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Families, inequality, and child well-being in the context of the 2030 Agenda

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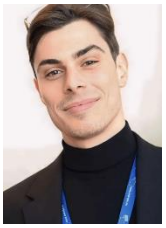
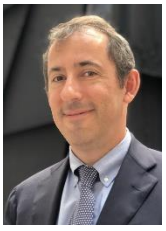
	Gianluca Munalli is a data scientist and policy analyst at the Learning for Well-being Institute, with a background in development economics and statistics. His work focuses on the application of quantitative methods -including microsimulation, macro-level data analysis, survey data, and program evaluation- to inform social policy. His published research addresses child poverty and child well-being, with a strong emphasis on evaluating policy effectiveness across diverse national and international contexts.
	David B. Harris is the Executive Director of Children's Research and Education Institute, a partner at Kids Project, a senior research fellow at the Center on Poverty and Social Policy at Columbia University, an advisory board member of the Social Policies for Health Equity Research Center at Harvard University, an affiliate of the Center on Poverty and Inequality at Stanford University, and a senior research fellow at UNICEF Innocenti, Global Office for Research and Foresight. He received a Doctor of Philosophy in Social Welfare from Columbia University.

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Executive summary

Contemporary public policy systems worldwide – by failing to explicitly acknowledge and adequately support the family as the fundamental social unit – risk contributing to rising inequality and a weakening of social cohesion.

The consequences of exacerbating social differences are far-reaching: increasing the likelihood of poverty and deprivation, food insecurity, displacement, and, ultimately, social, and political instability.

From family welfare to an inclusive economy, and accelerated social development

Evidence in this report suggests that, despite modest falls in income inequality – particularly across much of the lower-middle-income world – levels remain persistently high, and reductions in extreme poverty have not coincided with comparable progress at higher poverty thresholds. This points to structural barriers that continue to limit inclusive growth worldwide.

Addressing these barriers over a generation must include a stronger focus on the family as a foundational unit of policy, supporting early-life conditions, strengthening human capital formation, and promoting more balanced 'investment' and 'return' across generations and incomes. Such an approach can help ensure that development gains are more equitably shared and sustained over time.

Today, families receive limited direct public investments with the highest income countries spending only 2.6 per cent of GDP on average on families (OECD, 2026), and low- and middle-income countries spending less than 1 per cent (ILO, 2024). Among children, the youngest receive the least, just 15 per cent of the average child budget worldwide (Richardson et al, 2024).

Lack of adequate public investment in early childhood weakens families at a time of family formation and undermines child development. Without public interventions, children's futures are completely reliant on their family's circumstances, which results in the transmission of intergenerational inequalities at a population level, and incalculable costs to personal and social development worldwide.

Do not wait to support families and children

The evidence in this report calls for a shift in the family policy paradigm: rather than viewing family welfare and child development policies as things that follow economic growth – or something countries must **'wait to afford'**– the family should be seen as the primary entry point for investment in the future, and policies which countries **'cannot afford to wait'** to implement.

Delaying investment in all families, through family policies is making inequality worse. Evidence suggests that today's weak child and family policies – partial family policy portfolios and low levels

of investment in the early years – is creating a '**vicious cycle'** that amplifies inequalities over time, within and between countries.

The same evidence base offers a solution. By prioritizing inclusive social policies and public goods, which support all families – starting at the point when families are being formed – countries can initiate a **virtuous cycle** in which improved human capital drives more equitable growth, strengthens social outcomes, and reinforces long-term social and economic development.

Global family-oriented policy recommendations for inequality reduction and SDG acceleration

Family-oriented policies are among the most powerful accelerators of a range of Sustainable Development Goals (SDGs) because they intervene at the point where inequality is formed and transmitted: **family formation and early childhood.**

Evidence in the report shows that inequality is persistent and structural, that megatrends (urbanisation, technological change, migration, demographic shifts, and climate change) affect low-income countries (LICs) more negatively, and that early family policies significantly moderate these effects. As the report states, "*delaying investment in all families… is making inequality worse*" and "*early interventions yield the highest returns.*"

Different pathways for lower-income and higher-income countries

Megatrends are resulting in low-income countries and poorer families being left behind. Despite progress on a range of family and child outcomes, average earnings in poorer households have stagnated for the past 20 years, and poverty at higher thresholds has been unchanged for 30 years. LICs need to implement a **stacked and sequenced early-childhood portfolio, beginning before birth and continuing through age 6**, to fill a costly gap in provision, and to mitigate the effects of megatrends. Addressing these gaps will generate the highest returns and prevent the emergence of fragmented, path-dependent welfare systems seen in many HICs. As the report notes, "*L&MICs can avoid the mistakes of patchwork welfare systems… by prioritizing universal, government-led approaches*."

Richer countries face a different challenge: **policy gaps at the most vulnerable moment of family life - when the child is around age 2**, where spending and service coverage drop despite evidence that this period is critical for cognitive and socio-emotional development. Policy choices can result in leaving some children behind, or at risk of not achieving their rights – universal progressive models need to be consistently implemented.

A sustainable and equitable family-policy model

Family policy is inherently **sustainable** because it is a **pre-distributive strategy**: it shapes human capital, labour-market participation, and caregiving capacity before inequality emerges. It also strengthens resilience to megatrends – rapid urbanisation, technological change, and climate

change impacts – by stabilizing families and enabling inclusive growth. As the report notes, "*family policy functions as a coordinated pre-distributive strategy… correcting the cycle from a vicious to a virtuous model*."

Recommendations for a portfolio of policy and practice

For the most effective family policy portfolio – one which reduces inequality and promotes better outcomes for all – sequencing and stacking of interventions is needed. Support should begin with income security at birth, followed by the provision of parental leave, expanded access to early childhood education and care (ECEC), and, thereafter, school readiness supports. At the same time, policies should be stacked – combining income support, services, and labour market measures – so that each element reinforces the others.

To achieve this, government budgets will need to ensure that the needs of children under school age can be met by using new spending to *move towards spending parity for young children* in future allocations dedicated to children, without cutting existing spending on older children. Specific recommendations include:

1. Deliver on Universal Child Benefits in support of SDGs 1, 2, 3, 10, 16.

- Introduce Universal Child Benefits starting in the trimester before birth, infants, and toddlers, then scale across the child's life course.
- Ensure simple, automatic enrolment to UCBs at birth to avoid exclusion in informal economies and promote birth registration.
- Stack with nutrition and health services to maximise developmental returns.
- Close the "age-2 gap" by aligning the end of parental leave with the availability of accessible and affordable quality childcare.
- Design benefits so that each child is counted individually, not diluted by household caps or thresholds.

2. Provide for gender equitable paid parental Leave (Maternity, Paternity, Shared Leave) in support of SDGs 1, 2, 3, 4, 5, 8 and 10.

- Prioritise universal maternity protection and match paternity leave conditions to maternity standards.
- Sequence leave policies with childcare service availability to stabilise early caregiving.
- Extend and equalise parental leave to reduce the "maternal penalty" and support dual-earner stability.

3. Provide quality, affordable and accessible Early Childhood Education and Care (ECEC) services in support of SDGs 1, 2, 3, 4, 5, 8 and 10.

- Expand community-based childcare for ages 2–6, integrated with nutrition and health.
- Stack ECEC with UCBs to support maternal employment and reduce poverty.
- Guarantee affordable, high-quality childcare beginning immediately after the parental leave) to close the developmental and labour-market gap.

4. Ensure children are fully included in all rebates, dividends, and cash transfers in support of SDGs 1, 2, 3, 4, and 10.

- Replace per-household designs and caps on family size, that can disadvantage larger families and younger children, with per capita benefits that include all children.
- Improve equity, and align per capita approaches with wider policy goals - including more efficient resource use in the context of climate pressures

5. Deliver on Family Health and Nutrition Services in support of SDGs 2, 3 and 4.

- Prioritise interventions with highest returns: antenatal care, breastfeeding support, growth monitoring, and integrated nutrition–cash models.
- Use digital tools to reach remote populations, mitigating megatrend-driven inequalities.
- Strengthen universal home-visiting and mental-health supports during the 0–2 period.

6. Integrate Family and Community Services in support of SDG 3, 5, 10, 16.

- Build “one-stop” family centres combining cash, nutrition, health, and parenting support.
- Use these platforms to buffer climate shocks and migration pressures.
- Integrate child protection, mental health, and ECEC services to reduce fragmentation.

In support of these actions, greater emphasis in the future should be placed on the measurement of family dynamics within social development frameworks. The family unit profoundly shapes individual outcomes and broader societal returns, and as such should be explicitly integrated into the measurement, monitoring, and evaluation of social development goals and targets.

Globally and nationally, inaction on early years family policies is resulting in immeasurable social and private costs through the intergenerational transmission of inequalities, exacerbated by megatrends. Without early, progressive, universal, and well-sequenced family policies, inclusive and sustainable development will remain out of reach.

1. Overview and purpose of the report

This report examines global and regional trends in inequality and family formation, and how these dynamics intersect with family and child outcomes, particularly during early childhood. It also analyses how megatrends – including demographic change, urbanisation, technological transformation, and climate change related weather events – might act as accelerators of inequality with differentiated effects on families.

Building on this, the report assesses the role of family-oriented policies in addressing these inequalities and advancing the SDGs, in alignment with the Doha Declaration (UNGA, 2025), through identifying best practices, policy gaps and the costs of inaction. The purpose of the work is to provide actionable recommendations to inform future UN policy processes. (For study methods, see Box 1.)

The report finds that families are the primary social units through which inequality is transmitted across generations, and family formation and early childhood represent the most sensitive periods in this process. Families, particularly those with young children, are therefore one of the most effective points of intervention for inclusive social development through coordinated, adequate, and universalised policies. To do this, the role of the family will need greater explicit recognition in international development frameworks, and how countries invest in family policies worldwide will require fundamental reconsideration.

Box 1. Study method and analytical strategy

This study adopts a multi-stage analytical approach to examine the links between inequality, family formation outcomes, macrosocial trends, and policy interventions. The research complements a literature review with new analysis structured around three core objectives: first, to assess how inequality shapes family formation outcomes; second, to analyse how broader macrosocial trends influence inequality; and third, to evaluate the role of selected family-oriented policies in moderating these relationships. The overall approach combines cross-country panel regression techniques with dynamic modelling to capture both contemporaneous associations and longer-term structural dynamics. The analysis is grounded in a systems perspective, where demographic behaviour, income distribution, and policy environments are treated as interconnected processes that evolve over time. This perspective recognises that inequality both influences and is influenced by demographic and structural transformations, while policy interventions may alter these trajectories.

To address these complexities, the models introduced below control for unobserved country-specific characteristics and common global shocks, while also accounting for temporal persistence in key variables. For full methodological details of the empirical analysis, see Annex 1.

1.1 Inequality, families, and sustainable development

Inequality has emerged as one of the defining challenges of the twenty-first century and a central concern of the 2030 Agenda for Sustainable Development (SDG 10). While the past decades have witnessed substantial progress in absolute poverty reduction and economic growth at the global level, these gains have been accompanied by widening disparities within and between countries. Inequality today is increasingly understood not as a temporary deviation from growth trajectories, but as a structural and self-reproducing process that undermines social cohesion, economic resilience, and the sustainability of development outcomes (Piketty, 2014; Atkinson, 2015; UNDESA, 2020).

