

The importance of Child Social and Financial Education

A contribution from Aflatoun, Child Savings International (Amsterdam August 2007) to the Day of General Discussion 2007 of the CRC Committee on:

“Resources for the Rights of the Child – Responsibility of States”

Investments for the Implementation of Economic, Social and Cultural Rights of Children and International Co-operation (CRC Article 4)

Executive Summary

This discussion document suggests that undertaking the measures stated in CRC Article 4 is not merely a matter of allocating or ‘supplying’ a percentage of resources for the recognition of children’s rights. Rather, it asserts that effective realisation of CRC Article 4 is determined by the way in which this allocation is employed to unlock cycles of poverty. It highlights the role of Governments in developing and/or adopting culturally attuned social and financial education programmes for young children as the primary method of equipping future generations with life-skills required for their role as architects of a more equitable global society.

Context

Due to a lack of research and appropriate indicators, child poverty is much more difficult to determine than adult poverty. Recent research suggests that the number of children living in poverty is most likely higher than traditional monetary-based headcount studies indicate (Munijin 2006). Nonetheless, we do know that at least 200 million of the one billion plus children between the ages of 6 and 15 worldwide live in extreme poverty.¹ Even in OECD countries, one out of every five children lives below the poverty line.²

For many children, poverty is the locked door that stands between them and realisation of their social, economic and cultural rights. Under Article 4, CRC States have a responsibility to address these rights “to the maximum extent of their available resources . . . within the framework of international co-operation.” Article 4 is also a call to action for the delivery of several other CRC articles. This is a broad challenge, but it presents an opportunity to effect change at a fundamental level by equipping children with the knowledge and understanding that will enable them to impact the social and economic course of their countries. By implementing a long-term strategy for social and financial education, States will be able to address not only Article 4 but also CRC Articles 28 (right to education), 29 (focus of education on rights and

responsibilities), 32.2 (education as means of economic protection) and 42 (communication of principles and provisions of the CRC to children and adults).

The Role of Education in Delivering Article 4

The CRC articles, when taken collectively, identify education as both a means to realising child's rights *and* a right in and of itself. In terms of Article 4, education is the most effective and deep-seated instrument for the realisation of children's economic, social and cultural rights. Effective because it is the primary way in which States can engage broadly with the child population yet directly with individual children. Deep-seated because education is a critical determinant of a child's success in life and it has tangible returns to the community and to future generations.

1992 Nobel prize Winner Gary Becker (2006) highlights the generational propensity to invest in education and the positive correlation that exists between the number of years of education that a parent has and the number of years of education his/her child will receive. This correlation between parents' and children's educational attainment is significant when we consider the challenges posed by breaking cycles of poverty in developing nations, especially in relation to social and financial education. In addition, in developing nations with limited resources, most of the risk of being financially illiterate sits at a household level with no State safety net to underwrite it, meaning that governments have a large role to play in raising awareness and financial literacy of their citizens (Blancher 2006). In applied terms, the benefits of doing so are cumulative – those people with higher levels of education start businesses, employ others and improve the efficiency of firms already in the market, thus benefitting the whole community, both socially and financially.

By investing in social and financial education for children, governments fulfil their responsibility to ensure that the directives of the CRC are delivered “to the maximum extent of available resources” and maximise the output of every penny spent. Understanding their rights and responsibilities as citizens allows children to develop themselves and their communities in an equitable manner. Acquiring financial knowledge and entrepreneurial skills enables children to make the best use of available economic resources. Obviously, these rights and responsibilities do not operate in a vacuum, but rather within a particular socio-political context and economic reality. Rights cease to have meaning if the individual lacks the skills, knowledge and resources required to actualize them. By equipping children with social and financial knowledge and skills from a young age, States empower them to effect change on their family, their community and their nation.

Current Education Situation

High rates of government spending on education do not necessarily translate to high outputs or effective education systems (Birdsall & Londono 1998). Studies in Senegal, Cameroon and Madagascar demonstrated that “there is no strong relationship between spending per pupil and educational attainment, and thus between such spending and future earning potential” (Morrison, 2002). National test data from Bangladesh, Brazil, Ghana, Pakistan, the Philippines and Zambia shows that the majority of primary school drop-outs tend to achieve well-below their countries’ minimum performance standards, with results in many low-income, rural areas being “only marginally better than for children who have not completed school” (Oxfam Education Report 2001). Thus, simply ‘supplying’ education for children does not necessarily guarantee impact. Studies show that in order to provide genuine and lasting escape from the poverty cycle, educational initiatives must be integrated to form a coherent long-term strategy (Morrison 2002).

Furthermore, where financial education - meaning programmes which focus primarily on teaching students money management skills - is included in the curriculum, it has, to date, had minimal impact.³ In fact, graduates in the U.S. who participate in financial education programmes which start in high school fare no better than their non-participating peers in managing money against key indexes later in their lives (Gandel 2006). Lewis Mandell, an expert on financial education for children, points to some reasons why financial education, in its secondary school incarnation, usually fails. First, it is not started early enough - Mandell found that the attitude towards money of 11-12 year-olds was much more likely to change than that of 13-15 year olds - and second, that “savings is a behaviour that comes from experience, not knowledge” and must be made a habit.

