, and other economic and demographic indicators. The National Transfer Accounts project sheds new light on many areas of importance to policymakers. These include the evolution of intergenerational transfer systems; public policy with respect to pensions, health care, education, reproductive health, and the economic implications of population aging.
In the example in figure 25, people between 25 and 61 years of age approximately generate more labor income that they consume, while people below 25 and above 61 consume more income than they generate, measured on average per capita spending and labor income generation. Thus, there is a deficit at the age extremes and surplus in middle age. How do societies deal with such unbalanced life cycle income and consumption patterns? They redistribute income from those with surplus to those with deficit. Note that these curves are not meant to define adequate consumption levels or required income levels, but actual ones. Thus, the only way in which the consumption levels of children and the elderly can be fulfilled, is because someone transfers money from those that generate more income than they consume to those that consume more than they generate.

There are three ways by which such transfers can take place: i) families do it; ii) the State does it; or iii) individuals save or accumulate assets in T1, -say when they are in their 40s- and turn it into income at T2, say when they are in their 60s or 70s. The first form is defined as private transfers, the second as public transfers, while the third is defined as asset based reallocation. It is quite clear that children’s average consumption is made up mostly of public (family allowances, public education and health care) and private transfers (room and board, care, clothing, etc.), -as well as, marginally, their own labor income (child labor)28.

In the case of the elderly, there are four ways by which they can access consumption: i) they can generate labor income by remaining in the labor market or in income generating activities; II) they can receive income through pensions and care and services through public programs (i.e. public health care); iii) they can rely on their families, receiving room, board and other services financed by the income of other family members, or iv) they can rely on assets that they have accumulated previously.

However, it is also important to note that many elder are also providers of support. One important form is time provided –mostly by grandmothers– to care for their grandchildren. But even if only financial flows are considered, the elderly are often important providers of support. They pay taxes and they provide direct financial support to younger generations, particularly in the context of inter-generational households, where pensions received by older adults may be what keeps the household out of poverty. A full understanding of the support system is essential to understanding the implications of population aging, the role of public and private transfers and the impact it has on intergenerational equity, inequality of opportunity and children’s —and elderly— welfare.

The first analysis that we can develop with these simple analytical and empirical tools is one that allows us to better measure the consumption and income levels across the life cycle in different societies and the aggregate effort that societies make to finance the consumption of the elderly.

28 There can also be some asset based reallocations when one considers credit for study, that will be paid later in life, but such reallocations are marginal in general.
Children and young people consume less than the average person in their active years in all the regions considered and quite a deal less than the average elderly person except for East Asia and the Pacific where the distance between the elderly and the young is smaller (see figure 26).

![Figure 26](image)

**Figure 26**

Consumption level as a percentage of consumption of those aged 25 to 64, by region and age brackets, latest available year

Source: Prepared by the authors based on selected data from the National Transfer Account Project (NTA), NTA comparative data sheet, latest data available.

*NTA country data at different points in time, from 1996 to 2008 (http://www.ntaccounts.org/)*

Regarding the financial sources for consumption for children, adolescents and youth, there is wide variation in the weight of State and family transfers across regions and between countries within regions (see figure 27).

![Figure 27](image)

**Figure 27**

Financial sources of consumption for children and youth (0-25 years) by regions and selected countries, 1998-2008

Source: Prepared by the authors based on selected data from the National Transfer Account Project (NTA), NTA comparative data sheet, latest data available.

*NTA country data at different points in time, from 1996 to 2008 (http://www.ntaccounts.org/)*
In Europe, and especially in some countries within Europe, the share of consumption that is financed by the State is indeed large, amounting on average to more than 32% of all consumption. In Finland, as in other Nordic countries, it is even higher. East Asia and the Pacific also finance a good deal of children’s and young people consumption, but families are far more important here, surpassing 50% of all consumption. Latin America and South and South-East Asia present the worst results with almost 85% of all consumption financed either by their families or their own labor. The less consumption is financed by the State, the more children will depend on their families’ capacity or their own capacity to generate income, mirroring the original structure of inequality. Inversely, the larger the role of the State, the more likely that redistribution can take place in the early stages of life.

A more nuanced way to look at the role the State plays regarding children’s consumption is to look at the way public outflows and public inflows distribute themselves across the life cycle. Figure 28 shows how states tax and collect money from people (outflows) and how in turn states provide transfers and public services to individuals throughout the lifecycle (inflows).

**Figure 28**
Public transfers (inflows and outflows) along the life cycle for selected countries (per capita flows in PPP dollars), 1998/2005

Source: Prepared by the authors based on selected data from the National Transfer Account Project (NTA). NTA country profiles, latest data available, (http://www.ntaccounts.org/).
The differences in the distribution of public transfer inflows and outflows along the life cycle are worth mentioning. In very high-income countries such as Finland, Germany, Taiwan, and to a lesser extent Spain, there are stark differences in how the State redistributes income across ages. Finland is a case in which heavy taxation (in the chart, corresponding to outflows in typical active ages) finance a strong welfare State at both ends of the life cycle. In per capita terms, the Finnish State provides between 10 and 15 thousand PPP dollars for each child, and for the elderly from the age of 63 to 80 between 15 and 20 thousand PPP dollars. To do so, it taxes the active population heavily (through social security contributions and general taxes) reaching almost 20 thousand dollars a year in prime age. Germany taxes at similar levels but its intergenerational distribution is rather different: for children, the range of public transfers is quite lower - between five and ten thousand dollars-, but for the elderly it is higher than Finland, mainly because the curve steeples early and it increases at a steady pace, while Finland does not increase flows to the elderly between the ages of 65 and 80.

Spain and Taiwan also provide an interesting contrast. Taiwan taxes far more lightly than European countries and then distributes such taxes with a strong balance between children and the elderly. This is rare, since in almost all developed countries per capita flows are quite higher for the elderly than for children. Spain follows such general pattern, with heavier taxation (compare outflows in Taiwan and Spain) on the active population, even though its GDP per capita is smaller than Taiwan, but most of the difference in taxation does not go to children, where Spain spends in per-capita terms slightly less than Taiwan: it goes to the elderly.

Indonesia and Thailand, while different in their GDP per capita levels, place children at the center of their fiscal efforts and lightly tax the active population. Such is not the case of Brazil where taxation is larger –consider that its GDP per capita is slightly below that of Thailand- with outflows at peak active ages close to four thousand dollars (against 1,500 dollars for Thailand) but with a clear preference for fiscal spending on the elderly and a strong neglect for spending in the early stages of life. Mexico is in this sense more moderate, with smaller tax burdens but a more balanced age profile regarding inflows.

The OECD has done a similar exercise but only considering cash benefits (and tax breaks), childcare, education and other benefits in kind. It does not consider health or other social spending. It concentrates on the three aspects we consider in this paper: cash benefits include family allowances and maternal, paternal and parental leaves. While it includes other cash benefits these two are the most important types, together with tax breaks. It also includes spending in childcare, be it by services provided directly by the State, or by vouchers or specific cash support for childcare by others. In addition, it allows contrasting the patterns of spending in these systems between prenatal spending and 27 years of age. The differences in patterns are very important and show a differential commitment of countries regarding the very early years vs. the more advanced years of childhood and youth (figure 29). In particular, Finland stands as a paradigmatic case of commitment both to early childhood but also to adolescence and youth. Italy and Greece have lower levels of transfers, and investment in early childhood is clearly lower than investment in children between 6 and 13 years old. A similar trend is found in the US. Finally, Chile and Mexico have much lower investment levels, but Chile seems to have a stronger commitment regarding early childhood.

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29 After the ages of eighty, flows increase substantially, but this is less related to pensions as it is to care systems and health (NTA country profiles, 2015).
Figure 29
Evolution of public transfers along the life cycle for selected countries
(per capita flows in PPP dollars), 2003, 2007 and 2011

Source: Prepared by the authors based on OECD Social Expenditure Database and OECD Education Database

The OECD has done a similar exercise but only considering cash benefits (and tax breaks).
V. A comparative outlook of family and early childhood social protection systems models between and within regions

In this section we analyze the main features of family and early childhood social protection systems across different regions of the world. The gold standard regarding information systems on family and child protection (cash transfers, social protection and care) is the OECD data base. Thus, we shall use such information whenever possible –as in the case of Europe, North America, Oceania and some Latin American and Asian countries. Regional data sets should strive to emulate whenever possible the breadth and depth of data on these dimensions that the OECD has developed. We will use other data to fill in the gaps and lack of comparable international data in other regions whenever within region comparable data is available. For Latin America, ECLAC also produces a thorough set of data on family and children’s welfare and social protection policies, but for other regions, comparable data is more limited, and international comparable data from ILO, UNICEF and UNESCO is scant.