Inequality extends beyond differences in income or consumption. It encompasses disparities in access to opportunities, education, health and welfare services, assets, power, and security across the life course based on personal and social characteristics. Multidimensional inequality frameworks highlight how economic inequality interacts with gender, age, family status, geography, disability, and migration status, producing overlapping and mutually reinforcing disadvantages (Sen, 1999; UNDP, 2019).

The dynamics of economic and social inequalities are arguably most clearly understood through a family lens, as families are the primary context in which resources are pooled, risks are managed, and advantages or disadvantages are transmitted across generations (Richardson et al., 2020). When inequalities are transmitted across generations, development goals are likely to be at least uneven, and at worst, unmet for some.

1.1.1 Family as the fundamental unit of all societies

Families constitute the natural and fundamental unit of all societies. Every individual comes from a family, and communities and societies themselves are, in essence, collections of families. The family is the primary unit where generations are formed and reproduced, and where – for the vast majority[1] – living conditions and characteristics have the most influence on development and well-being.

As such, families play a crucial role in both the reproduction of inequality and the potential mitigation of its effects. Therefore, family formation is also the point at which timely and well-designed policies can be most effective at addressing the risks that come with the 'accident of birth' (Becker, 1991) and helping every child reach their full potential.

Despite this, the state of family policies worldwide – and the extent to which families are embedded within broader social goals and strategies – suggests that the role of the family is

[1] These observations should be qualified by recognizing alternative arrangements, such as the institutionalization of children or unaccompanied minors.

currently under-recognised and under-supported in governance designed to promote global development. Direct interventions targeting families – particularly those focused on children – typically account for less than 2.6 per cent of GDP in high-income countries (OECD, 2026), and an even smaller share in low- and middle-income countries (globally the average spending on under 15's – excluding health – is 0.7 per cent of GDP – ILO, 2024). Moreover, where such spending does occur, it is often concentrated too late in the life course or limited in coverage to vulnerable families or the formally employed/insured (Ibid; Richardson et al, 2024).

1.1.2 Family formation, inequality transmission, and well-being

Family formation represents a distinct and critical intersection in the reproduction of intergenerational inequality, and as such an entry point for effective policy interventions.

Beyond child development arguments, the family formation stage is when labour market attachment, caregiving demands, and the capacity to provide stable and stimulating home environments converge, shaping the conditions in which children develop.

Inequality can also shape patterns of family formation. In high-income countries, rising inequality is associated with delayed family formation (Kearney & Levine, 2020), while in lower-income settings it is often linked to higher fertility rates (Kelley & Schmidt, 2001). In both cases, the absence of adequate, progressive, equitable, and timely family policies contributes to these dynamics.

When public policy fails to intervene effectively at the time of family formation – particularly through universal and well-calibrated family support – inequalities in home conditions can persist across generations (Becker, 1991). Population-level disparities in resources, stability, and caregiving capacity are reproduced, increasing the likelihood that future family formation decisions are similarly constrained by unequal private conditions (OECD, 2009; Richardson et al, 2026). This dynamic perpetuates a cycle of intergenerational inequality, weakening individual agency, distorting fertility choices relative to preferences, and ultimately resulting in poorer social and economic outcomes (See Section 1.2).

1.2 How contexts of family formation can drive inequality

Understanding how the contexts of family formation can drive inequality is key to understanding how family policies must function to mitigate these risks and contribute to more equal child outcomes. This section briefly reviews how the timing, security, and socio-economic conditions under which individuals form partnerships and have and raise children may matter for unequal outcomes.

The **timing** of family formation is closely linked to life-course opportunities. Early and economically precarious transitions to parenthood are more common among individuals with lower education and weaker labour market attachment, as well as in lower-income countries (see section 2.2). Such patterns contribute to divergent household income trajectories, as families

formed early, compared to peers, have higher costs, higher care burden, lower labour market attachment, and lower absolute and equivalised family incomes (see for instance Aassve, Billari, & Pessin, 2016).

Family **security** is connected to the timing of formation, and further shapes personal trajectories. Children raised in stable family environments, characterised by predictable and safe living conditions and emotional resources, experience better outcomes in health, education, and labour market participation (McLanahan & Percheski, 2008; Richardson et al., 2026). Conversely, the families' experience of poor or insecure housing conditions, mental health concerns, or violence in the early years – amplifies disadvantage and exposes children to cumulative risks to physical and mental ill health and poorer development (Ibid).

Socio-economic conditions in which the family lives also matter, as the family is the 'filter' between community and societal conditions and the child. Poorer economic conditions, availability of supports – such as the existence of family benefits and services etc. – and social norms, can all act as drivers of inequality for families within and between countries (McLanahan, 2004; Esping-Andersen, 2009; Richardson et al., 2020).

Timing, family security, and socio-economic conditions are interconnected, and can all be impacted to different extents by public policies for families on at least three levels. First, the level of policy that provides the foundational support for all families with children (e.g. universal child benefits, alongside parental leaves, childcare, universal healthcare, including nurse family partnerships etc.). Second, policies that 'top-up' foundational policies through categorical targeting to help families overcome specific vulnerabilities and risks (e.g., disability benefits, child protection, accommodation services, parenting courses, family counselling etc.). And third, that the family unit determines so much of the individual experience, and aggregate social returns, calls for more serious reflection of the role of the family in the measurement, monitoring and achievement of social development goals and targets.

Sections 3 and 4 will review how family policies can reduce inequality, and importantly, which family policies work best and when.

1.2.1 Does rising inequality constrain family formation decisions?

The relationship between family formation and inequality is bidirectional, and as such risks the creation of a vicious cycle.

Rising inequality constrains family formation decisions by increasing uncertainty, while existing conditions for family formation are reinforcing inequalities. In high-income contexts, labour market insecurity and housing constraints may delay partnership formation among some groups while increasing instability, among others. These dynamics contribute to the early embedding of disadvantage, the intergenerational transmission of inequality (Corak, 2013) or a failure to meet desired fertility rates. In low-income countries, when inequality drives up teenage fertility rates

and delayed fertility (Section 2.2), it accentuates the difference in formation decision between rich and poor both within and between countries.

At the population level, family formation decisions lead to demographic change, which adds further pressure on dependency rates, care needs, tax inflows, and gender inequality. In low-income countries, higher rates of fertility have historically led to relatively large child populations, limiting the per capita value of public investment and rates of benefit coverage (Richardson et al., 2023; ILO, 2024). In high-income countries, ageing populations and declining fertility place increasing pressure on families, gender equality, and the care economy, reinforcing the need for integrated policy responses that support both family formation and family living conditions in the long-term.

1.3 Family and measuring social progress

Before discussions begin on measuring social progress post 2030, it is timely to reflect on what role the conceptualisation and operationalisation of family conditions might play in future global social progress initiatives.

Families shape how macro-level inequalities translate into individual members lived experiences, and how individuals can, in turn, most meaningfully contribute to society. This is best expressed in ecological models of human development, particularly Bronfenbrenner's framework and adaptations (see Bronfenbrenner 1977; UNICEF, 2021) where the family is the most proximal environment (microsystem) through which broader social and economic conditions are transmitted to an individual child. Care economy models (e.g., UN Women, 2021) further highlight how, for the majority of people, our lives begin and end as a member of a family.

Moreover, evidence shows how families and family policies are central to achieving the specific Sustainable Development Goals (SDGs) of poverty reduction (SDG 1), health (SDG 3), education (SDG 4), gender equality (SDG 5), employment (SDG 8), and violence reduction (SDG 16) (Richardson et al., 2020), with progress in one domain reinforcing others through stronger family environments that support holistic well-being across the life course.

Critically, family environment and family functioning mediate access to resources, exposure to risks, and the capacity to respond to shocks, over a life course. The absence of appropriate metrics to capture the role of the family – as seen in the SDGs for instance – risks not only obscuring the mechanisms through which inequality is produced and reproduced, but more concerningly contributing to its continued transmission.

The following sections look at the issue first from the 'macro' side of the issue, and then the 'child' side.

1.3.1 Beyond GDP? Family and the limits of macroeconomic indicators

In this context, commonly used macroeconomic indicators such as GDP are limited in their ability to capture these dynamics or to reflect the distributional and relational effects of family policy. While GDP records total economic output, it obscures how resources are allocated within and between households, overlooks unpaid care work, and fails to account for how family policies shape both resource distribution and caregiving arrangements across different household types (Stiglitz, Sen, & Fitoussi, 2009). When reported as a simple annual percentage, it also obscures the inclusivity of growth, and the fluctuations in living conditions over the year.

This measurement gap becomes particularly consequential in the context of recent global trends. In the last decades, as growth has continued, global inequality has increased markedly, driven by labour market polarisation, technological change, demographic shifts, and unequal access to education, health, and social protection (Milanovic, 2016; World Bank, 2022).

To better capture the experiences of all families – beyond GDP measures that incorporate income distribution – and disaggregate access to social protection, time use, living conditions and family well-being, country-by-country, can provide a more accurate account of how development outcomes are mediated and experienced across the life course. Without a coherent family-centred framework for the measurement of development – disaggregated and holistic in terms of outcomes – policies pursuing average improvements risk creating inequalities, rather than addressing them.

1.3.2 From child well-being to whole-family well-being

At the other end of the social ecology, how child well-being is currently conceptualised and measured can also be reconsidered. In the majority, existing child well-being frameworks tend to focus on individual child outcomes – such as health metrics, nutrition, educational attainment, experiences of violence, or subjective well-being – without adequately accounting for the family conditions that shape these outcomes. Yet child well-being cannot be meaningfully separated from family contexts (Richardson et al., 2026).

This limitation is particularly pronounced in early childhood. The youngest children are uniquely dependent on others for the fulfilment of all their needs, including nutrition, care, protection, and cognitive stimulation. These needs are overwhelmingly provided by the family. As a result, the conditions of the family – rather than the characteristics of the child alone – are the primary determinants of early development outcomes. However, many existing measures of child well-being do not fully capture these relational and environmental conditions, including caregiving capacity, time use, intra-household resource allocation, and family stability.

Families differ significantly in their ability to convert resources into child well-being, depending on household structure, income stability, caregiving arrangements, and access to social protection (Bradshaw et al., 2018). Consequently, children exposed to similar levels of income or external risk

may experience very different outcomes depending on the environment in which they are raised. This creates a disconnect between observed child outcomes and the underlying conditions that produce them.

This has important implications for the design of the social contract (see Box 2). In many policy systems worldwide, interventions that affect children's living conditions – including income support, access to services, and social protection – are mediated through the status and entitlements of parents. In practice, this means that children's well-being is often regarded as a derivative of adult outcomes (and treated as a private responsibility despite being a public good) rather than as a direct concern of public policy. This approach is misaligned with the reality that children are rights-bearing individuals and future contributors to society, whose development is foundational to long-term social and economic outcomes.

