Smart Investments for Financing the Post-2015 Development Agenda

The cost of funding the Post-2015 Development Agenda is estimated to be trillions of dollars a year. While this magnitude may seem dizzying, especially for low-income countries with over-stretched public budgets and donor countries facing economic uncertainties, the financial resources required are in fact available. It is a matter of setting the right priorities, ensuring equitable distribution, and avoiding the mistakes and omissions of the past. And while the questions abounding are ‘who will pay and how?’, research shows the high rewards from smart investments in key areas. Meanwhile, the costs of inaction far outweigh the resources required to make sustainable, people-centered development and a healthy planet a reality.

What are ‘smart investments’? In the context of this paper, smart investments are those that put people first and prioritize those most in need, address the global challenges that perpetuate inequalities affecting billions around the world, and have high-payoffs for improved well-being and quality of life, poverty eradication, economic growth and sustainable development, with multiplier and inter-generational effects that will yield benefits for decades to come. This brief lays out compelling data demonstrating the tremendous benefits all countries stand to gain by devoting increased resources to four key areas, with a focus on the economic and financial costs of inaction as well as the benefits and returns on investments.

Costs of Inaction: The international community stands to pay a high price if ‘business as usual’ continues on how the Post-2015 Development Agenda will be implemented and funded. The costs of not taking action on pressing, inter-related challenges are grave – including tackling the dramatic and increasing inequalities within and among countries, effectively addressing climate change and reducing unsustainable consumption and production, or achieving gender equality, fulfilling the human rights of women and girls, adolescents and youth, and realizing sexual and reproductive health and rights for all – the focus of this brief. Continued inertia on these critical issues means that poverty eradication efforts will be undermined, inequalities perpetuated, economic growth dampened, and countries will miss out on a vast source of human capital needed to take sustainable development forward in the 21st century.

Key Smart Investments

1. Achieving gender equality and the human rights and empowerment of all women and girls.

2. Achieving sexual and reproductive health and rights for all, including through universal access to quality, affordable sexual and reproductive health information, education and services.

3. Preventing and responding to gender-based violence against women and girls.

4. Advancing the rights, participation, and development of adolescents and youth, especially girls’ education, delayed marriage and childbearing, and comprehensive sexuality education.
These are **human rights imperatives** first and foremost, and from a financial and economic perspective, they are also **smart, cost-saving investments**. The synergistic effects of simultaneous, mutually-reinforcing, scaled-up investments in these areas make them **levers for enabling and achieving goals and targets across the Post-2015 Development Agenda**, while lifting preventable and costly burdens on societies and economies. Despite this, they continue to be neglected and underfunded.

The **inadequate political will and support** for investing in these large population groups and interrelated areas lead to significant losses for individuals, families, societies, and national economies—in lives, well-being, health, productivity, as well as trillions of dollars a year for public budgets, taxpayers, and donors. These are costs that can be averted and turned into investment dividends for a successful, effective, and efficient Post-2015 Development Agenda, and beyond.

**Smart Investment 1: Gender Equality, Human Rights and Empowerment of Women and Girls**

Women and girls are half the world’s population and half its human capital for achieving poverty eradication and addressing sustainable development challenges. Yet they continue to face discrimination and exclusion from opportunities, resources, participation, and development gains—across the board of social, economic, cultural, civil and political life. This is a violation of their fundamental human rights and freedoms, as well as a hindrance to progress on other development objectives. As the World Bank notes, **gender discrimination produces “economically inefficient outcomes”**.³

There is evidence from around the world demonstrating the high-impact payoffs and multiplier effects of investing in gender equality and the human rights of women and girls: poverty reduction, economic growth, greater food security, and improved children’s health and education, among many others. For example:

- **Poverty Reduction & GDP Growth:** Closing the gender gap in labour force participation by protecting women’s equal rights to decent, productive work would **increase global GDP** by nearly 12% by 2030.⁴ At country level, closing this gap would increase Egypt’s GDP by 34%,⁵ and India’s by US$1.7 trillion.⁶ Similarly, guaranteeing women’s rights to **equal pay for equal work** can reduce poverty and generate billions for economies. In the United States, for example, closing the gender pay gap would **reduce the poverty rate** of all working women and their families by half, adding US$488 billion to the economy (equivalent to almost 3% of GDP).⁷ In the United Kingdom, the economy loses £23 billion a year (up to 2% of GDP) due to discriminatory labour practices such as pay discrimination and occupational segregation.⁸

