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The Task at Hand: Anything but Child's Play

Children are the adults of the future. How they are raised will determine their well-being and the future of the countries they live in. Policies for young children should be at the core of a country's development agenda—no less than policies to develop infrastructure or to strengthen institutions.

Spending on effective programs for young children is not charity. It is an investment that, if done well, will have very high returns. It is both efficient and can reduce the intergenerational transmission of poverty and inequality. And it is an investment that, if not made, will lower the returns to the substantial investments being made in education for school-aged children throughout the region. However, if the services provided (or funded) by governments in Latin America and the Caribbean are to benefit young children, they need to be of a substantially higher quality than those that are currently in place.

How Early Childhood Matters

Development in early childhood casts a long shadow. Long-term panels show that the benefits of early investments can be seen all the way into adulthood. In one study from Jamaica, children who benefited from a parenting intervention in the first two years of their life earned wages in adulthood that were 25 percent higher than comparable children who had not participated. Children who had received the parenting intervention were also less likely to be engaged in criminal activities in early adulthood. Credible evidence from a number of sources reveals that children with deficits in nutrition, cognition,

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language, motor, and socioemotional development early on are less likely to learn in school; are more likely to engage in risky behaviors that result in early pregnancy, school dropout, and violence in adolescence; and are less likely to become productive adults.

Because the acquisition of skills is a cumulative process, investments early on increase the returns to all investments made later in the life cycle. The benefit-cost ratios to programs in child nutrition, early stimulation, or school quality can be very high. The early years in the life of a child are also special in another way. Later in the life cycle, there is often a trade-off between equity and efficiency in investments—the highest returns to investments occur when these are made in people who already have a high level of skills. There is no such trade-off in early childhood. Investments in young children have the highest returns when they target children who are most at risk. Effective programs for at-risk children are both efficient and equity-enhancing.

How Is the Region Doing in Early Childhood Development?

Latin America and the Caribbean has made remarkable progress in improving child health and nutrition. Over the course of the past 50 years, most countries in the region have reduced infant mortality by three-quarters or more. In both 1990 and 2010 roughly 10 million children were born in Latin America and the Caribbean. Of these 10 million children, 428,000 died before their first birthday in 1990, but only 149,000 in 2010. Chronic malnutrition has also fallen in many countries. By and large, improvements in mortality and malnutrition have been particularly notable among the poor.

The picture is less positive with regard to other dimensions of early childhood development. Young children in poor households lag seriously behind their counterparts in better-off households. The gap between the rich and the poor is apparent early on, and grows as children become older, at least until the age when they begin formal schooling. It is particularly large in two dimensions of development that are most strongly associated with early school performance: language and cognition.

Once children begin school, many of them learn very little. Their poor progress is a result of the deficits they have upon entering school, and the low quality of the education they receive. Children in the region generally perform poorly on tests of early learning. On a recent test of math among third graders in 14 countries in Latin America, 75 percent of children in the Dominican Republic, the country with the overall lowest scores, could not solve simple addition or multiplication problems. Even in Chile, the highest performer in the region, 10 percent of children could not solve these problems. In every country where data are available, children in poor households perform substantially worse than those in better-off households.

Policymakers in the region (rightly) worry a great deal about the poor test scores of 15-year-olds on the international PISA exam, in particular relative to high-performing countries like China, Korea, and Singapore. They understand that the low levels of skills of Latin American teenagers have important implications for their productivity as adults, and for a country's growth potential. However, the seeds for this are sown early on and are apparent in the poor developmental and learning outcomes of many children in the region at very young ages.

The Case for Government Intervention

Poverty among young children in the region has declined sharply in the past decade. But growth alone will not take care of the deficits in critical dimensions of development observed among many children in Latin America and the Caribbean. What, then, is an appropriate role for government policy in the early years? Broadly speaking, there are two justifications for government intervention: failures in decision-making at the household level, and failures in various markets that deliver services to young children.

Most parents want the best for their children. They want them to be happy, healthy, and smart. They want them to be successful in school, and productive citizens thereafter. If the returns to investments are in fact so high, why are families not making them? A number of circumstances can lead parents to make decisions about children that are not optimal from a social point of view. If parents are poor, and are credit-constrained, they may not be able to invest enough in their children. If they have high discount rates, they will prioritize spending on goods and services that yield benefits now (like consumer goods) over spending that will yield large benefits only in the future (like tutoring for a child in kindergarten). Parents may also be unaware of the benefits of certain actions (e.g., providing a warm, nurturing environment for their children) or may be incapable of carrying them out (e.g., parents who are poor readers will have difficulty reading to their children). Many of these are not problems unique to poor countries—they occur in developed countries, too. But all of them provide a powerful rationale for government intervention to help shape the choices made by parents and other caregivers of young children.

Markets that deliver services for young children do not always work well. This is particularly apparent in the market for daycare services. Daycare is what economists call an "experience good." Experience goods are characterized by large information asymmetries between providers and consumers. It is difficult for parents to tell high-quality from low-quality daycare. They will notice whether their baby's diaper is clean at pick-up time, but this may say very little about what occurred over the course of the day. Under these circumstances, governments can provide information about the quality of daycare services (e.g., by licensing providers), or they can directly provide daycare services themselves.

In the case of early education, it is widely accepted in most countries in the region that the government will directly provide schooling, or subsidize provision by the private sector (as in Chile), or some combination of private, religious, and not-for-profit schools (as in Jamaica).