A more coherent approach would be to conceptualise the social contract at the level of the family as a whole. This implies recognizing that risks, resources, and responsibilities are shared within households, and that effective policy must support the conditions under which families function. Family formation and early childhood represent the point at which this contract is most critical, as *family* dependency is highest and the potential for the long-term impact on child development is greatest.

A shift from child-centred to family-centred monitoring would recognise the reality that inequality is not only experienced by individuals but experienced by and produced within family systems. Addressing it effectively requires policies that support whole-family well-being, delivering on a social contract that includes all members, and intervening at the point of family formation where long-term personal trajectories are shaped (Richardson et al., 2020).

Metrics such as these would be much better suited to inform the effective delivery of appropriate and timely interventions to stabilise and strengthen family and child conditions and alter life-course trajectories in progressive ways (Daly, 2020; UNICEF, 2024).

Box 2: Children, family policies, and the social contract

The social contract is a centuries-old concept that refers to the implicit agreement between citizens and the state, defining the rights and responsibilities of each. Citizens will contribute to the state through productivity and taxation, and in return the state will reinvest in public goods, and life course supports during times of dependency - including childhood.

Family policies are central to how the social contract operates in practice, particularly in earliest years of life. The social contract should begin from the start of a child's life, given the future contributions of the child to society across the life course, and that the child's right to public policies is ratified by the majority of nation states through the United Nations Convention on the Rights of the Child (including rights to social security, healthcare access and more).

However, in reality, in most systems worldwide, the youngest children receive little or no support (Richardson et al., 2023), and what is available is commonly mediated through the socio-economic status of parents (again in contradiction to both the UNCRC and the SDGs) creating an implementation gap between principle and practice.

As a result, families with limited access to public support bear a disproportionate burden of fulfilling the structural gap, despite having the fewest resources to do so. As such, rather than offsetting disadvantages, most existing systems risk reinforcing them – against their own promise to children – allowing inequalities in parental income and security to translate directly into unequal outcomes.

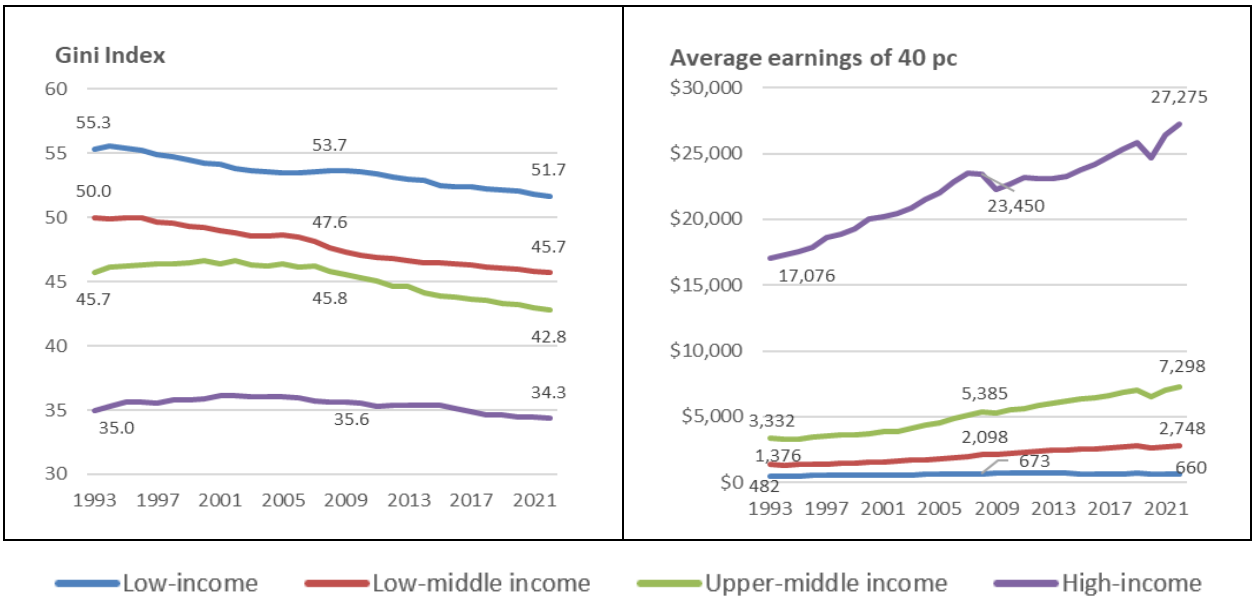
2. Trends in global and regional inequality and family formation: implications for SDGs

This section examines recent global and regional trends in inequality and how these dynamics interact with family formation and key dimensions of well-being. First, it reviews changes in income inequality over the past two decades across country income groups, before analysing trends in fertility rates and patterns by age. Second, trends are examined in relation to broader developments in poverty reduction, health, and education, highlighting their relevance for progress towards the achievement of SDGs and targets. Finally, it assesses how inequalities shape early childhood development over time and across different national income contexts.

2.1 Global inequality trends

Figure 1 presents trends in the Gini index alongside the average earnings of people in the bottom 40 per cent of the income distribution between 1993 to 2021. Over this period, global income inequality has generally declined. This downward trend is most pronounced in lower-middle-income countries, where inequality has fallen steadily. Upper-middle-income countries experienced little change between 1993 and 2007, followed by a more rapid decline thereafter. High-income countries have also seen reductions in inequality, albeit at a slower pace. In contrast, inequality in low-income countries has largely stagnated, with average Gini levels remaining broadly unchanged over the past two decades.

Figure 1: Middle-income countries report slightly more progressive growth



Source: Average earnings are reported in USD PPP, and as such increases or falls in dollar amounts reflect higher or lower spending power relative to average consumption, and as such represents higher or lower inclusivity in living conditions year-on-year. World Income Inequality Database (WIID), 2026.

Across all years, inequality follows a clear income gradient: it is highest in low-income countries and lowest in high-income countries. Since 1993, however, the gap between these groups has narrowed only modestly – by approximately four Gini points on average.

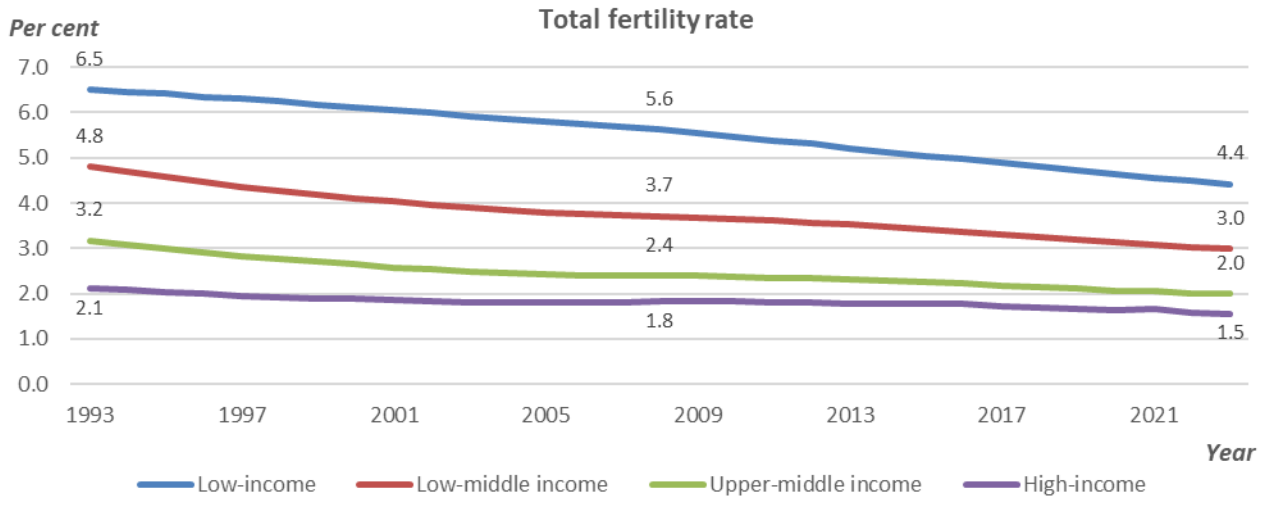
A similar pattern emerges when examining the average earnings of the bottom 40 per cent. High-income countries consistently record the highest average earnings, while low-income countries record the lowest. Notably, high-income countries have seen a marked increase in the earnings of the bottom 40 per cent. In relative terms, middle-income countries – particularly lower-middle-income countries – have experienced the strongest gains, with the average earnings nearly doubling over the period. By contrast, progress in low-income countries has been limited: gains up to around 2007 were followed by slight reversals by 2021.

Comparing these indicators reveals an important dynamic. In high-income countries, a relatively flat Gini index alongside rising average earnings for the bottom 40 per cent suggests that, while lower-income groups are experiencing income growth, higher-income groups are progressing at a similar pace – resulting in little overall change in inequality. In other country groups, declining inequality combined with rising average earnings for the poorest indicates that growth has been somewhat more inclusive, though gains remain modest.

2.2 Trends in family formation

Trends in family formation show a consistent global decline in total fertility rates across all income groups (see Figure 2). Fertility remains highest in low-income countries and lowest in high-income countries, maintaining a clear income gradient. Since 1993, fertility rates in upper-middle- and high-income countries have fallen below replacement level, with high-income countries reaching this threshold as early as 1995. While differences between income groups have narrowed, fertility rates in low-income countries remain approximately three times higher than in high-income countries.

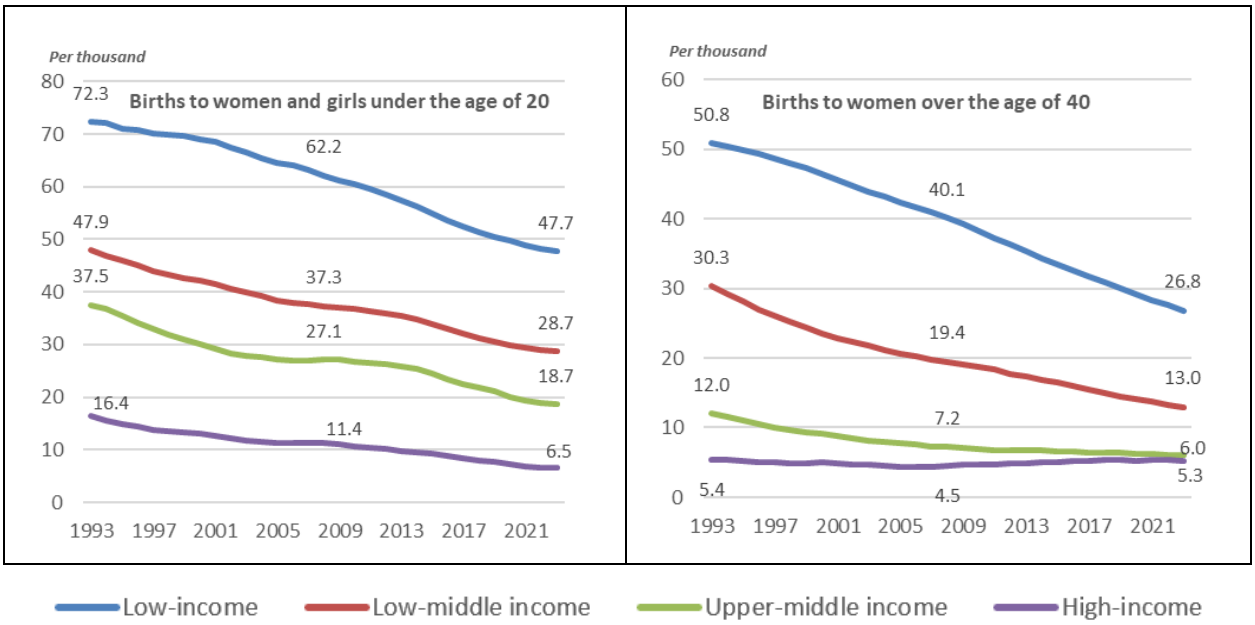
Figure 2: Fertility rates in low-income countries are still triple that of high-income countries



Source: World Bank databank, 2026.