Combining the recommendations of Morrison and Mandell; to be effective, financial education must be started early on and as part of a long-term strategic plan, and must give children the opportunity to exercise skills like saving and budgeting from a young age.

What is Child Social and Financial Education?

Child Social and Financial Education (CSFE) is a holistic approach to teaching children aged 6 to 14 financial and economic life-skills, within a the framework of their rights and responsibilities as global citizens, that allows them to break free of inherited cycles of poverty and in turn unlock brighter futures for themselves, their families, communities and countries.

CSFE has the following 5 elements:

1. Personal understanding and exploration
2. Saving and spending
3. Rights and responsibilities
4. Planning and budgeting
5. Child enterprise (social and financial)

An education which equips a child with a basic understanding of the principles of finance and economics represents an investment in his or her future. In practical terms, having a financial education means that the child understands and can engage in basic bank transactions, that he or she is comfortable planning, budgeting and saving and understands the necessity of doing so, and has the entrepreneurial skills to set up a small business. With financial education children are also familiarized with the concepts of lending, investment, profit and profit-sharing.

In order to make informed decisions about their participation in civic, social and economic systems, children must first understand their rights and responsibilities. This includes the right to survival and education, the right to participation, and the right to equality between boys and girls. Without rights economic resources lose value; children who understand and exercise their rights are in the best position to maximize their resources and opportunities, and to do so in a socially equitable way.

Complementary to teaching children about their rights is helping them understand their responsibilities as citizens. The recognition of personal and communal responsibility is especially important when children are being equipped with the skills and knowledge to increase their own wealth, power and future opportunities. Breaking the global cycle of poverty is only possible if children exercise their newfound social and economic empowerment within an ethical framework that acknowledges that everyone has a responsibility to uphold the rights of everyone else.

Aflatoun and Child Social and Financial Education

Inspired by the principles of the UN CRC, Aflatoun is embarking on a campaign for Child Social and Financial Education with the central goal of “creating global awareness about the social and economic rights of children.”

Aflatoun is currently piloting Child Social and Financial Education programmes in eleven countries through working with local NGO partners. The Aflatoun programme is based on eight ‘standards’ of educational material which

guide children through their rights and responsibilities and key financial skills. Many of the pilots are nearing the end of the programme implementation process and the Aflatoun Secretariat has begun collecting preliminary data on the impact of the programme on children, teachers, schools and communities. Aflatoun will use this data to study the effects and effectiveness of Child Social and Financial Education.

We have reason to believe the results of this initial study will be positive and we will use it as a tool to reach out to more children in more countries. The goal of our campaign is to expose one million children to CSFE by the year 2010. However, the potential scale of Aflatoun's reach is much, much greater: there are currently 1.039 million children of primary and lower secondary school-going age in the world. Of course not all of these children are actually enrolled or attending school. In fact, in the economically developing countries of the world the enrolment rate for primary school is around 87% and between 51-52% for secondary school. The situation in the least developed countries of the world the education situation is even worse: the enrolment rates are around 75% and 31%, respectively.⁴ Low enrolment rates and even lower attendance rates are the reason that Aflatoun is also targeting non-formal education organizations, like homeless shelters and clubs for working children, supplementing our primary focus on national education systems. Aflatoun's goal is to eventually expose all children between the ages of 6 to 14 to Child Social and Financial Education, regardless of their country's economic development.

Recommendations

This contribution to the Day of General Discussion 2007 of the CRC Committee on investment for the implementation of economic, social and cultural rights and international cooperation argues that States Parties to the CRC can meet their obligations under article 4 (regarding the implementation of the economic, social and cultural rights) in a fundamental and significant way by allocating the necessary resources to providing their children with the appropriate social and financial skills. These skills will contribute to breaking the cycle of poverty that many children are caught in and will enable them to unlock a brighter future for themselves, their families and their nations.

Aflatoun, Child Savings International therefore asks that the Committee includes in its Recommendations, based on the results of the Day of General Discussion and meant to provide States Parties with guidance and concrete suggestions for their efforts to implement article 4 CRC, one or more of the following (or similar) recommendations:

1. Investments – to the maximum extent of available resources – in quality education for all children is a significant contribution to the realisation of the economic, social and cultural rights of children. In this regard the Committee strongly recommends States Parties to integrate in school curricula education on human rights of children which should include, and pay special attention in this context to, child social and financial education.

2. States Parties are encouraged to facilitate and support the introduction of social and financial skills teaching (e.g. as part of children's rights education) in close cooperation with national and international NGO's and UNICEF. In this regard the Committee also wants to draw the attention of States Parties to a global campaign for Child Social and Financial Education starting in February 2008, which could provide States Parties with an opportunity to receive technical and other assistance in piloting the introduction of Child Social and Financial Education.

References

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Notes

¹ "Absolute poverty" is defined by the World Bank as living on less than U.S. \$1 per day.

² "Relative poverty" is defined by UNICEF as living on less than 50% of the national median income.

³ The study on the effectiveness of financial education from which this is derived was conducted in the United States. There is very little information on the effectiveness of financial education in countries with developing economies.

⁴ The terms "(Economically)Developing", "Least (Economically) Developed" and "Industrialized Countries" are used as defined by Unicef. All enrolment and attendance statistics are net, meaning they represent the number of children enrolled or attending school as a percentage of the total number with the appropriate official age range. Secondary school enrolment and attendance rates for developing countries do not include China.