In fact, governments in the region have acted to increase the provision of services for young children. The proportion of children who are in daycare (mostly publicly provided daycare) has increased dramatically in the past decade—by a factor of two in Brazil and Chile, and by a factor of six in Ecuador. The proportion of 5-year-old children who are enrolled in kindergarten has increased by 40 percentage points in Mexico in the past decade, and by 60 percentage points in Honduras. But the quality of these services is generally very poor, and this raises serious questions as to whether children are in fact benefitting from these services. In this case, more may be less.

How to Invest in Early Childhood

Overall, in comparison with developed countries, and in comparison with the expenditures made later in the life cycle, countries in Latin America and the Caribbean spend very little on the early years. In the region, for every dollar that is spent on a child 5 and under, more than $3 are spent on a child between the ages of 6 and 11.

At first glance, these figures would suggest that countries in the region simply need to spend more on young children. To some extent, this is correct—governments spend too little on early childhood. However, more spending will do little to solve the problem of poor development in early childhood if resources are not spent well. In particular, what is critical is the *quality* of services (parenting programs, daycare, early schooling) provided to young children. By and large, however, the quality of the services that many young children in Latin America and the Caribbean receive is dismal. In fact, some of the services are of such low quality that they may harm—rather than help—the children who use them.

What is quality? At home, in daycare centers, and in early school, quality refers to a large extent to the interactions of children with those who surround them. Research in neurology shows that the interactions young children have with each other and with adults shape a child's brain in ways that have lifelong implications. When adults are sensitive and responsive to children's cues and needs, children begin to develop. When they provide early stimulation and focused instruction, children learn.

Because improving quality is, in large measure, about changing the nature of the interactions of children with their parents, caregivers, and teachers, spending on physical infrastructure does not by itself help. Parenting programs do not require infrastructure, but they do require well-trained, carefully supervised home visitors who can establish a relationship of trust with families and deliver a given curriculum with high fidelity. Building state-of-the-art daycare centers does nothing for child development if children are not actively engaged, encouraged, and stimulated. Reducing class sizes or giving teachers or children laptops will not improve learning outcomes if it does not change the day-to-day experiences children have in the classroom.

Increasing access is straightforward, but improving quality is not. Improving quality is painstaking work—more difficult than building roads or bridges, and much less glamorous than inaugurating new daycare centers. It requires moving slowly with the expansion of services, especially because access to daycare and preschool has already increased dramatically in the past decade in many countries in the region.

If they want to raise quality, policymakers need to take the long view. There is still much to be learned. Research from Ecuador shows that kindergarten teachers—often kindergarten teachers in the same school, teaching comparable children—vary dramatically in their effectiveness. But how are these teachers best rewarded, and what can be done to improve the performance of other, less-effective teachers? Research from the United States shows that innovative programs of in-service training, combined with coaching and mentoring, have potential. But little is known about how best to adapt programs like these to the very different circumstances of countries in Latin America and the Caribbean.

Improving quality does require more resources, but what is most lacking is capable staff—home visitors, daycare staff, teachers, coaches, supervisors—who can ensure that the services that are delivered actually benefit children. And raising the quality of services provided to young children in the region demands a virtuous cycle of experimentation, careful evaluation, and redesign.

The Challenge of Institutions

Programs for young children—parenting programs, programs to promote breastfeeding, daycare programs, cash transfers that seek to benefit children, preschool and early primary school—are delivered by a large number of actors. These actors are in different ministries in a country—education, health, social protection, the family, among others—and, in some countries, different levels of government—national, state, and municipal. In some countries, too, the private sector plays an important role, in particular in delivering daycare services. The fact that no single actor "owns" the issue of early childhood may be one of the reasons behind the low level of expenditures in the sector.

A coherent policy for development in the early years is more than a collection of programs—even if these programs are, by themselves, effective. To coordinate these efforts, an institutional architecture must support them. A consolidated governance structure should clearly define roles, planning, quality standards, monitoring, data systems, and coordination across sectors and levels. Accountability is key. Adequate and sustainable funding is needed. In addition, the institutional architecture must place great emphasis on monitoring and rigorous evaluation. Countries have to develop the capacity to experiment, learn from evaluations, and adapt methods and modes of delivery. Most of all, there needs to be a clear policy to develop human capacity to provide high-quality services.

Many countries in the region have made some progress creating a coherent institutional architecture to formulate, implement, coordinate, monitor, and evaluate interventions for young children. But, despite this progress, there is much to be done. Bureaucratic silos and service duplication are still frequent. Services are built around the agencies that provide them, not around those who matter most—young children.

Policymakers in Latin America and the Caribbean face a huge economic and moral challenge. They need to identify how best to invest in what is surely their most precious resource: their children. While the road is long, concrete steps can be taken. Gradually expanding the coverage of parenting services for at-risk children is promising. Experimenting with how best to use conditional cash transfers to effect behavioral change should be a priority. Providing high-quality daycare services to poor children in peri-urban areas may help. Upgrading teachers' skills (through personalized, hands-on in-service training and coaching) and rewarding the performance of outstanding teachers is likely to improve learning outcomes. Countries will have to find the right mix of these and other policies based on their own individual circumstances. There is no single recipe.

The road ahead is not easy. Improving quality is much more difficult than increasing access to services. Ensuring that every child in the region can develop to her full potential will require a sustained effort. But, for reasons of both equity and long-run productivity, it is an effort the region can ill afford not to make.