Age-specific birth rates reinforce these patterns (Figure 3). Two decades ago, adolescent birth rates in low-income countries stood at approximately 72 births per 1,000 girls under 20. This group has since experienced the fastest decline, reducing rates by roughly one third. Upper-middle-income countries have halved adolescent birth rates, while high-income countries have reduced them by nearly two thirds.

Figure 3: Differences in birth rates by income group are higher for teenagers



Source: UN population statistics, 2026

Births among women aged over 40 are less common but follow similar income gradients, with higher rates in lower-income settings. These rates have declined across most groups in line with overall fertility trends. However, high-income countries show little change in delayed childbearing, whereas upper-middle-income countries have halved such rates to around 6.0 births per 1,000 women. Low-income countries have also seen substantial declines.

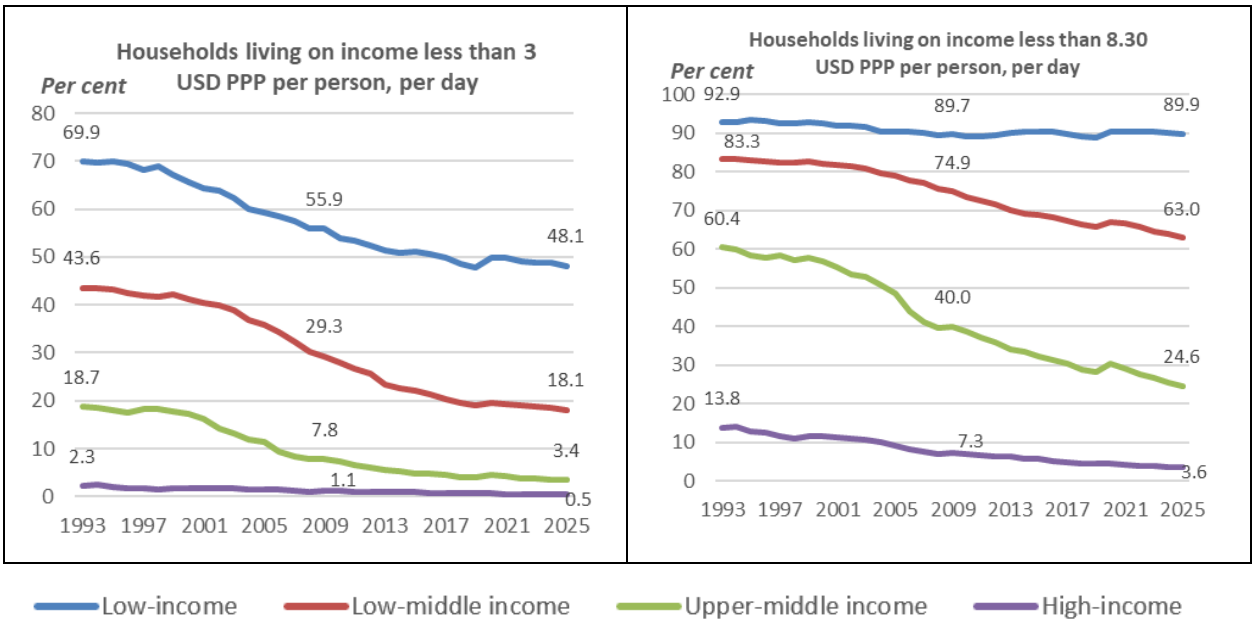
Overall, these trends suggest that reductions in fertility among younger women have been slower in high-income countries, while declines in birth among older women have been more limited, contrasting with sharper shifts observed in lower-income settings.

2.3 Poverty, health, education, and gender equality trends

Poverty trends, measured using both extreme poverty (around $3 PPP per day) and a higher threshold ($8.30 PPP per day), continue to reflect global income disparities (Figure 4). While the overall pattern by income group remains consistent, the pace of progress differs.

Reductions in extreme poverty have been fastest in low- and lower-middle-income countries, and extreme poverty has been nearly eradicated in high-income countries. Upper-middle-income countries have also made substantial gains. However, at the higher poverty threshold of 8.30 USD PPP per person per day, progress has been slower in low-income and lower-middle-income countries, while higher-income countries have seen larger overall reductions.

Figure 4: For over 30 years, higher-threshold income poverty rates in LICs have stagnated



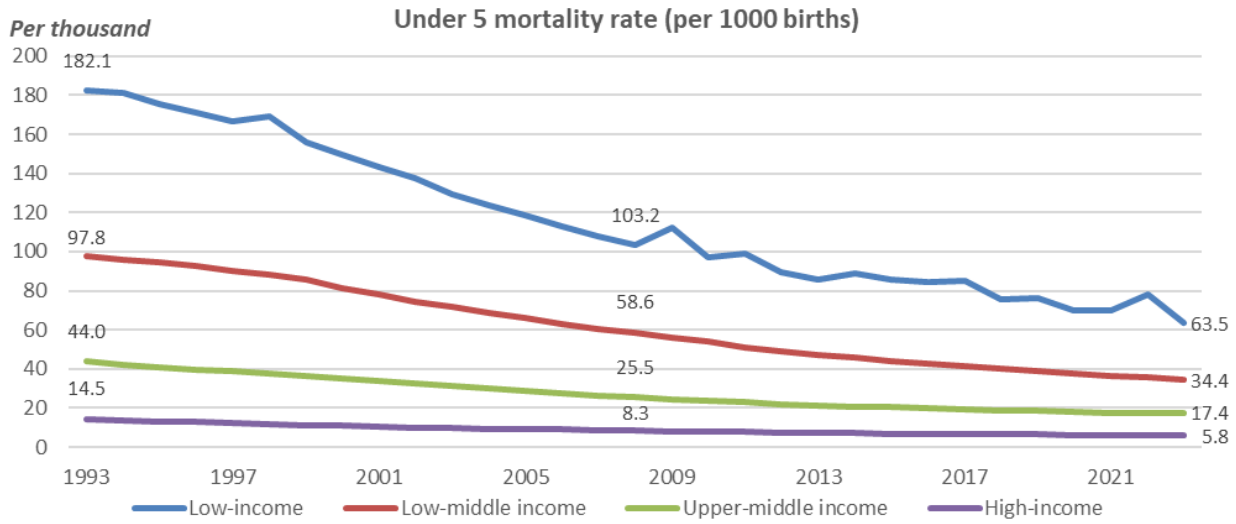
Source: Authors elaboration of The World Bank modelled data (2026).

In low-income countries, poverty rates at the 8.30 USD PPP threshold have stagnated over 30 plus years, and even slightly increased in the past 15 years. This suggests that, although efforts to reduce extreme income poverty risks have had some success, they have not translated into improvements in living standards for most people – the income distribution is becoming truncated on the bottom-end but not moving upwards as a whole. By contrast, middle-income countries have achieved more substantial gains across both thresholds – indicating that absolute poverty reduction and broader growth in living standards can be achieved simultaneously.

Taken together, these findings indicate that while poverty within countries on average has fallen, inequality between countries is widening.

Figure 5 presents under-five mortality rates per 1,000 live births, a measure of avoidable deaths of children due to poverty, and an indicator of trauma experienced by thousands of families every day. Fortunately, over time, trends show substantial declines across all income groups. In low-income countries, mortality rates have fallen by nearly two thirds, with similar progress observed in lower-middle-income countries. As higher-income countries approach very low levels of child mortality, the rate of improvement has slowed. Nevertheless, globally, under-five mortality remains unacceptably high, equivalent to approximately 13,000 deaths per day (UNICEF et al, 2025a) or approximately ten times the global mortality rate for COVID at its peak (Richardson et al, 2025.).

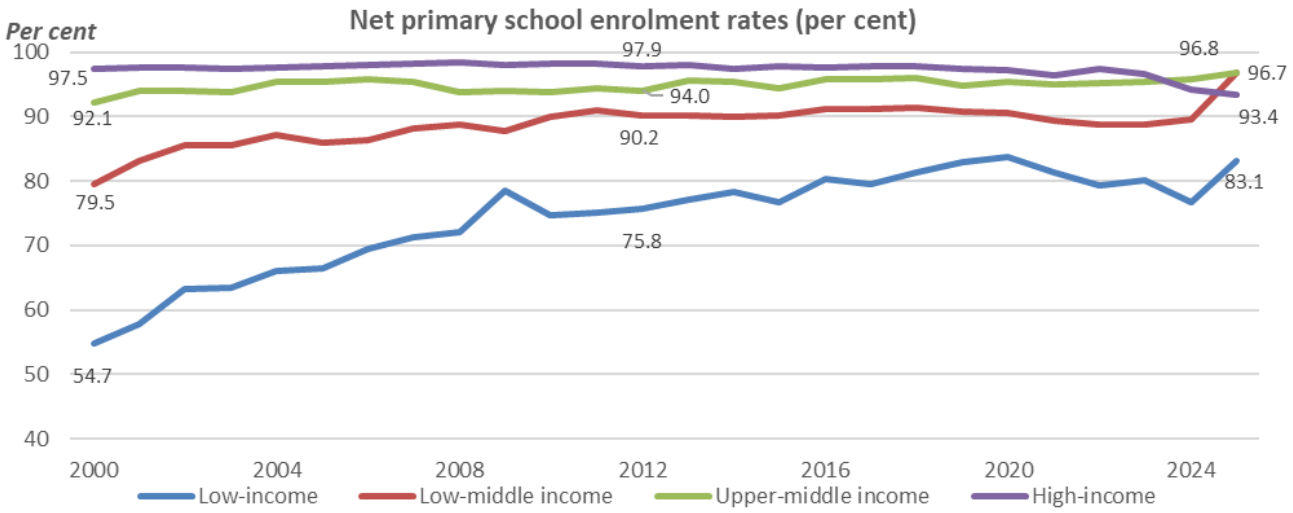
Figure 5: Despite significant falls, under-5 mortality rates are still too high



Source: Authors elaboration of The World Bank Databank data (2026).

Finally, Figure 6 examines primary school outcomes, measured by net primary enrolment, or the proportion of children learning at the right levels for their age and grade.

Figure 6: Middle-income countries have the highest net primary school enrolment rates on average



Source: Authors elaboration of UNESCO - UIS data (2026).