In the case of cash benefits, transfers and family allowances, we focus on the latter when possible, but we also provide insights on other types of transfers when these policies are relevant (Conditional Cash Transfers in Latin America for example). In the case of work leaves, the analysis for Europe includes both maternity and parental leaves, but since the latter are scarce outside Europe, in the other regions we focus mainly in maternity leaves. Finally, the emphasis in the analysis regarding childcare and early childhood educational services varies across regions. In regions where there is availability of services for 0-2 or 0-3 years old and information about them, the analysis focused mostly on these ages. In less developed regions, with no availability of services and information for services targeting 0-2 or 0-3 years old, the analysis focused mostly in early childhood education (4-5 years old).

A. Europe

In demographic terms Europe, together with Japan and Korea, is the most demographically advanced region with low fertility rates and an ageing population. Yet while fertility rates are low, there is quite a lot of variation, with the Nordic Countries and some typically liberal countries with rates around
replacement levels, while Mediterranean countries and some Eastern European countries present the lowest fertility rates, reaching as low TFRs of 1.2 to 1.4 per woman. Female labor force participation rates are quite high, though there is again a strong variation with the Nordic countries presenting the highest participation rates of women and the South Mediterranean countries the lowest rates. One of the most studied changes in the literature on OECD countries and European countries is the relationship between labor force participation rates and fertility. While such a relation in cross-country correlations was negative in 1980s, it becomes positive after the 2000s. This is due mostly to the Mediterranean countries which have lower participation rates and lowest-low fertility scenarios and the Nordic countries where fertility is close to or slightly below replacement levels and labor force participation rates among women are high. Child and family policies have been noted as a major factor allowing the Nordic countries the combination of relatively high fertility and high participation rates.

Thus, this is a region that no longer enjoys the demographic bonus but has smaller young cohorts and thus lower costs of coverage in any of the policies considered. While some countries in Europe face a scenario of low-low fertility, poorer countries face the opposite problem.

The large rates of female participation have a direct effect on the issues of child protection. As more women entered the labor market, the need to redistribute care responsibilities between men and women and between market, families and State became paramount. The important fiscal effort, regarding child and family protection, that this region shows, is not without variation both in magnitude and composition. While the Nordic countries, France, Great Britain and some Eastern European countries show levels of spending above 3% of GDP, southern Mediterranean show levels below 2% of GDP (see figure 30). Composition also varies in important ways even among high spenders. Nordic countries systematically show high spending in childcare services, while others such as Ireland and Great Britain prefer cash transfers. In some countries—as in France and Germany—tax breaks are quite important.

![Figure 30](image_url)

**Figure 30**

*Europe: public expenditure on family benefits by type of expenditure, around 2013 (In per cent of GDP)*

Source: Prepared by the authors based on OECD Family Database, Chart PF1.1.A. Public spending on family benefits

Note: Public spending on family benefits refers only to public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare services). Spending in other social policy areas such as health and housing support also assists families, but not exclusively, and is not included here. Coverage of spending on family and community services in the OECD Social Expenditure data may be limited as such services are often provided and/or co-financed by local governments.

1. **Cash benefits, cash transfers and family allowances**

Family allowances, tax credits and other forms of cash transfers to families with children constitute a major part of the European system of social protection for children and families. All countries in Europe have some form of family allowance anchored in national legislation.
### Table 3

Europe: family cash benefits (including family allowances), circa 2010

<table>
<thead>
<tr>
<th>National currency</th>
<th>% of AW</th>
<th>Age of child</th>
<th>Number of children</th>
<th>Upper age limit for children (student)</th>
<th>Means test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>2 272</td>
<td>6</td>
<td>+</td>
<td>19 (27)</td>
<td>No</td>
</tr>
<tr>
<td>Belgium</td>
<td>1 266</td>
<td>3</td>
<td>+/-</td>
<td>17 (24)</td>
<td>No</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>7 320</td>
<td>3</td>
<td>+</td>
<td>14 (25)</td>
<td>Family income relative to minimum living standard.</td>
</tr>
<tr>
<td>Denmark</td>
<td>13 448</td>
<td>4</td>
<td>-</td>
<td>0</td>
<td>No</td>
</tr>
<tr>
<td>Estonia</td>
<td>3 600</td>
<td>2</td>
<td>0</td>
<td>15(18)</td>
<td>No</td>
</tr>
<tr>
<td>Finland</td>
<td>1 200</td>
<td>3</td>
<td>0</td>
<td>16</td>
<td>No</td>
</tr>
<tr>
<td>France</td>
<td>747</td>
<td>2</td>
<td>+</td>
<td>19</td>
<td>No</td>
</tr>
<tr>
<td>Germany</td>
<td>2 208</td>
<td>5</td>
<td>0</td>
<td>18 (25)</td>
<td>No</td>
</tr>
<tr>
<td>Greece</td>
<td>99</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>No</td>
</tr>
<tr>
<td>Hungary</td>
<td>146 400</td>
<td>6</td>
<td>0</td>
<td>18 (22)</td>
<td>No</td>
</tr>
<tr>
<td>Iceland</td>
<td>152 331</td>
<td>3</td>
<td>-</td>
<td>17</td>
<td>No</td>
</tr>
<tr>
<td>Ireland</td>
<td>2 298</td>
<td>7</td>
<td>0</td>
<td>15 (18)</td>
<td>No</td>
</tr>
<tr>
<td>Italy (4)</td>
<td>1 092</td>
<td>4</td>
<td>0</td>
<td>17</td>
<td>Household taxable income.</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>800</td>
<td>3</td>
<td>0</td>
<td>17</td>
<td>No</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2 809</td>
<td>6</td>
<td>+</td>
<td>17 (26)</td>
<td>No</td>
</tr>
<tr>
<td>Norway</td>
<td>1 114</td>
<td>2</td>
<td>+</td>
<td>17</td>
<td>No</td>
</tr>
<tr>
<td>Poland</td>
<td>1 242</td>
<td>3</td>
<td>+</td>
<td>17</td>
<td>No</td>
</tr>
<tr>
<td>Portugal</td>
<td>1 092</td>
<td>3</td>
<td>+</td>
<td>17 (20)</td>
<td>No</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>568</td>
<td>3</td>
<td>-</td>
<td>15 (23)</td>
<td>Family gross income (including some benefits)</td>
</tr>
<tr>
<td>Slovenia</td>
<td>264</td>
<td>3</td>
<td>0</td>
<td>15 (25)</td>
<td>No</td>
</tr>
<tr>
<td>Spain</td>
<td>1 372</td>
<td>8</td>
<td>0</td>
<td>17(25)</td>
<td>Gross income</td>
</tr>
<tr>
<td>Sweden</td>
<td>291</td>
<td>1</td>
<td>-</td>
<td>17</td>
<td>No</td>
</tr>
<tr>
<td>Switzerland (Zurich)</td>
<td>12 600</td>
<td>3</td>
<td>0</td>
<td>15 (19)</td>
<td>No</td>
</tr>
<tr>
<td>Turkey</td>
<td>3 000</td>
<td>4</td>
<td>+</td>
<td>15 (24)</td>
<td>No</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1 056</td>
<td>3</td>
<td>0</td>
<td>15 (18)</td>
<td>No</td>
</tr>
<tr>
<td>Additional EU countries</td>
<td>2 845</td>
<td>8</td>
<td>0</td>
<td>15 (18)</td>
<td>Gross family income.</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>420</td>
<td>6</td>
<td>0</td>
<td>17 (19)</td>
<td>No</td>
</tr>
<tr>
<td>Latvia</td>
<td>96</td>
<td>2</td>
<td>0</td>
<td>14 (18)</td>
<td>No</td>
</tr>
<tr>
<td>Lithuania</td>
<td>624</td>
<td>3</td>
<td>0</td>
<td>18</td>
<td>No</td>
</tr>
<tr>
<td>Malta</td>
<td>1 156</td>
<td>6</td>
<td>0</td>
<td>15 (20)</td>
<td>Income excluding SSCs</td>
</tr>
<tr>
<td>Romania</td>
<td>1 254</td>
<td>5</td>
<td>-</td>
<td>18</td>
<td>Universal component and means-tested component</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors based on OECD Family Database 2017, basing on the OECD Benefits and wages database 2013.

* AW stands for average wage.

1. Family benefits including non-wastable tax credits. All benefit amounts are shown on an annualised basis. "--" indicates that no information is available or not applicable. In general family benefits are not taxable unless otherwise indicated; 2. "+": increases, "-": decreases, "0": remains the same, "+/--": increases or decreases (some countries give higher rates to the youngest and oldest age groups); 3. See also the Parenting Payment in lone-parents benefits table; 4. Benefit amount for a household with no declared income. Benefit amount as 6% (1 child percentage) of household income limit LM 10 270; 5. Benefit amount for the first child is calculated as the difference in benefit between a 3-member and a 2-member household.
Eligibility for the most part is wide, either through social insurance mechanisms or through universal non-contributory systems. In many countries in addition to social security or even universal benefits additional targeted benefits for poor or needy families are in place. Other European and Nordic countries favor in general universal family allowances while Eastern European ones are more mixed with both means tested and universal systems. Southern Mediterranean countries tend to anchor their systems either on means tested mechanisms or social security contributions or formal employment (table 3).