- **Increased Productivity:** Reducing and redistributing women’s and girls’ disproportionate burden of unpaid care and household work opens up opportunities for them and national economies. In sub-Saharan Africa, **women and girls spend 40 billion hours a year collecting water**, equivalent to a year’s worth of labour by the entire workforce in France.⁹ In Latin America, half of young women not working outside the home report unpaid housework as their reason for not seeking paid employment.¹⁰ If women’s unpaid work were monetized, it would equal 15% of GDP in South Korea and South Africa,¹¹
40% in Switzerland,12 and 63% in India and Tanzania.13 Reducing this burden has the potential to increase agricultural labour productivity by 15% and capital productivity by as much as 44% in some countries.14

- **Reduced Hunger, Greater Food Security and Nutrition:** Ensuring women’s equal access to agricultural inputs could increase total developing country agricultural output by up to 4%. This would reduce the number of hungry people by up to 17% and the number of undernourished by as many as 100 to 150 million.15

- **Economic Gains from ICT Access:** In developing countries, women and girls are 21% less likely to own a mobile phone16 and 16% less likely to use the internet17 than their male counterparts. Getting another 600 million women access to the internet would increase annual GDP by US$13 to US$18 billion across 144 developing countries.18

- **Productive Workplaces, Profitable Businesses:** Corporations with more women in leadership and decision-making positions show better financial performance than those with low female representation.19 Furthermore, companies that invest in family-friendly, gender-responsive policies have found high returns on their investments from reduced absenteeism and increased productivity. For example, studies in Bangladesh and Egypt showed a US$3:1 and US$4:1 return on investment, respectively, when companies provided health care for women workers and their children on factory premises.20 Another study in Germany found that provisions such as parental leave, re-entry programs, flexible work arrangements and childcare yielded a 25% return on investment.21

- **Well-Being for Children and Families:** When women have control over financial decision-making and assets, families benefit. When they control household income, they reinvest 90% of it in their children, compared to men at 30-40%,22 which can lead to better health and education outcomes for the next generation. When they have equal property and inheritance rights, they can earn up to nearly four times more income than those without.23 Improved access to social security for women can produce similarly desirable results: for example, studies from South Africa and Brazil show how pensions for older women helped to increase girls’ school enrollment.24 In Bolivia, women receiving pensions increased household education expenditures by 56%-91%.25

- **Improved Governance and Peacebuilding:** When women are well-represented in political leadership, legislative reforms addressing gender equality and gender-based violence, and other development priorities, are more likely to be adopted.26 and evidence shows that corruption can also be reduced.27 Similarly, women’s roles are well-recognized as key in all phases of conflict prevention, resolution and reconstruction, fundamental to restoring the fabric of communities in post-conflict settings and in shoring up risks of reverting to instability and conflict.28

**Smart Investment 2: Sexual and Reproductive Health and Rights for All**

Gaps and shortfalls in the fulfillment of sexual and reproductive health and rights undermine poverty eradication efforts and the achievement of gender equality, drain household incomes and public budgets, lead to poor health and educational outcomes, lower productivity and labour force participation, and result in missed opportunities for economic growth and improved environmental management. Women and adolescent girls are the ones who pay the highest price—including the 800 women and girls who die every
day from preventable maternal causes—while the costs and consequences of inaction affect the wider society and economy:

- **Productivity Losses**: The neglect of sexual and reproductive health erodes overall health and well-being, and therefore people’s ability to lead productive lives. As a result of the AIDS epidemic, for example, the agricultural workforce in 12 high-prevalence countries shrunk by 3 to 10%, contributing to food shortages and poverty. Maternal deaths and subsequent newborn mortality were estimated to generate annual productivity losses of US$15 billion, and estimates show that death and disability from unsafe abortion lead to the loss of at least 5 million years of productive life.

- **Impoverishment**: Every year, 150 million people suffer financial hardship from paying for health care, and 100 million are pushed below the poverty line. In 2011, private consumers in developing countries paid over US$34 billion out-of-pocket for family planning, reproductive health and HIV/AIDS-related expenses. Expenses to cover health care for pregnancy-related complications, combined with women’s lost income due to maternal morbidities, can push poor families deeper into poverty, generate household debts, and force families to sell property. Total economic losses resulting from a maternal death can be equal to or greater than a full year of household income, including for medical and funeral expenses, missed work and reduced productivity among family members.