High-income countries have maintained rates close to 100 per cent over the past 25 years, although a recent decline in 2025 brings performance slightly below that of some middle-income countries. Lower- and upper-middle-income countries have followed similar upward trajectories,

improving from around 79.5 per cent to approximately 96.7 per cent in recent years. Low-income countries have also made steady progress, narrowing the gap with higher-income groups. While disparities remain, the overall trend points to significant improvements in educational outcomes across all income levels.

Implications for the SDGs

Altogether the analysis suggests that although progress toward the SDGs is happening, it is uneven, and still off target according to the principle of 'leaving no-one behind.'

While declines in inequality and gains in reducing extreme poverty, improving health outcomes, and expanding education within many countries are encouraging, stagnation in income growth for the poorest of the poor, and persistent disparities between countries, risk undermining progress on SDG 10.

With such income inequality comes risks to weakening social cohesion, displacement, and economic and political instability. To accelerate progress in reducing inequalities – nationally and globally – efforts to boost broad-based and inclusive growth are needed, underpinned by income redistribution through family-friendly social protection and care policies.

2.4 Income inequality effects on child well-being, and intergenerational inequality

The following analysis examines the relationship between inequality and key family outcomes – including poverty, under-five mortality, fertility, and net primary school enrolment. Changes in inequality are measured using three complementary measures: the Gini index, the Palma ratio, and the average earnings of the bottom 40 per cent of people in the income distribution (the poorest two quintiles).

The Gini index is most sensitive to income inequality in a general population, including if incomes in the middle of the distribution pull away from the bottom, or the rich pull away from the rest. The Palma ratio better reflects disparities between top and bottom specifically, by recording the ratio of the income of the richest 10 per cent over that of the poorest 40 per cent. Finally, the average earnings of the bottom 40 per cent provide a direct measure of improvement of conditions among lower-income populations. All models reported below control for age dependency ratio, GDP per capita, and unemployment. (See Annex 1 for more details.)

The findings provide strong evidence that inequality is closely associated with worse family and child outcomes at a global level, relationships that persist over at least two years, suggesting that the effects of inequality are structural rather than transitory.

The analysis also highlights important difference across country income status, particularly in low-income settings, where the magnitude – and in some cases the direction – of these relationships differs.

2.4.1 Relationship between income inequality and family and child outcomes

Income inequality is bad for family and child outcomes. As shown in Table 1, higher levels of inequality, measured by the Gini index and Palma ratio, are associated with higher poverty rates and higher under-five mortality. Results suggest that countries with greater income disparities experience worse outcomes for children and low-income households.

Conversely, average earnings in the bottom 40 per cent are consistently linked to lower poverty (at both thresholds) and lower child mortality, highlighting the protective effect of inclusive growth, ensuring the poor do not fall too far behind the earned-income standards of the population at large.

Table 1: Family outcomes are negatively influenced by inequality

	Poverty 3$	Poverty 8.30$	Under 5 mortality	Fertility under 20	Fertility over 40	Primary school enrolment
GINI	0.757 ***	1.037 ***	0.430 ***	-0.011	0.313 ***	-0.007
PALMA	0.453 ***	0.339 ***	0.210 ***	0.042	0.148 ***	0.007
BOTTOM 40	-1.210 ***	-0.975 ***	-0.783 ***	-0.298 ***	0.346 ***	0.016 *

Source: Author's calculations. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '***' for p<0.001. For methodological details, see Annex 1.

When looking at fertility patterns, inequality appears to have a mixed effect. It is strongly associated with higher fertility among women over 40, while the effects on teenage fertility are weaker and non-significant. An increase in the average earnings in the bottom 40 seems to have a delaying effect on fertility, lowering rates for women under 20 while raising them for those over 40.

For primary school enrolment, the Gini index and Palma ratio show very small and non-significant effects. In contrast, the average earnings of the bottom 40 per cent are weakly, but positively and significantly associated with primary school-aged children learning at the right level, suggesting that when the incomes of the poorest increase, barriers to growth in primary school participation are lessened.

When looking at the persistence of the effects in Table 2, or associations with outcomes 1 and 2 years after the inequality is measured, of the results are highly consistent with the initial associations reported above. Both the Gini index and the Palma ratio, whether lagged by one or two years, remain positively associated with poverty rates, and weaken only very slowly over time, reinforcing the idea that the adverse effects of inequality are persistent. An increased share of the bottom 40 per cent also retains significant associations with higher absolute poverty, but this falls

faster over time, suggesting that anti-poverty family policies may be less effective in the long run than redistributive policies.

The strength of the associations between inequality and under 5 mortality risks, as measured by Gini and Palma, increase over time. This is indicative of a scarring effect of inequality on well-being and family formation outcomes, beyond the more immediate income poverty effects. A situation which is likely played out through a combination of insecurity and unequal access to health services driven by the experience of income poverty. In line with this, the effect of the bottom 40 earnings measure on under 5 mortality weakens, whilst it's influence on delayed fertility increases, suggesting that poverty reduction will prevent risks to family well-being over time.

Across all measures, associations with net primary school enrolment are insignificant over time.

Table 2: Inequality effects are persistent over time.

	Poverty 3$	**Poverty 8.30$**	**Under 5 mortality**	**Fertility under 20**	**Fertility over 40**	**Primary school enrolment**
GINI - (*t-1* = 1 year earlier)	0.698***	1.023***	0.505***	0.022	0.398***	-0.012
GINI - (*t-2* = 2 years earlier)	0.690***	0.986***	0.508***	0.053	0.470***	-0.011
PALMA - t1	0.405***	0.352***	0.235***	0.049	0.184***	0.001
PALMA - t2	0.382***	0.361***	0.237***	0.058	0.208***	0.002
BOTTOM 40 - t1	-0.575***	-0.487***	-0.376***	-0.316***	0.331***	0.012
BOTTOM 40 - t2	-0.453***	-0.472***	-0.422***	-0.306***	0.322***	0.003

Source: Author's calculations. "t-1" refers to the megatrend reported a year before the inequality measure, and "t-2" refers to the megatrends 2 years before. These lags are designed to address concerns with reverse causality. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '***' for p<0.001. For methodological details, see Annex 1.

To explore whether the relationship between inequality and family outcomes differs across levels of development, Table 3 reports whether, in low-income countries (LICs), the effects of inequalities on child and family outcomes are significantly higher or lower than the average country (regardless of national income status). The results reveal that the outcomes are not uniform across contexts, and in some cases differ substantially in poorer countries.

Table 3: Inequality effects vary in low-income countries.

	Poverty 3$	Poverty 8.30$	Under 5 mortality	Fertility under 20	Fertility over 40	Primary school enrolment
GINI	0.702**	1.154***	0.405***	-0.044	0.273*	0.012
GINI - LIC	0.671*	-1.443***	0.309	0.381*	0.467**	-0.259
PALMA	0.446***	0.400***	0.199***	0.027	0.126*	0.026**
PALMA - LIC	0.060	-0.547***	0.092	0.118.	0.176*	-0.159*
BOTTOM 40	-1.241***	-1.027***	-0.787***	-0.298***	0.393***	0.001
BOTTOM 40 – LIC	0.561***	0.943***	0.070	-0.002	-0.851***	0.350***

Source: LIC refers to 'low-income country' dummy variable. Author's calculations. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '***' for p<0.001. For methodological details, see Annex 1.

The first notable distinction is for both poverty measures,, where inequality remains positively associated with higher poverty rates in the baseline specification – and for rates at 3 dollars per day – but for low-income countries the Gini index and Palma ratio effects are negative and significant in the case of the higher poverty line ($8.30 a day) – meaning higher inequality is lowering poverty at the higher income poverty threshold.

This reversal of the association for LICs likely reflects that the two income poverty thresholds capture different parts of the income distribution. The $3 a day measure focuses on extreme poverty at the very bottom, where higher inequality is associated with worsening conditions for the poorest, especially in low-income countries. In contrast, the $8.30 a day threshold includes a broader group closer to the lower-middle part of the distribution, where increases in inequality may also reflect partial income gains for some middle-income households that then move above this line – an explanation which can be supported by a larger difference between national income settings for the Gini index in particular, which captures middle income shifts. The major concern with this trend is that it signals an entrenchment of extreme poverty, and all of the social costs that follow when the poorest are left behind.

For under-five mortality, while inequality is associated with higher mortality in the baseline, the interaction terms are not statistically significant, indicating that the effect does not differ markedly between low and higher-income countries.

More pronounced differences appear in fertility outcomes. In low-income countries, higher inequality (as captured by the Gini index) is associated with higher fertility among younger women, an effect that is not observed in the baseline. At the same time, for fertility over 40, the interaction terms are mainly positive for inequality measures and strongly negative for the bottom

40 per cent average earnings, suggesting that demographic responses are more sensitive to inequality in poorer contexts.

The results for average earnings in bottom 40 per cent highlight an important contrast: while higher average earnings are associated with better outcomes overall (lower poverty and under 5 mortality), the positive interaction terms for poverty indicate that this protective effect is significantly lower in low-income countries.

For primary school enrolment, the effect of Palma ratio in low-income countries is negative and significant, suggesting that in low-income settings higher inequality is associated with lower enrolment. As might be expected, this is broadly in line with the results for the average earnings of bottom 40 per cent measure, where in low-income countries, higher average earnings substantially increase school enrolment in poorer countries.

3. Megatrends: catalysts for expanding inequality and family disparities?

How do megatrends, including urbanisation, climate-related weather events, digitalisation, net migration, and child population growth drive inequality, and what can family policies do to mitigate or optimise effects?

This section of the report reviews the influence of megatrends on how each megatrend drives income inequality at the national level in different ways, before comparing the effects for low-income countries versus middle-and high-income countries and finally reviewing the mitigating effects of family policy.

Inequality when measured based on increased differences on the whole (Gini index), increased differences between rich and poor (Palma) and a lower share of income for the poorest two quintiles (bottom 40 per cent) are shown above to consistently worsen the outcomes on key measures of child and family well-being, particularly for low-income countries. How megatrends affect inequalities is therefore a key concern for how megatrends ultimately affect families around the world (see Box 3 for topics covered in these sections, and data needs).

Box 3. Topics covered in the analysis, and data needs

The intention for this study was to analyse the effects of megatrends on inequality, family formation, health, education, and poverty risks (as covered in Section 2) as well as housing insecurity, intergenerational equity, family support systems, and vulnerable families. The analysis above first linked inequality to family outcomes – as the main focus of the study – the following analysis will assess whether megatrends play a role in exacerbating inequality within and between countries.

Because the models here apply macro-pooled times series analysis to interpret population level evidence of these associations internationally and over time, it has only been possible to ask and answer questions when international data series on the relevant topics are available.

For family outcomes, it was not possible to access published and validated global time series on issues related to housing insecurity, intergenerational equity, and family support systems – as a result, these dimensions could not be incorporated into the analysis. Evidence of family vulnerability is available through series related to income poverty and share of the national income held by the bottom 40 per cent of households.