The amount of family allowances varies strongly with some countries having benefits that amount to almost 8% of average wages in the form of tax credits or direct transfers (as in some Eastern European countries and some of the liberal countries) to countries where the amount be it direct or through tax credits remains at 1% of average wages, as in the case of Spain. The Nordic countries fall somewhere in between, even though they have additional quite robust systems of cash transfers for female headed households.

2. Maternity, paternal and parental leaves

Maternity leaves have been in place in Europe for a long time and they are usually linked to social insurance schemes, with the exception of Finland, where they are universal for every mother or woman who goes through childbearing. In a way, in Finland, leaves and the cash associated with it assume that all women work.

In the Nordic countries, use of maternity leaves is usually close to universal (Gupta, Smith and Verner, 2006) but in the rest of Europe there is wide variation. Eastern European countries rank well, while southern Mediterranean ones tend to have very low take-up rates. Belgium and the Netherlands come as a surprise, but such low rates are partially explained by the very high rates of ECEC enrolment of children aged 0 to 2 years old and by a universal system of family allowances (figure 31).

![Figure 31](image_url)  
Europe: percentage of mothers with children under age one in use of leaves, 2013

Source: Prepared by the authors based on OECD Family Database 2017, Chart PF2.2.A.

Maternity and parental leaves as part of the cash transfer systems also show important variations in terms of the value of benefits. The Nordic countries are once again high performers with public expenditures per child-born above twenty thousand dollars at current prices in PPP terms, while southern Mediterranean countries are always below ten thousand dollars (see figure 32).
Europe: public expenditure on maternity and parental leaves per child born, at current prices and current PPPs, in US dollars (2011)\(^a\)

![Figure 32](image)

Source: Prepared by the authors based on OECD family database Chart PF2.1.D. Public expenditure on maternity and parental leaves, 2011.

\(^a\) Year of info: 2011.

### 3. Early childhood education and childcare (ECEC) services

Early childhood care services are quite developed in large parts of Europe. The leaders in terms of coverage, both historically and today, are the Northern European countries, especially the Nordic countries (around 50% or more, with the exception of Finland), though coverage rates for 0 to 2 years old are also very high in France. Among the Southern Mediterranean countries, while Portugal and Spain were laggards in the early 1990s they have caught up and show coverage rates above the EU average in the 2000s. Greece, Italy and many Eastern European countries show the lowest coverage rates (figure 33).

![Figure 33](image)

Source: Prepared by the authors based on OECD family database Chart PF3.2.A.

Denmark, Iceland and Norway, together with Malta and Luxembourg also show the smaller gradients in their coverage rates according to socioeconomic level. In contrast, despite the high average rates of coverage in Belgium, the Netherlands and France the differences in coverage between the lowest tercile and highest tercile are stark. This is also the case in some low coverage countries, though in others coverage is low across socioeconomic levels (figure 34).
Regarding children at older ages—typically between 3 or 4 years to 5 years old—coverage has become almost universal in most Western and Eastern European countries, going from an average gross enrolment ratio of 75% to more than 90% (figure 35).

In short, while Europe as a region is not without variations, the trend seems to be clear: important advances in coverage for children from 0 to 2 years old and close to universal coverage in children at preprimary school.

Still, the variations in Europe in the three different policies that have been depicted have clear implications in terms of child poverty and how such rates compare to those of the general population. The Nordic countries present generous and universal family allowances—in addition to other cash transfers for vulnerable families—by far the most developed systems of family (maternity, parental and paternity) leaves and widely available ECEC systems (Finland is the exception in use, though not in availability). The result is the lowest rates of child poverty, and usually rates that are below to those of the general population (see figure 36).
In contrast, southern Mediterranean countries have weak family and child protection systems. Their weaknesses are not homogeneous. For example, Portugal has a rather robust leave system in design, yet informality makes coverage weaker. Spain has developed in the last years an extended ECEC system, but has one of the least generous family allowance systems in Europe. Greece, despite the recent expansion of leaves, remains low in most of the other policy arenas. Italy is a below average performer in the three policy arenas considered here. Child poverty is among the highest in Europe, and is always above the poverty rates of the total population (Figure 37).

While GDP levels also play a part in explaining the differential child poverty rates of Nordic and Southern Mediterranean countries, another part of the explanation has to do with their moderate to low fiscal effort regarding child and family protection policies and the design their policy arenas.

Eastern European countries make such a claim more plausible. While their GDP levels are not higher than Italy or Spain, they present less overall child poverty and rates that in many cases are lower than those of the general population as in the case of Estonia (with poverty levels above the Southern Mediterranean countries, but child poverty levels below them) (figure 38). Slovenia, Latvia and Hungary
have child and general population poverty levels that are mostly equivalent, and in all cases lower than those of the southern Mediterranean region.

**Figure 38**

*Eastern European countries: poverty rates in the total population and among children and adolescents, circa 2013*

![Graph showing poverty rates in Eastern European countries](image)

Source: Prepared by the authors based on OECD Family Database 2017, Chart CO2.2: Child poverty.

**B. North America**

The United States and Canada present rather different demographic profiles. The US remains a young nation among developed ones and has relatively high fertility rates TRF (1.87) and medium labor force participation rates by women aged 15 to 64 (63.4%), due to international migration. Canada presents significantly lower fertility rates (TRF 1.63) and higher female labor participation (74.2%). The case of the US is one in which both fertility rates and labor force participation rates are quite stratified by education, ethnicity and income level. While this is also present in the case of Canada, the gradients are far milder.

These two countries have very different profiles in terms of fiscal efforts and policies on families and children. The US presents one of the lowest fiscal efforts compared to other OECD countries regarding public expenditure (1.2% of GDP) and a large part of that effort comes in the forms of tax breaks, not direct cash. Canada’s effort is not much higher, but a large part of such effort is directed towards cash transfers in the form of family allowances and maternal and parental leaves. The US lacks a paid system of maternal and parental leaves. The low fertility in the case of Canada is consistent with very low spending on early child care (figure 39).
1. **Cash benefits, cash transfers and family allowances**

Most of the US cash transfers to families with children come in the form of tax breaks or special cash transfers for needy or poor families. While the system in Canada is also means-tested on family income, its coverage is quite large and it is far more generous than in the United States. Comparing data at the state level, the systems in Ontario and Michigan (which are both generous in their benefits when compared within their countries) show quite clear differences (table 4).

<table>
<thead>
<tr>
<th>Maximum benefit for one child aged 3-12</th>
<th>Benefit amount per additional child varies with(2)</th>
<th>Upper age limit for children (student)</th>
<th>Means test</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>National currency (1)</td>
<td>Age of child (3)</td>
<td>Number of children (4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 348</td>
<td>3</td>
<td>0</td>
<td>17</td>
<td>Family taxable income. Canada child tax benefit (non-wastable tax credit).</td>
</tr>
<tr>
<td>2 088</td>
<td>5</td>
<td>0</td>
<td>17</td>
<td>Family taxable income. National Child Benefit (NCB) supplement for low income families.</td>
</tr>
<tr>
<td>1 100</td>
<td>2</td>
<td>0</td>
<td>17</td>
<td>Family taxable income. Ontario Child Benefit</td>
</tr>
<tr>
<td>United States (4) (Michigan)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 068</td>
<td>2</td>
<td>0</td>
<td>17</td>
<td>Temporary Assistance for Needy Families (TANF): benefit is based on family size at the time of application rather than number of children. The benefit amounts and durations vary by State.</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors based on OECD Family Database 2017, basing on the OECD Benefits and wages database 2013

**a** AW stands for average wage

(1) Family benefits including non-wastable tax credits. All benefit amounts are shown on an annualised basis. "--" indicates that no information is available or not applicable. In general family benefits are not taxable unless otherwise indicated; (2) "++": increases, "-": decreases, "0": remains the same, "+/--": increases or decreases (some countries give higher rates to the youngest and oldest age groups); (3) See also the Parenting Payment in lone-parents benefits table; (4) Benefit amount for a household with no declared income. Benefit amount as 6% (1 child percentage) of household income limit LM 10 270; (5) Benefit amount for the first child is calculated as the difference in benefit between a 3-member and a 2-member household.
The US does not have a family allowance system, while Canada has a well-developed one. Created in 1944 with the family allowances act, the Canadian system continues to reflect its origin as a universal family allowance program, with subsequent modifications to provide more adequate and targeted benefits for low income families. These changes have resulted in an increase in benefits for families with moderate income and a reduction or ending of benefits to higher income families. The US program was passed quite later and enacted as the Earned Income Tax Credit (EITC), which was part of the Tax Reduction Act of 1975. The credit was designed to help the working poor-families with income below the poverty level despite having working family members. It was initially authorized for only one year. However, the Revenue Adjustment Act of 1975 extended the EITC through the 1976 tax year. This seemed to set a precedent and each year the credit became a part of tax provisions that extended its authorization. It wasn’t until the Revenue Act of 1978 that the credit became permanent. In 1986, the Tax Reform Act indexed the credit amount and the phase out levels for inflation. The US program has remained true to its origin, mainly as a tax break or credit targeted at the poor population.