- **Missed Educational Opportunities**: When mothers die or are disabled as a result of pregnancy- and childbirth-related complications, other family members may have to forgo education to manage household and caretaking roles—often girls, for whom unpaid domestic work is already a factor limiting educational attainment.

- **Drained Public Health Sector Budgets**: Beyond the budgetary impact of HIV and AIDS, other sexual and reproductive health problems imply high costs for the sector that could be avoided. For example, developing country health systems spend US$800 million every year treating complications from unsafe abortion, which in some countries consumes up to half of hospital obstetric budgets. Expenses related to unsafe abortion complications cost women, girls, and their families a further US$600 million per year out-of-pocket. At the economy-wide level, losses due to death, disability and chronic illness from unsafe abortion run over US$900 million in sub-Saharan Africa alone. All of these costs could be averted through expanded access to sexual and reproductive health services, including safe and legal abortion.

These tremendous tolls on people’s lives, families, societies, and economies are preventable. Multiple studies have shown the economic and social benefits, cost-savings and cost-effectiveness of accelerated investments in sexual and reproductive health information, education and services. As the World Bank notes, investing in this critical area “is indeed smart economics”.

- **Lives Saved with High Returns on Investments**: Meeting the unmet need for modern contraception and achieving universal access to sexual and reproductive health services by 2030 is estimated to yield impressive returns of US$120 for every dollar spent, and over US$400 billion in annual benefits. These returns, which would be particularly high among groups living in poverty and young people, include reductions in unintended pregnancies and maternal and infant mortality, improved

Achieving universal access to sexual and reproductive health services could yield a return of $120 for every dollar spent.
health outcomes, increased educational attainment for women and children, and greater female labor force participation. Integrating life-saving anti-retroviral treatment to people living with HIV and AIDS will yield US$10 for every US$1 spent. Including the HPV vaccine for girls as part of the service package could avert 3 million deaths from cervical cancer in developing countries and generate US$3 for every dollar spent through reductions in treatment costs.

- **Savings to Public Budgets:** Satisfying demand for contraception in low and middle-income countries could save US$5.7 billion in maternal and newborn healthcare costs alone. In several sub-Saharan African countries, it could save the education sector a combined US$1 billion. Notably, increasing health expenditure for reproductive, maternal and newborn health by just US$5 per person per year through 2035 in 74 countries with high child and maternal mortality, could yield up to 9 times that value in economic and social benefits, including by preventing the deaths of 147 million newborns and children and 5 million women and increasing labour force participation and productivity.

- **Demographic Dividends & GDP Growth:** Access to modern contraception and other sexual and reproductive health services, especially for young people, are essential elements for reaping the demographic dividends of rapid economic growth, with several countries in Africa, Asia and Latin America poised to seize this opportunity. The highest benefits from reducing the 74 million unintended pregnancies that occur every year would accrue to the poorest countries with high fertility levels—with GDP increases ranging from 1 to 8% by 2035.

- **Increased Labour Force Participation:** Women’s and adolescent girls’ control over their sexual and reproductive lives and childbearing is central to their ability to join the labour force and secure higher earnings. Especially in light of women’s disproportionate share of childrearing and domestic work and the lack of supportive practices for working mothers, with each additional child, the labor force participation of women 25 to 39 years old drops by an average of 10 to 15 percentage points.

- **Improved Environmental Management:** Women and girls with the freedom and means to control their own fertility choose the number of children they desire and can afford. Smaller families are healthier, with greater investments per child, more resilient to economic and environmental shocks, and result in reduced pressures on scarce resources and fragile ecosystems.

**Smart Investment 3: Ending Gender-Based Violence against Women and Girls**

Gender-based violence against women and girls is one of the most pervasive, widespread human rights violations: globally, 35% of women experience physical and/or sexual violence in their lifetimes—most often perpetrated by husbands and intimate partners. The toll on women and girls, including their mental and physical health, is tremendous; the impacts are spread across societies and economies, affecting children, families and communities, as well as public budgets. The costs include health and medical expenses, service provision from the social welfare, legal, judicial and other sectors, lost productivity and income, among other direct and indirect costs.
- **Trillions of Dollars in Costs:**
  - Domestic and sexual violence against women and children is estimated to cost US$8 trillion each year—intimate partner violence against women alone runs US$4.4 trillion, or 5.2% of global GDP.\(^{58}\)
  - The World Bank estimates the costs of intimate partner violence to be equal to developing country spending on primary education.\(^{59}\) In Bangladesh, the costs of intimate partner violence were found to be equivalent to 13% of annual government expenditures.\(^{60}\) In Ecuador, the annual economic burden of intimate partner violence was estimated at $US109 million, 36 times greater than investments in prevention and treatment of injuries.\(^{61}\)
  - Other forms of violence also come with extraordinary costs: sexual violence against women costs at least US$67 billion per year, a likely underestimate given the severe underreporting of these crimes; femicide (murder of females because of their gender) generates US$40 billion in costs per year, and child sexual abuse costs US$37 billion per year.\(^{62}\)