3.1 Global megatrends and effects on income inequality

The analysis in this section examines how global megatrends are associated with different measures of inequality. The results in Table 4 report the associations after 1 and 2 years respectively, and reveal consistent and robust patterns in the short-term, including several significant findings:

- Urbanisation is systematically associated with lower inequality, most strongly for differences measured between the rich and poor (Palma ratio) in both years. This is aligned to the even stronger positive effects on the average earnings of the bottom 40 per cent – again in both years. Together, the pattern suggests urbanisation reduces inequality for the bottom-up – perhaps related to economic migration or increased access to social supports – with the effects being sustained or even strengthening slightly over time.
- A weaker but similar relationship emerges for internet access, which is associated with lower inequality – stronger for the Palma ratio – and a higher average earnings for the bottom 40 per cent. In this case, however, effects are sustained but are slightly weaker over time. On average, globally, greater internet coverage seems to play a role in advancing the earnings capacity of the poorest, and in doing so, is reducing disparities.
- In contrast, net migration has a very weak association with higher levels of inequality and an increase in the average earnings of the bottom 40 per cent. This suggests that, on average globally, lower, and high-income groups benefit from net migration – e.g., employers and low-paid workers – but not middle-income groups, with higher income groups benefiting relatively more.
- Growth in the population aged under 18 is also associated with lower inequality on average globally, with greater reductions in the extremes of the distribution (Palma), strengthening over time. In contrast to urbanisation and internet coverage, population growth is associated with lower bottom 40 per cent income after two years, indicating that younger demographic structures may be linked to more equal income distributions, but relative costs of this growth are higher for poorer groups.

Table 4: Megatrends effects on average inequality are consistent

	GINI	PALMA	BOTTOM 40
Urbanisation (*t-1* = 1 year earlier)	-0.067*	-0.212***	1.374***
Urbanisation (*t-2* = 2 years earlier)	-0.071**	-0.229***	1.386***
Climate disaster frequency t-1	0.000	0.008	-0.010
Climate disaster frequency t-2	0.003	-0.015.	-0.015.
Internet t-1	-0.029***	-0.068***	0.190***
Internet t-2	-0.027***	-0.062***	0.181***
Net migration t-1	0.003***	0.004**	0.014***
Net migration t-2	0.004***	0.006***	0.009**
Population under 18 t-1	-0.066***	-0.170***	-0.051
Population under 18 t-2	-0.060***	-0.160***	-0.142**

Source: Author's calculations. For methodological details, see Annex 1 (tbc). "t-1" refers to the megatrend reported a year before the inequality measure, and "t-2" refers to the megatrends 2 years before. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '***' for p<0.001. These lags are designed to address concerns with reverse causality.

In contrast to other megatrends, insignificant results are found for climate disaster frequency. One possible explanation for a lack of link to inequality is that climate disasters vary in their nature and intensity. The most intensive disasters can destroy physical infrastructure indiscriminately and temporarily, reducing living conditions across the board. Less intense disasters may be survived by households able to invest in stronger homes and businesses or live in areas least affected by climate-related weather events.

Overall, global evidence suggests that megatrends are reducing the differences inequality at the extremes of the distribution more often than not, and to a greater effect than they are affecting general levels of income inequality. When inequality is falling, this seems to be driven by a 'bottom-up' effect, as increases in the average earnings of the bottom 40 per cent of the population are also increasing. Notably, the inequality associations favouring Palma over Gini contrast with findings for inequality effects on family outcomes, where family outcomes were more strongly associated to inequality in the overall population (Gini Index). This suggests that megatrends will feed through to meaningful changes in family outcomes, but less rapidly as they might if the patterns of outcomes were more consistently experienced by all income groups.

3.1.1 National incomes, megatrends, and inequality

To unpick the global average reported above, and to understand whether megatrends are experienced differently by different countries, the relationship between megatrends and inequality is further examined by comparing how low-income country effects deviate from baseline effects (or those for the average country regardless of income status).

The findings reported in Table 5 show that for Gini and Palma measures, the coefficients for LICs are not significant, and as such effects of megatrends on inequality are not measurably different in the average LIC when compared to results for all countries. Of greater concern is that for LICs the conditions of growth in urbanisation, net migration and internet coverage, are significantly less advantageous for income inequality reduction (net migration results suggest falling shares of income for this group).

The only net benefit for megatrends effects for LICs are seen under conditions of population growth after 2 years, where average country effects are null and slightly negative but effects for LICs are significant and positive.

Table 5: In LICS, megatrends effects diverge, worsening conditions of inequality

	GINI	PALMA	BOTTOM 40
Urbanisation	-0.050.	-0.161*	1.564***
Urbanisation - LIC	-0.036	-0.099	-0.830***
Climate disaster frequency	-0.003	-0.009.	-0.009
Climate disaster frequency - LIC	0.010	0.024	0.005
Internet	-0.031***	-0.069***	0.206***
Internet - LIC	-0.004	-0.023	-0.059**
Net migration	0.002*	0.001	0.028***
Net migration - LIC	-0.001	0.001	-0.033**
Population under 18	-0.060***	-0.140***	-0.079
Population under 18 - LIC	-0.067	-0.245.	0.755***

Source: Author's calculations. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '***' for p<0.001. For methodological details, see Annex 1 (tbc).

Due to model and data limitations, the analysis in this section has reviewed the independent effects of megatrends. Nevertheless, it is likely these phenomena interact, and in ways that may differ by context. To address this limitation Box 4 compares one-year lagged associations between megatrends in low-income settings and other countries and shows that patterns of association are context dependent and stronger in low-income settings (with population growth – the only

uniquely positive megatrend news for LICs – being associated with both increased urbanisation and numbers of climate related events).

Box 4: Are megatrends interdependent? Do they differ by national income status?

How relationships between megatrends differ in low-income and other countries will influence the understanding of whether these phenomena have protective or exacerbating effects on inequality over time. Overall, analysis of the associations between megatrends in low-income countries, when compared to other countries, suggests that patterns of interdependency are context-specific (Box Tables 4.1 and 4.2).

In low-income countries, urbanisation is positively associated with later growth in the population under 18, indicating that urban growth is accompanied by a demographic expansion. At the same time, urbanisation is negatively associated with climate disaster frequency, suggesting a potential reallocation or concentration of populations away from highly exposed areas. The results also show that a larger child population is weakly and positively associated with climate disaster frequency.

Box Table 4.1: Megatrends interdependencies in low-income settings

	Urbanization	Population under 18	Climate disaster frequency	Internet	Net migration
Urbanization	0.133 ***	0.321 ***	-0.128 *	0.056	-0.013
Population under 18	0.316 ***	0.958 ***	0.160 ***	0.027	0.012
Climate disaster frequency	0.227	-0.081	-0.588	-0.839	-0.148
Internet	0.353	-0.205	-0.139	1.239 ***	-0.395
Net migration	0.905	0.165	0.019	-0.04	0.295 *

Sources and notes: See Table 5.

In contrast, in countries that are not low income, urbanisation is strongly and positively associated with internet access, highlighting the role of urban systems as key drivers of digital diffusion. Climate disaster frequency is negatively associated with the population under 18, suggesting that climate-related shocks may be linked to slower growth in child populations over time. Net migration plays a more pronounced role in this group: it is positively associated with growth in the child population and negatively associated with climate disaster frequency, indicating that migration flows may contribute to demographic renewal while being lower in more climate-affected contexts – possibly due to the short-term effects of disasters on household resources and local infrastructure needed to make the move.

Box Table 4.2: Megatrends interdependencies middle- and high-income settings

	Urbanization	Population under 18	Climate disaster frequency	Internet	Net migration
Urbanization	0.910 ***	-0.009	-0.176	0.278 *	0.213
Population under 18	-0.005	1.017 ***	0.14	-0.073	-0.092
Climate disaster frequency	0.003	-0.006 *	0.056	0.021	-0.056
Internet	0.003	-0.003	0.088	0.877 ***	0.018
Net migration	-0.005	0.015 *	-0.141 *	-0.014	0.799 ***

Sources and notes: See Table 5.

3.1.2 Implications of megatrends and inequality results

Across all countries on average, the results of the megatrends analysis are very concerning for global and national inequality, and the pace of acceleration. Critically for all families, and the exacerbation of inequality worldwide, the megatrend effects are increasing inequality between LICs relative to other countries, and within LICs poorer families are benefit least. Only child population growth is mitigating this widening of inequality, creating pressure on early family formation, which in turn increase risks of experiencing poorer family and child outcomes.

This situation creates three serious concerns. First, it widens differences worldwide, as countries lower inequalities, this is done unequally and contributes to the stagnation of LIC income conditions. Second, it creates incentives for early family formation, although, on average well-being outcomes suggest that the lived family experience comes with poorer lived experiences. And third, that internationally, differences in experiences in megatrend effects is likely to contribute to a lack of consensus for timely and effective global mitigation efforts to reduce inequality.

These megatrend to inequality dynamics are important for families, as earlier results show that higher inequality is closely associated with higher poverty and under-five mortality, with some mixed effects on fertility and education outcomes. Where megatrends contribute to rising global inequality, the risks are likely to be borne disproportionately by vulnerable families and children. At the same time, ongoing demographic shifts – including fertility falling at different rates and population ageing – are likely to place increasing pressure on families own support systems, particularly gender-based home care and intergenerational transmission of inequality. While unequal growth in the access to internet coverage may constrain the equalizing potential of technological change.

With these concerns in mind, the role of family policy in mitigating these complex and interlinked risks – that can drive inequality and its effects on family and children – needs to be better understood. This is picked up in the following section.

3.2 Megatrends and inequality effects by policy typology

The second part of the megatrends analysis explores whether the relationship between megatrends and inequality differs between country groups with and without universal policies in the areas of child benefits, maternity leave, and childcare.

Universal policies have been shown to most consistently improve key family outcomes in several recent global syntheses and analyses (Richardson, et al., 2024, 2025, and 2026). These studies, and the analysis below, aim to assess what role family policies can play in the face of pervasive and complex global pressures on growing inequality at the global and national level, and the costs borne by families and children.

3.2.1 Child benefits

Table 6 results reveal substantial and systematic differences in the associations between megatrends and inequality in countries with or without Universal Child Benefit, (UCB) suggesting that child cash benefits can play a role in mitigating the effects of megatrends on inequalities across countries, and in turn the life outcomes experienced by families worldwide.

Results show that:

- While urbanisation is associated with lower inequality in both UCB and non-UCB groups – stronger for non-universal models – when a UCB is present, urbanisation is linked to a much larger increase in average earnings of the bottom 40 per cent. This may be explained in part by the absence of a benefit trap, or work disincentives, in countries with universal benefits.
- Climate disaster frequency shows limited and generally weak effects on inequality whether a UCB is present or not. In countries without UCBs there is some evidence of a negative impact of climate events on the average earnings of the bottom 40 per cent, pointing to greater vulnerability of poorer families to climate shocks in the absence of a UCB.
- Increased access to the internet is associated with lower inequality in both policy contexts. The magnitude of the effect is substantially larger in countries with UCBs, particularly in terms of improving the average earnings of the poorest households (bottom 40 per cent).
- The results for net migration highlight an even sharper contrast in favour of UCBs. In countries without UCB, migration is associated with higher inequality on both counts. In countries with a UCB, net migration is associated with improvements in the average earnings of the bottom 40 per cent.
- Child population growth only shows favourable associations in countries without UCBs, and indeed, increases in inequality are reported in UCB countries when child populations grow faster. Importantly however, in UCB settings, the average earnings of the poorest households do not significantly change.