2. Maternity, paternity and parental leaves

Among all industrialized nations, the US stands out as the only country with no national legislation defining a mandatory paid maternity leave or parental leaves. Canada on the other hand has had maternity leaves anchored in social security starting in the 1970s, and during the nineties has introduced and increased parental leaves. No specific paternity leaves exist in either country.

While Canada presented only paid maternity leave for 17 weeks in 1990, reforms increased parental leaves in the 1990s and 2000s, reaching as of 2016 fifty-two weeks of potential paid maternity leave (including both maternity -17 weeks- and parental leaves -35 weeks-) Real replacement rates for maternity leave and parental leaves hover around 50% of past earnings on average. There is no data at the OECD level regarding the take-up rates of maternity and parental leaves, but eligibility is based on social security affiliation, which is broad and wide in Canada.

In the United States while there is no paid maternity leave, there is in federal law the guarantee of job protection for 12 weeks of unpaid maternity leave. Yet even such a narrow entitlement is hollowed out by the exemption for employers with less than 50 employees to comply with the norm.

3. Early childhood education and childcare (ECEC) services

The United States (0.6% of GDP) and Canada (0.2% of GDP) have relatively low public spending in ECEC. Private services and informal care dominate the childcare sector in these countries, and the early education sector is confined to preprimary schooling for children 5-6 years. The negative consequences of this weak investment by the public authorities can be seen clearly in the services on offer, in particular, high costs to parents leading to unequal access and the segregation of children according to income. Low investment defeats a major purpose of these services and leads inevitably to low quality of services, lack of sustainability and child care shortages. Unavailability of services also raises barriers against women’s full-time employment and channels women toward low-paid, part-time jobs (Immervoll and Barber, 2006).

Access to free ECEC from 0 to 2 years old indicate that free of charge or subsidized ECEC are few and show variation between states and provinces. Coverage is one of the lowest in OECD countries though not as low as could be expected given its low fiscal effort. Still they are below the EU average. According to UNESCO data, gross enrolment rates in US for preprimary school children aged 3 to 5 barely reach 70% and in Canada are below 75%. The average for developed nations is close to 87% (figure 40).

---

In 2016, Canada has enacted another reform to its leave system, taking maternity leave to 18 weeks, and offering more flexibility in the dates and financial options regarding such benefits.
In summary, Canada and the US are rather different, but both share rather underdeveloped systems of ECEC. In terms of family allowances and leave policies, Canada outperforms the US clearly, even though the fiscal effort of Canada in terms of cash benefits remains one half percentage point below the EU average as a proportion of GDP. Poverty levels are thus different, but both countries present child poverty rates above the OECD average and higher child poverty than poverty in the general population (figure 41).

### C. Oceania (OECD)

In demographic terms, the countries we will consider here, Australia and New Zealand, are advanced nations. Despite having mostly finished their first demographic transition, they have never reached the lowest-low fertility scenarios that can be seen in many European countries\(^{31}\). Likewise, while ageing is a clear trend, they

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\(^{31}\) Fertility rates in Australia hover around 1.8 for the latest years, while New Zealand TFR reaches lows of 1.8 and highs of 2.2, quite above replacement rates. The average for the EU is 1.5.
remain relatively ‘young’ compared to other countries of similar GDP per-capita. Women’s labor force participation rates are high, and in many cases higher than European countries with far less fertility.

Both Australia and New Zealand present relatively high levels of spending on child benefits concentrated on direct cash transfer and to a lesser extent services, while tax breaks for families with children are non-existent (figure 42).

**Figure 42**

**Oceania (OECD): public expenditure on family benefits by type of expenditure, around 2013**

*(Percentage of GDP)*

Source: Prepared by the authors based on OECD Family Database, Chart PF1.1.A. Public spending on family benefits.

1. **Cash benefits, cash transfers and family allowances**

Both Australia and New Zealand have systems of family allowances that were inspired in principles of universality and then became means tested to increase payments for lower income families but remain high coverage systems that neither rely on narrow definitions of need, nor on contributory formal employment. Thus almost all families with children can usually access in Australia the family allowance and additional payments for child support (table 5).

**Table 5**

**Oceania (OECD): family cash benefits (including family allowances), circa 2010**

<table>
<thead>
<tr>
<th>National currency (1)</th>
<th>% of AW (2)</th>
<th>Age of child (3)</th>
<th>Number of children (4)</th>
<th>Upper age limit for children (student)</th>
<th>Means test on</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australia (3)</strong></td>
<td>4 803</td>
<td>7</td>
<td>+/- from 3rd</td>
<td>20 (24)</td>
<td>Family income.</td>
</tr>
<tr>
<td></td>
<td>3 829</td>
<td>6</td>
<td>-</td>
<td>15 (18)</td>
<td>Income of secondary earner in a couple.</td>
</tr>
<tr>
<td></td>
<td>1 242</td>
<td>3</td>
<td>+</td>
<td>17</td>
<td>Family taxable income.</td>
</tr>
<tr>
<td><strong>New Zealand</strong></td>
<td>4 487</td>
<td>9</td>
<td>+</td>
<td>18</td>
<td>Family income.</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors based on OECD Family Database 2017, basing on the OECD Benefits and wages database 2013

(1) Family benefits including non-wastable tax credits. All benefit amounts are shown on an annualised basis. “-” indicates that no information is available or not applicable. In general family benefits are not taxable unless otherwise indicated; (2) “+/-”: increases, “-”: decreases, “0”: remains the same, “+/-”: increases or decreases (some countries give higher rates to the youngest and oldest age groups); (3) See also the Parenting Payment in lone-parents benefits table; (4) Benefit amount for a household with no declared income. Benefit amount as 6% (1 child percentage) of household income limit LM 10 270; (5) Benefit amount for the first child is calculated as the difference in benefit between a 3-member and a 2-member household.

32 In the case of New Zealand it was originally means tested but as early as the 1940s it was reformed as a universal system.
In the case of Australia, even though cash benefits are named as tax credits, they are given as direct monthly payment or as a yearly lump sum\textsuperscript{33}. In the case of New Zealand, targeting is somewhat more stringent and coverage seems to be a contested issue, as the attempted reform in 2014\textsuperscript{34}, seeking to make benefits flat rate and universal again, was debated but failed.

2. Maternity, paternity and parental leaves

Consistent with their liberal tradition, Australia and New Zealand are countries that did not have systems of maternity leaves well into the 20\textsuperscript{th} century. As in the US, these countries had some form of non-paid maternity leave, but it was only in the late 20\textsuperscript{th} century and early 21\textsuperscript{st} century that they developed paid maternity and parental leaves. Australia would only introduce paid maternity and parental leaves in the year 2011 with a total length of 18 weeks. New Zealand did it somewhat earlier, in 2003, allowing for 12 weeks of maternity leave. They would increase the length of paid maternity leave from that year onwards reaching a total of 18 weeks by 2016. No paid parental or paternity leaves are available in New Zealand while Australia introduced two weeks of paid paternity leave as an optional quota of parental leaves by 2013. Both countries have around 40 weeks of non-paid but job protected parental leaves (table 6).

![Table 6](image)

**Table 6**

<table>
<thead>
<tr>
<th>Oceania (OECD): work leave policies, circa 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Paid maternity leave</td>
</tr>
<tr>
<td>Paid parental and home care leave available to mothers (or fathers)</td>
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<tr>
<td>Total paid leave available to mothers</td>
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<td>Length, in weeks</td>
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<td>Australia</td>
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<td>6.0</td>
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<td>42.3</td>
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<td>18.0</td>
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<tr>
<td>Source: Prepared by the authors based on OECD Family Database 2017, Table PF2.1.A.</td>
</tr>
<tr>
<td>(a)Data reflect entitlements at the national or federal level only, and do not reflect regional variations or additional/alternative entitlements provided by states/provinces or local governments in some countries. The &quot;average payment rate&quot; refers the proportion of previous earnings replaced by the benefit over the length of the paid leave entitlement for a person earning 100% of average national (2015) earnings. If this covers more than one period of leave at two different payment rates then a weighted average is calculated based on the length of each period. In most countries benefits are calculated on the basis of gross earnings, with the &quot;payment rates&quot; shown reflecting the proportion of gross earnings replaced by the benefit.</td>
</tr>
</tbody>
</table>

The replacement rates vary by income level. For mothers—or fathers in the case of Australia—with earnings that are half of average earnings, replacement is slightly below full replacement, but as income goes up replacement level drop to less than 50\% of past earnings (figure 43).

\textsuperscript{33} This form of providing benefits solves the problem of low income families losing eligibility, since tax records and tax abatement are not possible or more complicated to achieve among this population.

\textsuperscript{34} In 2014, the child support policy work programme was reviewed. The reform reduced the size and growth in child support debt through changes in the assessment formula to assign the benefit. It also reduced penalty rates.
There is no data on take up of leaves provided by the OECD, but the wide coverage in social security implies wide access to such benefits. According to a recent report (Growing Up in New Zealand, 2014) as many as 84% of mothers took a combination of paid maternity, non-paid maternity and annual paid leave at the time of birth. Yet it is true that quite low replacement rates might make upper income women less likely to take such leaves.