- **Diminished Human Capital Potential, Productivity & Earnings:** Violence and abuse erode human capital, generating missed educational and work opportunities, decreased productivity, and negative effects on children’s emotional and cognitive development. In the United States alone, women miss an estimated 8 million days of paid work per year due to domestic violence;\(^{63}\) in India, they missed five paid work days per incidence of violence.\(^{64}\) Women who are abused earn less than their non-abused counterparts: for example, 35% less in Vietnam,\(^{65}\) and 60% less in Bangladesh.\(^{66}\) Lost productivity also means costs to employers: in New Zealand, the costs of failing to prevent domestic violence could run companies a total of US$3.7 billion over the next 10 years.\(^{67}\) In Australia, productivity losses from domestic violence are projected to grow to US$609 million by 2021.\(^{68}\) In addition, many women incur out-of-pocket costs for support services—from US$5 to US$157 per incident depending on the country, sometimes representing a substantial share of their monthly income (for example, over 20% in Vietnam).\(^{69}\)

Eliminating gender-based violence is not only an urgent human rights obligation. It can also yield significant financial returns and savings:

- **Savings from Implementing Laws & Policies:** Early prevention and detection of violence against women and girls is much less expensive than treating the consequences.\(^{70}\) For example, it is estimated that the United States’ anti-violence law yielded net savings of nearly US$15 billion over a 5-year period, by averting property losses, costs in physical and mental health services, police and social services, lost productivity, reduced quality of life, and death.\(^{71}\) In Australia, it was estimated that almost US$24,000 would be saved per woman who averted violence under a government prevention plan.\(^{72}\)

- **High-Impact, Cost-Effective Investments:** A recent analysis concluded that while cost-benefit evaluations of efforts to reduce gender-based violence are limited, investments are likely to be high-impact and cost-effective, given the high prevalence of violence and the magnitude of personal, societal and economic costs incurred, as well as the low levels of financial resources currently channeled to address them.\(^{73}\)
Smart Investment 4: Rights, Participation and Development of Adolescents and Youth

Today’s world has the largest generation of young people in history: some 3 billion, or 43% of the world population, is under 25 years of age. Almost half of them, or 1.2 billion, are adolescents (10-19 years old)—many living in poverty with limited opportunities, out of school, out of work, and facing violence, abuse and exploitation.

Perhaps symptomatic of their diminished prospects is the fact that suicide is now the second leading cause of death among young people 15-29 and has taken over as the leading cause of death for adolescent girls, followed by maternal mortality. Sexual and reproductive health issues such as unwanted pregnancy, gender-based violence and sexual abuse, and discrimination based on sexual orientation and gender identity, are among the factors contributing to poor mental health and which can drive young people to suicide.

The success and lasting impact of the Post-2015 Development Agenda hinges on strategic investments made in adolescents and youth, especially adolescent girls. Continued investments throughout this stage in life are also key for countries to capitalize on the investments made in earlier childhood, such as in health and education. Adolescents, especially girls and those living in poverty, will run risks of school dropout, early marriage (39,000 girls become brides daily), early pregnancy and motherhood (13 million births to adolescents each year), gender-based violence and exploitation (1 in 5 girls are sexually abused), and HIV (1 young person acquires HIV every 30 seconds). These problems carry life-long consequences with macro-level ramifications for development, including perpetuation of inter-generational poverty and diminished human capital accumulation, labour force participation and productivity.

Though these scenarios could be averted, policy and budget attention tend to dissipate after earlier childhood, leaving adolescents at risk. By one estimate, only 2 cents of every ODA dollar is channeled toward adolescent girls. Meanwhile, stepped up investments can lead to:

- **Increased Income**: According to the World Bank, investing in girls’ education in developing countries could yield higher returns than any other type of spending. An extra year of primary school can increase women’s eventual wages by 10-20%, and an extra year of secondary school increases them by 15-25%. The cumulative effects lead to increases in GDP: raising the share of women with secondary education by one percentage point boosts a country’s annual per capita income growth by an average of 0.3 percentage points.