Table 6: Inequality and megatrends for different child benefit settings

	UNIVERSAL			NON-UNIVERSAL		
	GINI	PALMA	BOTTOM 40	GINI	PALMA	BOTTOM 40
Urbanisation t-1	-0.24.	-0.421*	2.036***	-0.252*	-0.693*	0.684*
Urbanisation t-2	-0.128	-0.204	1.873***	-0.254**	-0.707**	0.713*
Climate disaster frequency t-1	-0.005	-0.004	-0.002	0.008	0.018	-0.032**
Climate disaster frequency t-2	-0.010.	-0.016.	0.000	0.004	0.009	-0.030*
Internet t-1	-0.049**	-0.101***	0.352***	-0.027***	-0.081***	0.104***
Internet t-2	-0.031.	-0.068**	0.312***	-0.026***	-0.079***	0.103***
Net migration t-1	-0.001	-0.003	0.030***	0.004*	0.011*	-0.006
Net migration t-2	-0.002	-0.004	0.022***	0.004*	0.012*	-0.006
Population under 18 t-1	0.113*	0.190*	-0.195	-0.132***	-0.360***	0.265*
Population under 18 t-2	0.136*	0.237**	-0.053	-0.129***	-0.346**	0.274**

Source: Author's calculations. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '***' for p<0.001. For methodological details, see Annex 1.

3.2.2 Maternity benefits

Whether universal maternity policies (UMP) exist also points to meaningful differences between countries, although the patterns are somewhat less uniform when compared to child benefits. Table 7 shows that:

- Although not significantly associated with inequality in the context of increased urbanisation, UMPs report the strongest longer-term positive effect on average earnings in bottom 40 per cent (this is also found in previous studies, e.g., Theirworld, 2024). In countries without UMPs, urbanisation is consistently associated with lower inequality (the effects on Palma are stronger) and a significant increase in the average earnings of the bottom 40 per cent.
- For climate disaster frequency there is some evidence that in countries with a UMP inequality falls in the first year following increases in climate-related weather events. Without a UMP climate is associated with declines in the average earnings of the bottom 40 per cent, suggesting that this megatrend is driving increased vulnerability in these contexts. These results suggest there is a short-term shock response value for preexisting UCBs, above other options, which aligns to unpredictable nature of weather events, and the importance of support for all.

- For internet access, whatever the maternity policy, no negative results are found. Increased internet coverage in countries with UMPs reports significantly higher average incomes for the poorest quintiles in the following year. Non-UMP countries report significantly lower inequality and higher average earnings in the bottom 40 per cent, alongside increased internet coverage
- For net migration effects, the existence of UMPs seems to have few meaningful implications. In countries with UMPs, a second-year effect on the Gini index is positive, but weak, whereas in countries without UMPs, net migration is associated with improvements in the average earnings of the bottom 40 per cent.
- For child population growth, in countries with UMPs, relationships are non-significant. Countries without UMPs are reporting lower inequality and higher average earnings in the bottom 40 per cent, which may reflect the population effects in LICs which rarely deliver UMPs.

Table 7: Inequality and megatrends for different maternity policy setting

	UNIVERSAL			NON-UNIVERSAL		
	GINI	PALMA	BOTTOM 40	GINI	PALMA	BOTTOM 40
Urbanisation t-1	0.120	-0.153	0.974	-0.174	-0.502**	0.877***
Urbanisation t-2	0.136	-0.124	1.174***	-0.169**	-0.500**	0.860***
Climate disaster frequency t-1	-0.041.	-0.085*	0.086.	0.004	0.013.	-0.024**
Climate disaster frequency t-2	0.003	-0.018	0.0136	0.000	0.005	-0.02*
Internet t-1	-0.018	-0.024	0.146*	-0.031	-0.100***	0.156***
Internet t-2	-0.026	-0.046	0.202	-0.030***	-0.100***	0.153***
Net migration t-1	0.002	0.006	0.000	0.001	0.006	0.015**
Net migration t-2	0.006*	0.011	0.003	0.000	0.005	0.010*
Population under 18 t-1	0.090	-0.019	0.194	-0.116***	-0.331***	0.317***
Population under 18 t-2	0.086	-0.019	0.124	-0.116***	-0.323***	0.326***

Source: Author's calculations. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '*'** for p<0.001. For methodological details, see Annex 1.

3.2.3 Childcare

The final set of analyses examines the role of universal childcare (UCC) policies in shaping the relationship between megatrends and income inequality (Table 8).

- In countries with a UCC urbanisation only increases the average earnings of the bottom 40 per cent – associations with inequality are insignificant. In countries without universal childcare, higher urbanisation is strongly linked to lower inequality (for both the Gini and Palma indices), and higher average earnings for the bottom 40 per cent, showing a clear equalizing effect.
- Climate disaster frequency shows limited and mostly insignificant effects in both groups, although in countries without UCC there is a negative effect on the bottom 40 per cent. As with other universal mechanisms, this indicates greater vulnerability to climate events in the absence of strong support mechanisms.
- Internet access consistently reduces inequality in both groups, but the effect is stronger in countries with a UCC, particularly regarding the bottom 40 per cent average earnings.
- The results for net migration reveal that for countries with UCC, growth in net migration is associated with improvements for the bottom 40 per cent. In countries without UCCs, migration is slightly associated with higher inequality, though the effect on the bottom 40 per cent is positive, and in line with UCCs.
- Again, population growth is associated with better outcomes in countries without UCC. Whereas, in countries with UCC, a higher share of children is associated with higher Gini and Palma indices and sharply lower average earnings in the bottom 40 per cent.

Table 8: Inequality and megatrends for different childcare settings

	UNIVERSAL			**NON-UNIVERSAL**		
	GINI	**PALMA**	**BOTTOM 40**	**GINI**	**PALMA**	**BOTTOM 40**
Urbanisation t-1	0.110	0.117	1.234***	-0.409***	-1.040***	1.136***
Urbanisation t-2	-0.033	-0.122	1.316***	-0.414***	-1.060***	1.161***
Climate disaster frequency t-1	-0.008.	-0.012	0.001	0.007	0.018	-0.026*
Climate disaster frequency t-2	-0.008.	-0.013.	-0.005	0.005	0.013	-0.026.
Internet t-1	-0.058*	-0.117**	0.332***	-0.026***	-0.074**	0.108***
Internet t-2	-0.058**	-0.114**	0.291***	-0.026***	-0.072**	0.105***
Net migration t-1	-0.001	-0.004	0.020***	0.004*	0.008.	0.021**
Net migration t-2	0.000	-0.002	0.016***	0.003.	0.008.	0.016*
Population under 18 t-1	0.290***	0.477***	-0.841***	-0.126**	-0.319**	0.187.
Population under 18 t-2	0.196**	0.320***	-0.736***	-0.129***	-0.319**	0.199.

Source: Author's calculations. Markers for significance values include '.' for p<0.10, '*' for p<0.05, '**' for p<0.01, and '***' for p<0.001. For methodological details, see Annex 1.

3.2.4 Summary of the policy mitigation effects

In summary, the results suggest that globally family policies change how megatrends are related to inequality. Universality, with the notable exception of child population growth, tends to benefit average earnings of the poorest 40 per cent of the population more than non-universal settings, particularly for UCBs and UCCs. Again, except for child population growth, there is no meaningful evidence that universality contributes to increases in inequality – indeed universality can accelerate falls in inequality in the case of internet coverage (UCB and UCC) and urbanisation (UCB). Finally, and notably, the relationship between climate-related weather events, previously insignificant, provides evidence for a mitigating protective effect of the existence of universal family policies on the income conditions of the poor. Altogether, the results suggest that universal policies are a protecting families from growing inequality, if not actively reducing inequality.

For more accurate assessment of the merits of policy design choices – and not solely the identification of effects – further analysis of how these associations are moderated by national incomes, policy adequacy/quality, or the absence of family policies altogether, is needed.

4. The relevance of early family-oriented policies for addressing inequality and promoting well-being

Analysis above shows that family policies – focusing on the preschool period – clearly influence the relationships between megatrends, income inequality, and poverty, and are therefore indispensable tools for realizing social development. The following section introduces evidence from the literature on why they matter, the core instruments, their influence on the SDGs, where the gaps are, and the cost of inaction.

4.1 Why early family-oriented policies matter

During pregnancy, childbirth, and the first years of a child's life, households often face a combination of increased expenses, reduced income due to caregiving responsibilities, and heightened time constraints. These pressures can intensify economic insecurity, particularly for low-income families, single-parent households, and those caring for older persons or those with disabilities.

In this context, sociological research highlights how such inequalities are not only experienced within families but also reproduced across generations through the transmission of economic, cultural, and social resources. Different forms of capital – including economic resources, educational attainment, and social networks – shape children's opportunities and life trajectories (Bourdieu, 1986). Institutions in charge of socialisation, particularly the schooling system, tend to reinforce these inequalities by favouring the social and intellectual capital of the high-income category while (Ibid.). social capital within family structures shapes educational and developmental outcomes (Coleman, 1988).

Child development research also highlights how the early years are a critical period for cognitive, emotional, and physical development. Early experiences strongly influence brain development, shaping long-term learning capacity and social behaviour (Shonkoff & Phillips, 2000). Exposure to poverty, stress, or inadequate nutrition during this stage can have lasting effects on health and educational attainment (Duncan & Brooks-Gunn, 1997).

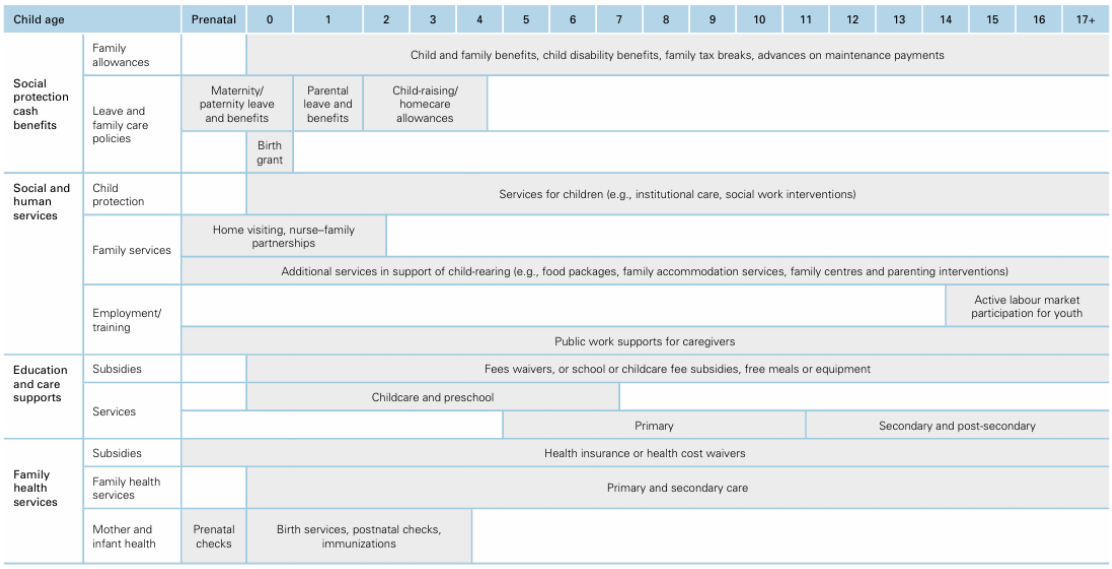
Economic analyses further underscore the importance of early intervention. Early disadvantages tend to accumulate over time, while early support strengthens children's capabilities and future productivity (Becker, 1991). At the same time, macroeconomic inequality can intensify these dynamics. Wealth and income disparities expand when redistributive institutions are weak, and the economy is structured in such a way that income derived from property (rent) grows faster than income derived from the labour market (Piketty, 2014). This is why a strong labour market and labour market participation is a necessary conduit to reducing inequalities. Without family policies to facilitate labour market access for all (e.g., early childcare and education policies), and reduce low-income or benefit traps, these disparities can become entrenched across generations.