3. Early childhood education and childcare (ECEC) services

ECEC have a relatively more recent development in Australia and New Zealand than most of Europe, but in contrast to the US and Canada, fiscal efforts are more robust. When looking at overall coverage at very early ages (0 to 2 years old) there is a clear upward trend since the 1990s, reaching and overall coverage of more than 40% in New Zealand and around 30% in Australia (figure 44).
Zealand, but rather low in Australia. In short, while with a relatively late start, Oceania has advanced and presents relatively high rates of ECEC coverage when compared to other OECD countries (figure 45).

**Figure 45**
Oceania (OECD): enrollment rates by age, circa 2014

[Figure showing enrollment rates by age for Oceania, with data for Australia and New Zealand.]

Source: Prepared by the authors based on OECD Family Database 2017, Chart PF3.2.F.

In sum, Oceania presents an intermediate position regarding child and family policies when compared with the good performers in Europe and the North American countries. While laggards in ECEC and leave policies, and with relatively narrow coverage in ECEC and limited extension in leaves, they have a strong, almost universal family allowance system that is also quite generous (more so in Australia than New Zealand). The impact on child poverty and overall inequality is positive, making them countries with average levels of poverty when compared to other similarly developed countries, and levels that are either similar or slightly higher than those of the general population (figure 46).

**Figure 46**
Oceania (OECD): poverty rates in the total population and among children and adolescents, circa 2013

[Figure showing poverty rates for the total population and children in Oceania, with data for Australia and New Zealand.]

Source: Prepared by the authors based on OECD Family Database 2017, Chart CO2.2: Child poverty.

The combination of limited but widely available maternity leaves, relatively strong ECEC coverage and close to universal and generous family allowances allow for high rates of female labor force participation, important cash safety nets and a reasonable work-care balance in families with children.
D. Selected countries in other regions of the world

1. Asia

Asian countries are very heterogeneous regarding fertility, dependency rates and life expectancy. East Asian countries, for example, perform similar to other developing regions, with a relatively low fertility (1.6 children per women in 2010-2015) (United Nations Department of Economic and Social Affairs, 2015) and an important decline in dependency ratios in the last decades (from 71.7 in 1980 to 41.4 in 2011) (Cecchini, 2014). By contrast, other Asian sub-regions (Southern and Central Asian countries) present fertility rates that are above 2, and in western Asia rates are almost around 3 children per women (United Nations Department of Economic and Social Affairs, 2015).

Targeted cash benefits are the social protection policy instrument used most often in Asia, established largely by central governments. Unfortunately, there is little that is targeted on or affects children directly. The traditional child/family benefits are not extensively used. For example, only one-third of the countries (16 out of 48) provide any kind of child or family allowance, the smallest proportion of all the regions (ILO, 2014).

The two most developed Asian countries with information from the OECD show a spending effort that is moderate with quite different profiles in Korea and Japan: strong on child care services in Korea, more concentrated on cash transfers in the case of Japan (Figure 47). Still, as we shall see both of these countries have notoriously increased child and family protection policies in the last years.

![Figure 47](Asia (OECD): public expenditure on family benefits by type of expenditure, 2013)

Source: Authors’ elaboration based on OECD Family Database, Chart PF1.1.A. Public spending on family benefits.

Cash benefits, cash transfers and family allowances

The existence of family allowances in Asian countries, with the exception of Korea and Japan, is rare. Traditional family allowances are only available in Sri Lanka and payable to the contributing worker rather than to families (Mokomane, 2012).

However, several countries have adopted other forms of cash transfers targeting families with children. There are however, important variations across sub-regions.

While in Central Asian countries have cash transfers programs with very limited coverage (Gassmann, 2011), several East Asian countries have cash transfers programs targeting families with

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35 Some East Asian countries, such as Japan and South Korea have levels of fertility that approach or reach very low levels, with TFR of 1.4 and 1.3 respectively, while China presents a TGF of 1.6 (for the period 2010-2015) (United Nations Department of Economic and Social Affairs, 2015).
children, most of them conditioned to school attendance or children’s health checkups. This is the case of Cambodia, Indonesia and the Philippines (Kohler, Cali, and Stirbu, 2009; Cecchini, 2014).

In 2012, Indonesia’s CCT, Program Keluarga Hatapan (PKH), was covering around 1.5 million households (around 2.5% of the country’s total households), while thePhilippinian CCT, Pantawid Pilipino Program, was covering 3 million households (around 15% of total households) (Cecchini, 2014). Evaluations show some of these programs are being effective, among other things, in increasing enrollment among younger children (3-11 years old) and increasing attendance among 6-17 year olds (Chaudhury, Friedman and Onishi, 2013).

**Maternity, paternity and parental leaves**

Although still far from the European parameters, a few Asian countries offer relatively generous maternity leave policies and several countries have maternity leave with a duration according to or near ILO’s recommendation (figure 48). After reforming its system in 2013, Vietnam stands out as the most generous country regarding maternity leave, with 6 months (and the possibility of an extra month if the mother has more than one child) of leave for mother. By contrast, in Bhutan and Maldives there is no maternity leave anchored to national legislation.

![Figure 48](image_url)

**Figure 48**

Asia (selected countries): maternity leave weeks, latest available year

Some Asian countries (for example, Korea, Japan, Taiwan) have also introduced parental leave policies for relatively long periods and with some kind of replacement of salaries (Chin, 2012). Considering only Korea and Japan, Korea provides a more generous scheme in salary replacement through maternity leaves, while Japan offers more paid coverage in the parental leave scheme than Korea (Figure 49).
Early childhood education and childcare (ECEC) services

Several Asian countries are developing policies to increase accessibility to childcare services by increasing the number of childcare facilities, as well as increasing the number of children who are eligible for childcare subsidies (Chin, 2012). Coverage among children between 0 and 2 years old has grown significantly in the last decades. In Korea, between 2001 and 2015 the proportion of children in those ages that were enrolled in child care services passed from 3% to 34%, while in Japan it passed from 22% in 2007 to 30% in 2014 (figure 50).
2. Africa and Middle East

African countries present the highest fertility rates in the world, reaching an average of 4.7 children per woman, and in some sub-regions (middle Africa, for example) reaching almost 6 children per woman (United Nations Department of Economic and Social Affairs, 2015).

In the last decades, however, North African countries and also Middle Eastern countries show a declining trend in fertility, combined with a cultural transformation in marriage and childbearing practices (Roudi-Fahimi and Mederios Kent, 2007). Also, in the last decades there has been an increase in women’s participation in non-agricultural employment (Mokimane, 2012). Despite these trends, in comparative terms African and Middle Eastern countries are regions where family is a long established institution and also the main provider of welfare for individuals in times of crisis or while facing risks such as unemployment, sickness or old age (Mokomane, 2012). Family is also the base for childcare (Blanc and Lloyd, 1994).

Cash benefits, cash transfers and family allowances

As in other developing regions, family allowances in Africa and the Middle East are an exception and cash benefits for families have adopted the form of cash transfers to reduce poverty (Adato and Hoddinott, 2007). There are several cash transfers programs in different countries. In some cases, they are conditioned to certain behaviors (such as sending children to school or vaccination). Some examples are Burkina Faso’s CCT for Orphans and Vulnerable Children, Ghana’s Livelihood Empowerment against Poverty (LEAP), Nigeria’s In Care of the People (COPE), Tanzania’s Community-Based CCT (CB-CCT), and Senegal’s Conditional Cash Transfer for Orphans and Vulnerable Children. The maintenance grant in Namibia, for example, is oriented to guarantee maintenance of children with disabilities and establishes a USD 26 of monthly cash transfer for the first child plus USD 13 per month for every additional child, up to 6 children (Mokomane, 2012). However, although some CCTs in Africa are implemented nationally and funded mainly by governments, some CCTs are the result of partnerships between governments and international donors like the World Bank, UNICEF, DFID and other governmental and nongovernmental organizations. Also, African CCTs are frequently implemented in regions and relying on community participation (Southern African Social Protection Experts Network, 2016).

Also, unconditional transfers have a long history in the region and have their roots in the South African pension system introduced in the 1920s to protect basically the minority white population (Mokomane, 2011: 17). However, with the exception of Mauritius and South Africa, they do not specifically target families with children (Niño-Zarazua and others, 2010). The most relevant policy is the South African Child support grant, which has proven to have significant impacts on children’s nutrition and height (Agüero, Carter, and Woolard, 2006 and 2007).

Maternity, paternity and parental leaves

Maternity leaves in Africa and the Middle East are mainly of the contributory type (this is, part of the basic social security schemes), and apply to a minority of salaried workers (Mokomane, 2012). Therefore, although maternity leave is comprehensively available in most African countries, this benefit applies only to a minority covered by social security as salaried workers. Also, only a few countries recognize ILO’s recommended 14 weeks or more. Considering all countries, just over half of the countries offer less than 14 weeks (Mokomane, 2011) (figures 51 and 52).