- **Improved Health**: Keeping girls in schools has also been found to be the most important way to reduce the risk of HIV. In addition, a mother’s education has been shown to have a greater impact on reducing child mortality than any other intervention.

- **Economic Gains from Preventing Adolescent Childbearing**: Adolescent childbearing translates into opportunity costs for national economies. For example, in China, young mothers’ foregone earnings due to early childbearing were equal to 1% of GDP, and in Uganda, to 30% of GDP. In several Middle Eastern countries, the opportunity costs of adolescent pregnancy, including due to forgone earnings,
ranges from US$10 billion to over US$24 billion. By contrast, delaying adolescent childbearing could have increased economic productivity by US$3.4, US$3.5, and US$7.7 billion dollars in Kenya, Brazil, and India, respectively. In the Caribbean, it was estimated that the modest investment of US$17 to avert each case of adolescent pregnancy, would generate savings of US$235 per case per year.

- **High Returns from Ending Child, Early and Forced Marriage:** One in three girls are married before the age of 18 in developing countries, with 90% of adolescent births in the developing world occurring within marriage. Married girls face heightened risks of maternal death and childbirth-related injuries, HIV, domestic violence and school dropout, and their newborns are at higher risk of dying. Delaying marriage until at least 18 years of age leads to improved educational attainment, higher earnings, and greater health-seeking behavior. Failure to intensify efforts to end child, early and forced marriage means that by 2030, nearly 1 billion women and girls will have been married before the age of 18, with the associated high fertility, income and GDP losses, and negative implications for poverty eradication and sustainable development.

- **Cost-saving and Cost-effective Comprehensive Sexuality Education:** Comprehensive sexuality education is correlated with delaying age of first sexual intercourse and increasing safe sexual behavior to reduce unwanted pregnancy and HIV, while fostering social norms and attitudes supportive of human rights, gender equality and non-violence. It is also cost-effective and cost-saving: In Estonia, for example, a nation-wide program was associated with averting nearly 2,000 HIV infections over an 8-year period, making the program highly cost-saving given the expense of HIV treatment and the relatively low cost of the program per student—and without accounting for other benefits such as reduced adolescent pregnancy, sexually transmitted infections, unsafe abortions, and maternal mortality. Alongside investments in youth-friendly sexual and reproductive health services, comprehensive sexuality education can be a potent intervention for improving health and other social development outcomes, and creating the conditions for demographic windows of opportunity to bolster economic growth and poverty eradication.

### Smart Decisions for a Transformative Agenda

The world is at a critical juncture. Leaders are poised to make important commitments and are faced with the challenging task of allocating resources in ways that will yield the highest impacts and solve the most pressing problems. The priority areas outlined in this brief unleash human potential and serve as catalysts for progress across sustainable development objectives, with high returns and significant multiplier effects. The post-2015 world cannot afford the costs of inaction: improving the lives of billions depend on these smart, effective investments.

*Today’s 10 year olds will be the first generation of adults in 2030. They will inherit the legacy of today’s decisions and the state of the world bestowed upon them.*

www.icpdtaskforce.org
The High-Level Task Force for the International Conference on Population and Development, co-chaired by former Presidents Joaquim Chissano of Mozambique and Tarja Halonen of Finland, is an autonomous group of distinguished representatives from all regions of the world, with records of service in government, parliament, civil society, the private sector and philanthropy. Its mandate centres on the Post-2015 Development Agenda process.

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2 Ibid.
6 Clinton, Hillary (2014).
18 Intel Corporation (2012) *Women and the Web Bridging the Internet gap and creating new global opportunities in low and middle-income countries*.

OECD (2009).


Vlassoff, Michael et al. (2008).


The demographic dividend is an indicator of economic growth and poverty reduction resulting from changes in a country’s population structure. When countries with high fertility and mortality rates put the right policies in place – quality education and health care, including sexual and reproductive health and voluntary family planning, and job opportunities - fertility and mortality rates decline. This creates a demographic shift that places the largest segment of the population in the workforce and with fewer dependents, leading to greater savings and investment for dependents.


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The Economic Costs of Violence Against Women: An Evaluation of the Literature

Steinberg, Karin et al. (2014).


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