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36 The earliest unconditional cash programmes in sub-Saharan Africa were old age pensions established in South Africa (1928), Namibia (1949), and Mauritius (1958) (Mokomane, 2012).

37 The Child Support Grant started in 1998 with an unconditional transfer to mothers of children between 0 and 7 years old. It was reformed to include children up to 9, and later up to 18 years old.
Also, only three countries (Mauritius, Uganda, and Tanzania) recognize paternity leave formally. In the rest of the countries, there is either a special multi-purpose leave provision which could potentially be used by fathers as paternity leave (Mokomane, 2011) or no legislation at all regarding parental benefits.

**Early childhood education and childcare (ECEC) services**

As Mokomane (2011, p. 7) states, “governments in the region generally consider care and education of children younger than three years the responsibility of parents, private institutions, and nongovernmental organizations”. Compared to African countries, Middle Eastern countries seem to be more advanced in
the development of child care policies. Enrollment in pre-primary education in some of these countries reaches almost universal coverage (figure 53).

**Figure 53**

Northern Africa and Middle East (selected countries): enrollment in pre-primary education (3 to 5 years old), 1999 and 2015

Source: Prepared by the authors based on data from UNESCO/UIS.

### 3. Latin America

Latin America has gone through deep demographic transformation in the last decades. Most Latin American countries have experienced a decrease in mortality and fertility rates, as well as an increase in life expectancy (ECLAC, 2008). As a result, the region’s population is ageing and households are becoming smaller (ECLAC, 2005)\(^{38}\). At the same time, changes in divorce and nuptial patterns (with an increase of people living together without being married and a decrease in formal family arrangements) translate directly into changes in the shape of families (Arriagada, 2004; Rico and Maldonado, 2011).

For example, between 1990 and 2010 the percentage of bi-parental nuclear families decreased from 51% to 40%, while one person households went from 7% to 12%. Also, the proportion of single parent households headed by women passed from 10% to 12% in the same period (Rico and Maldonado, 2011).

As a result of all these trends, the region will experience a long-term increase in demands for care – due to old age dependency- and a decrease in the availability or potential caregivers. In the short term, however, the relationship will be relatively balanced. According to ECLAC (2010a), the care dependency rate will go from 35 dependents needing care (by 100 potential caregivers) in 2000 to 24 dependents needing care, basically because of the relative weight of children. Around 2014, however, the trend starts changing due to increases in old age population (figure 54).

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38 It is important to note, however, that not all Latin American countries are at the same stage in terms of demographic change. There is a group of countries that is far behind in the demographic transition (Guatemala, Haiti, Plurinational State of Bolivia) and where fertility rates are still relatively high. A second group is formed by countries with intermediate fertility rates but different trajectories: Colombia, Ecuador, El Salvador, Panama, Peru, Dominican Republic and Venezuela achieved early drops in fertility rates, while this has been more recent in countries like Honduras, Nicaragua and Paraguay. A third group – formed by Argentina, Uruguay, Brazil and Mexico, converges in fertility rates –although with different starting levels and trajectories- that combine with a high life expectancy. Finally, Cuba, Costa Rica and Chile form the most advanced group in terms of demographic transition, with fertility rates that are below the replacement rate and life expectancies higher than 78.5 years (ECLAC, 2010a).
The other big transformation that the region has gone through is the massive incorporation of women into the labor market. Between 1990 and 2014, the percentage of women (15 years and older) in the labor market rose from 39% to 54% (figure 55).

Increases in women’s participation in the labor market contributes to a ‘care crisis’, due to pressures that are being experienced by families –and particularly by women- because of the combination of paid work outside their homes and demands for care of children and other dependents (ECLAC, 2010; Rico, 2011b). This crisis is due to the pattern of the unequal distribution of unpaid work between men and women. This has not changed over time; instead, women have added paid working hours to their everyday activities –including care-, while men have not really assumed more responsibilities in the domestic sphere (Espejo, Filgueira and Rico, 2010; ECLAC, 2010b; ECLAC, 2010) (figure 56). It is important to note that most of these changes are being processed with a highly-stratified pattern (see Box 2).
The stratified patterns of demographic change in Latin America

The demographic transition in Latin America is not experienced equally by all countries, nor is it experienced equally within countries, instead having a distinct impact on different social sectors. For example, the decrease in fertility rates has been much more significant among higher-income women (ECLAC, 2012). In most Latin American countries, the average number of children between the least educated women is double that of the most educated ones. Furthermore, these gaps have not been closing in the last decades, but instead appear to be growing (ECLAC, 2012). Consequently, children have a higher probability of being born in poor households, and poverty will be increasingly associated with younger generations.

Another demographic change that has stratified impacts on society is the transition to adult roles (being parents, entering the labor market) by the youth. As in other regions of the world, adolescence and young adults, on average, tend to delay the assumption of adult roles (in other words, prolong their youth). This trend, however, does not affect all adolescents equally. The stratification of this impact is associated with structural conditions (Filgueira, 1998) associated with inequality cleaves. In turn, what occurs is that the most educated and richest youth tend to postpone their entrance to the adult phase, while the least privileged youth assume adult roles earlier on in life (Ullmann, 2015).

The differences in the roads of emancipation between young people of different socio-economic strata are huge. There are also large differences between men and women of different age groups. Between the wealthiest sectors, the tendency is to delay maternity, the exit of the education system, the entrance to the labor market, and the emancipation from home. In contrast, these events occur much earlier for lower income youngsters. On the other hand, within the wealthiest youth, labor market participation rates of men and women seem to be converging; this pattern is not observed among lower income youth, where gender inequalities- due to several restrictions and lack of support for childcare- hinder the entrance to the productive world (ECLAC, 2011).

These trajectories reflect at least three distinct roads to the transition to adulthood. The first implies staying in school during most part of the adolescence and young adulthood- even in combination with entries and exits from the labor market- which allows people to maximize their accumulation of opportunities for their eventual entry into the labor market and the assumption of adult roles. A second route consists of early drop out from the education system and an early entry into the labor market, although generally under precarious conditions. Finally, the third route also implies early drop out from school, although not accompanied by an entry to the labor market. This translates into a withdrawal from the institutions, which, if maintained for a prolonged period, results in social exclusion, which carries on to adulthood (ECLAC, 2011).

A third demographic process (in addition to fertility rates and transition to adulthood) that also manifests itself in a stratified way is the change in family structures. Although households in the region continue to be predominantly bi-parental, there is an important rise in single-parent and female-head households. Changing patterns surrounding marriage results in new risks, such as the fact that one adult is solely responsible for care taking and for provision of the household. These risks are even more important when considering that these types of households (single-parent and female-heads) increased from 8% to 12% between 1990 and 2010 in the lowest quintile, while increasing from 7% to 9% among the highest quintile.

Finally, the inequality in the distribution of unpaid work between men and women is especially deep in low socio-economic sectors. Low educated and low income women tend to devote more time to unpaid work than women from middle and high income sectors, especially with the presence of young children in the family. This reflects a highly stratified pattern also in the gender equality dimension, which concentrates risks and vulnerabilities in poor women (ECLAC, 2010a).


Finally, the region presents a relatively strong relationship between poverty and being a child or an adolescent. Today, Latin American children have a higher probability of being born in poor households than twenty years ago, even though recent results in poverty and indigence reduction are quite positive (Rossel, 2013a). As a result, families with children – and among them, single-parent families headed by women- seem to be more associated with poverty and vulnerability (ECLAC, 2010).
There are no comparable data for Latin America regarding overall spending on children and family protection policies as in the OECD data base. The only two countries where such data is available (Chile and Mexico) show a spending level that is low compared to OECD countries. Compared to Mexico, in the case of Chile the effort is larger—similar to the cases of low investment in other OECD countries—and balanced between cash transfers and care services (Figure 57). In the case of Mexico effort it is lower than almost all other OECD countries and cash transfers to children and families with children quite low, despite the fact that it has one of the largest CCT programs in Latin America.
Cash benefits, cash transfers and family allowances

Most of Latin America did not have a system of family allowances such as the ones that in the post war period swept through most of Europe. Exceptions in this sense are Argentina, Uruguay and Chile, which developed early systems of universal yet contributory family allowances, similar to the systems anchored in social security in Europe. The lower rates of formality implied of course lower coverage rates. Other countries developed later in the second half of the 20th century some form of contributory family allowance, but usually restricted to small groups of workers (miners in the Plurinational State of Bolivia, state employees in the Bolivarian Republic of Venezuela, and other categories around the region). Even when some of these systems increased contributory coverage with time, the lack of a strong formal workforce hindered coverage, especially of the poorer sectors of society. The region would have to wait for the wave of conditional cash transfers programs to really reach part or most of the poor and vulnerable sectors.

Today most countries in the region have some form of means-tested cash transfers for families with children. Some are quite stringent and aim at covering the poorest of the poor. But many have moved beyond such narrow coverage and cover today an important proportion of families with children (figure 58). Most of them have some conditionality attached to eligibility, usually regarding children educational attendance and health check-ups and vaccination.

![Figure 58: Coverage of individuals in households targeted by CCTs, around 2015](image)


The value of conditional cash transfers also varies significantly across countries (figure 59). Looking at the basic benefit for families with children such values go from close to 100 dollars per-child to less than 20 dollars (monthly transfers). In some countries, such as Ecuador, the value of the benefit is for the whole family and does not increase with number of children. In other countries, such as Uruguay, the values increases at a slower rate by number of children. Most countries have a maximum limit in terms of eligibility for additional child transfers no matter if they have more children. Once they reach the ceiling no additional benefit is granted.
The fiscal efforts of the different countries are related to both coverage and the value of the benefits provided. Argentina and Ecuador\textsuperscript{40}, followed by México and Uruguay are the countries with the highest fiscal effort (figure 60). In Argentina this is due more to value than to coverage –though the latter is also quite high. In the case of Ecuador, the value is limited, but coverage is wide while Mexico and Uruguay have both relatively wide coverage and a high level of benefits.

\textbf{Figure 60}

\textit{Spending in cash benefits for families with children as a percentage of GDP, 2015}

Although investment in CCTs has grown since 1996 (Cecchini and Atuesta, 2017) (figure 61), the fact that many CCTs lack support in national laws, or when they have, lack criteria for funding and indexation, makes such systems more volatile than other social protection policies. Even if frequently they

\textsuperscript{40} The data on fiscal effort by Ecuador is overestimated since it includes benefits for the elderly and those with disabilities (approximately, 20% of fiscal effort goes to these populations).
have gained legitimacy and have survived government changes, the recent economic downturn seems to be having a clear detrimental effect on the fiscal priority of these programs in a number of countries.

**Figure 61**


Source: Cecchini and Atuesta (2017, p. 77).

A question remains around the extent to which these programs are to become a stable feature of a rights-based welfare architecture. Is it possible for Latin America to move towards universal type family allowances anchored in national legislation? A study by ECLAC (Filgueira and Espindola, 2015) estimated the costs and effects on poverty that more robust systems would have for the different countries in the region. The study considered the possibility of universal coverage of all families with children, coverage to all vulnerable families with children and only to those below the poverty line. It also considered an amount that added to what families were already receiving would guarantee a per-capita poverty line benefit for every child, for every child but with a gradient and limit on additional benefits per child, and a single benefit per family. The results of estimating a universal family allowance in addition to the CCT are not far from possible and viable for a number of countries, and if adjusted to just one family benefit per family with child are also attainable for middle income countries in the region (figure 62).

**Figure 62**

Estimated additional fiscal effort to provide a benefit equivalent to one poverty line in different models of benefits, 2011

In Uruguay, Argentina and Chile the estimated cost of one benefit equivalent to the poverty line for every child would never imply more than 0.7% of GDP (figure 63) and more economic options could be as low as less than half a percentage point if the benefit had ceilings and lower benefits for additional children, and less than one quarter of a percentage point if the benefit was only granted to the family irrespective of the number of children. In other countries, it is quite clear that such a universal scheme would be unattainable, but targeted and less generous systems—still far more generous than they have today—could be established.

![Figure 63](image)

**Figure 63**

*Estimated fiscal costs of providing a benefit equivalent to half a poverty line for vulnerable households with children, 2011*


To provide a benefit equivalent to half a poverty line to all vulnerable families (those below 1.8 of the poverty line) the additional fiscal effort is always less than 2% of GDP in all countries considered. Such a benefit is still quite more generous in coverage and value than what most of these countries have today.

The impact of such systems on overall poverty levels would be significant, and would put a large proportion of families with children out of poverty. Indeed, an estimation of poverty before and after the modeled benefits would decrease to less than half of overall poverty in the most cases developed cases and by a quarter or more in the less developed ones (Filgueira and Espíndola, 2015).

**Maternity, paternity and parental leaves**

All countries in the region have statutory maternity leave policies. However, there is variation in terms of length and most countries offer less than the 14 weeks established by the ILO. Honduras is probably the most emblematic case, but the Dominican Republic, the Plurinational State of Bolivia, El Salvador, Guatemala, Haiti, Mexico and Nicaragua provide 12 weeks or less). Only nine countries (Panama, Costa Rica, Brazil, Peru, Ecuador, Venezuela, Colombia, Chile and Uruguay) provide 14 weeks or more. Chile is a noteworthy case in the regional landscape, with a 24 week maternity leave approved in 2011 (see box 3) (figure 64).
Data on payment rates of maternity leaves are a bit more encouraging: most Latin American countries offer 100% replacement rates, although in some cases this doesn’t necessarily apply to the entire period (figure 65).

Source: Rossel (2013b).

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**Figure 64**
Latin America (19 countries): length of statutory maternity leave (weeks), circa 2013

![Graph showing the length of statutory maternity leave in weeks for 19 countries in Latin America, circa 2013.]

**Source:** Rossel (2013b).

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**Figure 65**
Latin America (19 countries): maternity leave’s payment rate circa 2013³
(Percentage of salary replaced)

![Graph showing the percentage of salary replaced for maternity leave in 19 Latin American countries, circa 2013.]

**Source:** Rossel, C (2013).
Chile offers 100% up to a limit of weeks, Haiti offers 100% up to 6 weeks, Bolivia offers 100% of minimum salary, plus 70% of the difference between the minimum salary and regular income, Paraguay offers 50% for 9 weeks, Honduras offers 100% for 84 days.

But the most important deficit in Latin America’s maternity and parental leaves is still basic coverage. In Latin America, maternity leaves are still limited or non-existent for particular sectors, like domestic workers, subcontracted and temporal workers, etc. As a result, the proportion of employed women that actually use the maternity leave benefit is relatively low. Given the high level of informality and the fact that almost no system includes informal workers most systems of maternity and parental leaves are restricted to a small proportion of working mothers (table 7).

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<th>Some groups within public workers</th>
<th>High income workers</th>
<th>Workers in family business or self-employed</th>
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- Right of absence but no paid.
- Optional, right of absence but no paid.
- In firms with less than 10 employees.
- Optional.
- Directors and executives.

Flexibility is another dimension in which Latin America presents limited progress, with scarce options for women on when the leave can be taken or how it can be combined with part-time jobs. An exception to this is Chile, where the new post-natal leave allow women to use until 18 weeks and go back to work in a part-time scheme, until the child is 30 weeks old.

Paternity leaves are very limited in Latin America. Usually, leave periods vary between 2 and 10 days. The Bolivarian Republic of Venezuela is the country with the most generous scheme (14 days). There are, also, important differences in the benefits accessed by public and private workers (Salvador, 2007; Pautassi and Rico, 2011).

Parental leaves are really an exception in Latin America (ILO/UNDP, 2009; Pautassi and Rico, 2011). To date, only three countries have parental schemes, included within the maternity leaves. Cuba offers a 9 months unpaid maternity/paternity leave both to mothers or fathers after the statutory maternity leave (ECLAC, 2010b). Chile offers mothers with the possibility to transfer the benefit to fathers after the 7th week after childbirth and for a maximum period of 3 months (see box 3). In 2013, Uruguay instituted a shareable full paid parental leave that allows either parent to work half-days until the child is six months old.
Box 3

The parental dimension in Chile’s reform of maternity leave

In 2011, Chile approved a new legislation that regulates maternal leave, adding 12 additional weeks to the already existing 12-week leave. Through this legislation, women receive their full salary, with a maximum of 70.3UF (around USD 2800). This new system also includes the possibility to transfer the post-natal leave to the father after the 7th week of the child’s birth; this leave may last for up to three months. However, the percentage of fathers taking the benefit is extremely low.

The legislation contemplates special terms for premature and multiple births, and extends the right to parents of adopted children. The post-natal benefit covers all dependent and independent workers, from both the public and private sector. In 2013, the benefit was also extended to workers who are not under contract at the time of the child’s birth, but who have at least 12 months of social security contributions and 8 or more continued (or discontinued) contributions within the 24-month period previous to the beginning of the pregnancy. In addition, the last contribution before pregnancy must have been under a fixed-term contract or project-specific contract.

The post-natal leave project was heavily debated during 2009 through 2011 (Staab, 2012). One of the most debated issues was the choice to offer women full salary replacements instead of extending the duration of the maternal leave with a gradual salary replacement (Dussaillant and Gonzalez, 2011). Others disputed the fact that the parental leave was limited to the last three months, without giving families the possibilities to use it during the first three months of the child’s birth.


Early childhood education and childcare (ECEC) services

Child care services in Latin America are still far from Europe and other developed regions’ achievements. According to ECLAC, in 2009 net enrollment in care services for children between 0 to 3 years old was around 5% (in Guatemala, Honduras, Dominican Republic, Paraguay) and 20% (in Cuba and Mexico). The net enrollment rate for children between 3-6 years old was much higher, but only in Cuba and Mexico reaches levels that were near universal. Brazil, Uruguay, Argentina, Peru, Colombia and Panama present enrollment levels of around 60% and 70% (ECLAC, 2011) (figure 66).

Figure 66

Latin America (19 countries): Net enrollment in preprimary (3 to 6 years old), and estimations of net enrollment in care services for 0 to 3 year olds, circa 2009

A recent study published by ECLAC shows that enrollment in ages 3-5 is has grown significantly in the last decade. In 2014, the average coverage in these ages for eight countries was 64.6%. The national coverage of ECEC services for 3-5 years reached 86% in Uruguay, 79% in Brazil, 77% in Chile, 72% in Mexico, 64% in Peru and 61% in Colombia. Even countries with a very limited coverage in 2009, like Honduras, present a slight growth in 2014 (37.6%). Also, enrollment in child care services is highly stratified by socioeconomic level (the high-income population is the one with higher access to services, while lower income sectors present significantly lower attendance rates) and by the urban/rural cleavage (with less coverage in rural areas) (ECLAC, 2017).

The design of child care services in Latin America is quite varied, combining public facilities with private services or services provide by civil society organizations, usually subsidized with state funding (Salvador, 2007; Vegas and Santibáñez, 2010). In the last decade, countries like Mexico, Chile and Uruguay have expanded child care infrastructure, improving the availability of services for children between 0 and 3 years old (Staab, 2010).

One of the problems regarding the recent development of child care and preprimary school enrollment is the issue of inequality. While no data is available on comparable terms regarding very early ECEC, the data for children ages four to five years old provides a troubling picture.

### Table 8
Latin America (13 countries): coverage of 4 and 5 year old children in preschool systems, 2000, 2005 and 2013
(Percentages)

<table>
<thead>
<tr>
<th>Age</th>
<th>Year</th>
<th>Socio Economic Level</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>4 year old children</td>
<td>2000</td>
<td>28.5</td>
<td>42.0</td>
<td>43.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>38.3</td>
<td>57.0</td>
<td>76.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>37.7</td>
<td>60.2</td>
<td>78.4</td>
<td></td>
</tr>
<tr>
<td>5 year old children</td>
<td>2000</td>
<td>60.4</td>
<td>81.9</td>
<td>92.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>66.0</td>
<td>84.9</td>
<td>94.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>71.8</td>
<td>88.4</td>
<td>95.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: SITEAL, 2015. Based on special tabulations from household surveys.

The coverage of four year old children –also a good proxy for the gradient on two and three year olds- shows a highly stratified pattern and one that has evolved without convergence between terciles of socioeconomic level. Even when 5 years old coverage is considered, gradients seem to be resistant to expansion, with the lowest socioeconomic level remaining a clear laggard.

Also, several studies show that in addition to varying coverage rates, the quality of ECEC services in the region is highly varied. The scarce evidence on the subject suggest a high heterogeneity and persistent precariousness in many countries, concentrated mostly in rural areas and in low socioeconomic contexts (Vegas and Santibáñez, 2010; Araujo, Lopez Boo and Puyana, 2013).
VI. Achieving equality through social protection for families and early childhood: challenges and options for developing countries

Compared to pension systems, health care and health insurance and formal education, family policies and early child protection are relatively more recent, have a wider variety of institutional settings and usually carry less weight in the fiscal effort of states. Yet it is also true that these policies have grown significantly both in developed as in developing countries. There are at least two reasons why this trend takes place.

In the first place there is increasing scientific evidence regarding the importance and efficiency of early investment in children promoting their capabilities and protecting them from risks (Heckman and Masterov, 2007; Heckman, 2012). While children have no vote, knowledge has helped make their case to a larger extent than before. Development will happen through human capabilities and human innovation. And increasingly the scientific community and the policy paradigm are agreeing that the foundation of such capabilities takes place between gestation and the first 4 to 5 years of life. Still, despite such increasingly positive and strong consensus, the efforts fall short in most cases leaving an important part of small children unprotected.

In the second place the increasing incorporation of women into the labor market and the relatively frozen landscape regarding male incorporation into domestic chores and care implies that at some point the state would need to enter into the equation organizing services and creating policies that allow for the balancing act of paid and unpaid work that women face day in and day out. Leaves and ECEC are very much led by family changes and demands. In some cases this takes place without state involvement. Enterprises and markets provide the basis for leaves and early childhood care. But such a solution is usually fragmented, insufficient and does not reach the large group of women who cannot access such market solutions, or who are not employed by enterprises granting time of work for family and child care. In the case of OECD countries many of these policies are meant to avoid a very low fertility scenario and the increasing choice of childlessness made by women. In many countries in Eastern Europe major hikes to transfers and leaves have taken place with precisely this goal in mind. Despite a major economic malaise affecting the southern Mediterranean countries, it is possible to see in these countries increasing efforts to strengthen family policies and childcare protection. Nordic countries have
done it earliest and best leading the world by showing that a highly productivist and egalitarian system is possible when the welfare state focuses its efforts in redefining the gender and generational contract. Women and children become their allies for their political and economic project.

The recent experience from the leaders in child protection systems offers an opportunity for Latin America and other developing regions. Regarding **family allowances and cash benefits**, European countries have moved towards expanding the generosity of transfers and taking special measures during economic crisis. They have also created specific benefits for lone-parents. Regarding **work leaves**, European countries have expanded both length (way further than the 14 weeks recommended by ILO) and the generosity of paid benefits, sometimes merging maternity and paternity/parental leave schemes. Also, some countries have increased flexibility in leave policies, allowing for more workers to take them and use them for a longer period. “Daddy quotas” have become an increasingly common innovation in European leave systems. Regarding **child care services**, European countries have significantly expanded coverage both by increasing the number of hours’ services are available and the population they are open to (for example, expanding the eligibility criteria to children under 2 years old).

Laggards in leaves such as the liberal countries have advanced in creating a modest leave system with the exception of the United States, while they have also moved ahead in coverage in ECEC. Regarding family allowances the picture is more mixed. Some universal systems have become more targeted (not narrowly, but targeted nonetheless), but in general they have also protected or even increased value. More clear laggards were the Asian developed countries of Korea and Japan. These countries have made major strides in catching up with their western counterparts in ECEC and leaves. The rest of Asia remains underdeveloped in all three policy areas, though some leave systems have advanced and CCT programs do exist in a limited number of countries.

In Latin America, the last 15 years have also shown major advances in all the areas that we have considered throughout this work. Monetary transfers to families with children, extended leaves for mothers and larger coverage in many cases, and more timidly, early childhood care and education are part of the agenda and in some cases a policy reality. Yet what seems to be lacking in the region are three critical aspects that are required for sustainability and effectiveness:

- Rarely are these policies based on the idea of a universal set of interrelated transfers and services. Targeted and sometimes narrow targeting dominates monetary transfers, while leaves do not reach the poor or the informal, and care remains limited in reach and segmented in quality. Thus CCT remain politically weak and do not reach the vulnerable population in many cases (and sometime coverage is less than poor families with children). On the other hand, leaves not only remain in many cases a policy with very narrow middle and upper middle class coverage but they have not advanced at all (with few modest exceptions) in paternal leaves. Childhood care (0-2/3) and preschool coverage (3/4-5) have advanced but in many countries remain highly stratified in coverage.
- Overall, the fiscal effort in most of these policies remains modest and the economic downturn of the last years might have a very negative impact on them. In the case of CCTs and ECEC, many countries still lack of laws guaranteeing funding for these policies. Also, there are almost not legally binding criteria regarding sufficiency and/or quality. In the case of CCTs, the updating of the value of transfers (through, for example, indexation to inflation) is not legally guaranteed in most cases. In the case of ECEC, quality parameters in the case of care are scarce.
- As a result, the impact of these policies on inequality and poverty so far has remained limited. While targeted, CCT have values that rarely lift families out of poverty and make no dent or very limited dents on overall inequality. Still, positive effects on education, health and child labor have been documented. Leaves are, as they stand, rarely redistributive, since eligibility remains contributory and thus coverage and take up is limited given our large informal labor

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41 Chile is an exception. This country includes an inflation–related update in the law of Ingreso Etico Familiar
markets. The impact of ECEC is when coverage reaches the poor quite progressive, though no systematic studies have been done to assess how it contributes to women’s incorporation into the labor market. Some studies that have been done do show that poor children that have had access to ECEC (both early childcare and preschooling) perform better in school (NICHD, 2005; NIEER, 2006; Smith, 2014).

Early childhood protection and family protection can play a major role in increasing human capabilities and productivity for society at large and in decreasing inequality and vulnerability for children and young families. They operate in a critical period where families are most vulnerable and when children are developing their basic cognitive functions. Of course not all spending in children and families will get the job done. If family allowances and leaves remain limited to formal workers and if ECEC are of bad quality the promise will not be fulfilled. Universal good quality transfers and services are needed, or at least services and transfers that reach both the lower income groups and the middle classes so as to guarantee access to those most in need and reasonable quality.

Developing countries, and Latin America in particular, have a long road ahead if they want to transform what today is an embryo of a family and childcare protections system into a full blown pillar of their social states. Fiscal costs will be important, but the long run benefits in human capabilities, productivity and equality far outweigh the fiscal costs of setting such system up.
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