Consequently, policies that support families during the early stages of child development – such as income support, parental leave, and early childhood education – are not simply social assistance measures reflecting a form of responsible egalitarianism (Anderson, 1999) or the fulfilment of rights. They represent structural interventions that address inequality at its source by ensuring that children have access to adequate resources during the most formative stage of their lives.

4.2 Core family policy instruments within a multi-level governance framework to address inequality

Family policy comprises a coordinated set of public policy instruments – including cash benefits (such as child benefits and family allowances), parental leave, early childhood care and education, and family health and human services (see Figure 7).

Figure 7: A simple schema for a comprehensive family and child policy portfolio by age



Source: UNICEF, 2023.

These policies are designed to support families to raise children, give every child a chance to fulfil their developmental potential by expanding their social choices (Sen, 1992), and in doing so help deliver public goods. They do this through stabilizing household income when labour market attachment is weak (e.g., parental leaves following the birth of a child), topping-up household income as families grow or family incomes are lower due to circumstance (e.g., universal child benefits; child disability benefits, advances on maintenance payments), support caregiving in the preschool year, and address life course needs related critical human services (e.g., health, child protection, parenting interventions and more) and complement/optimise the largest public investment on children, compulsory schooling (Richardson et al., 2026).

4.2.1 A multi-level governance family policy framework

Within a multi-level governance framework, these instruments operate across international, national, and regional/local levels so that redistributive mechanisms, social services, and regulatory standards reinforce one another. Primarily positioned within broader social protection systems, family policies therefore represent a central mechanism through which societies can address structural and intergenerational inequality.

This role aligns with the broader institutional function of modern welfare states. In such systems, reducing inequality constitutes a core responsibility of government, achieved through taxation, redistribution, labour regulation, and the provision of social services intended to correct market-generated disparities and maintain social cohesion.

Within this context, family policy instruments function as structural tools for inequality reduction. Income support measures – including child benefits, family allowances, tax credits, and cash transfers – stabilise household resources and mitigate economic vulnerability during caregiving periods. Comparative evidence indicates that countries with comprehensive universal child benefit systems experience significantly lower levels of economic insecurity among families (UNICEF, 2020; Richardson et al., 2024).

Parental leave policies - encompassing maternity, paternity, and shared parental leave – allow parents to care for newborn children facing significant income loss, thereby reducing economic insecurity during critical caregiving periods. Paid maternity leave is associated with improved maternal health and reduced infant mortality (Tanaka, 2005; Richardson et al., 2026), while paternity and shared leave policies promote gender equality by encouraging fathers' leave and their participation in caregiving for their children (Richardson et al., 2020). Such policies can also reduce gender gaps in employment and income (ILO, 2014; Richardson et al., 2020).

Early childhood education and care (ECEC) represent another core component of family policy. Accessible and high-quality childcare services support children's cognitive development while enabling parents, particularly mothers, to maintain labour market participation (Richardson et al., 2026) and in turn, sustain household income levels Complementing all of these instruments, integrated family and community-based services strengthen policy effectiveness by coordinating support across sectors such as health, education, housing, and social protection. Community-based service models bring these interventions together through local centres that provide comprehensive assistance to families. Evidence suggests that integrated family service systems improve policy efficiency and ensure that vulnerable households receive timely support (Moloney et al., 2017).

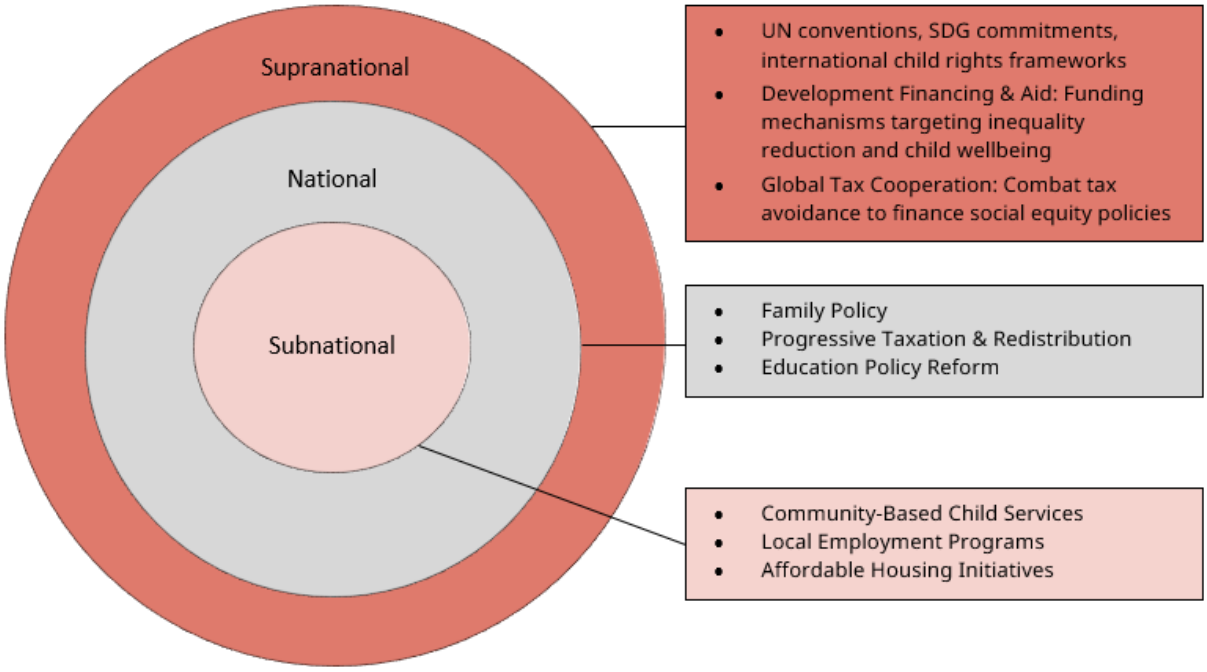
Taken together, these policy instruments reflect an ecological understanding of child and family well-being. Children grow within nested systems ranging from the family (microsystem) to the broader community (mesosystem) and national and global institutional environment (macrosystem, see Bronfenbrenner, 1979). Extending this framework to public policy, family policy can be understood as operating across these interconnected levels - supporting the child within the family, enabling service provision at the community level, and shaping structural conditions through national and supranational governance. In this way, coordinated and multi-level policy design aligns interventions across systems, reinforcing their cumulative impact on child development and the reduction of intergenerational inequality. Figure 1 conceptualises an ecological model of child and family policy for inequality reduction and family well-being. The concentric circles illustrate policy interdependence across governance levels, with progress dependent on coordinated action between international institutions, national governments, and regional/local authorities. At the centre of the framework is family policy positioned as the core mechanism linking redistribution, human development, and social cohesion.

At the supranational level, global norms and financial mechanisms contribute to the enabling environment for national policy action. These include social protection standards and child rights frameworks developed through the United Nations as well as commitments associated with the SDGs. Development financing and aid mechanisms support inequality reduction initiatives, while global tax cooperation seeks to combat tax avoidance and strengthen domestic resource mobilisation.

The national level represents the principal locus of redistribution and policy design. Here, family policy, progressive taxation, education policy reform, and parental support measures form the institutional core of inequality management. Progressive taxation generates the fiscal resources required to finance inclusive social policies, while education reforms expand equitable access to learning opportunities and reduce long-term disparities in human capital.

At the subnational level, policy implementation and service delivery are central. Community-based child services, including childcare centres, health clinics, and school nutrition programs, provide direct support to families. Local employment initiatives and affordable housing programs further address spatial and labour market inequalities by promoting job creation and reducing housing insecurity. These decentralised structures translate national policy commitments into context-sensitive interventions that reach households directly.

Figure 1. An Ecological Model of Child and Family Policy for Advancing Family-Centred Social Protection and Reducing Inequality



Source: Author's illustration.

Overall, the framework illustrates an integrated policy ecosystem in which international norms and financing mechanisms support national redistribution, while regional and local institutions deliver services and adapt policies to community needs. At the centre of this system lies family policy, reflecting the recognition that early and sustained investment in families generates long-term social and economic returns while weakening the structural mechanisms through which inequality is reproduced.

International commitments, such as the Doha Political Declaration of the Second World Summit for Social Development, increasingly affirm this approach by identifying inequality as a global challenge and emphasizing family-oriented strategies. Embedding these instruments within a coordinated, multi-level governance system is therefore essential not only for reducing inequality in the present, but for ensuring its sustainability over time - preventing its resurgence across generations and fostering inclusive, durable social development.

Box 5. Breaking barriers: family policy and the reduction of disability-related inequality

Disability represents a persistent form of structural inequality, affecting individuals, families, and communities. Households with persons with disabilities often experience reduced labour market participation, increased caregiving responsibilities, and higher costs related to healthcare, assistive technologies, and accessibility. These factors heighten the risk of economic disadvantage and social exclusion across the life course (WHO & WB, 2011; OECD, 2019; UNDESA, 2018).

The Doha Political Declaration similarly identifies disability as a key dimension of inequality and therefore calls for “equal access for persons with disabilities to social protection floors and safety nets” and accessible services addressing disability-related costs (UNGA, 2025).

Policies must tackle both economic pressures and unequal access to services. Inclusive social protection and disability-sensitive income support – such as disability benefits or enhanced child allowances – can offset additional costs and stabilise household income. At the same time, inclusive early childhood development and accessible education are essential to ensure equal opportunities. Evidence shows that early intervention and inclusive education reduce long-term inequalities in employment, health, and social participation (OECD, 2019; WHO & WB, 2011).

Family-oriented measures are particularly important, as caregiving is often concentrated within households. Parents – especially mothers – frequently reduce labour market participation to provide care. Policies such as paid parental leave, flexible work arrangements, caregiver allowances, and accessible childcare can reduce economic pressures and gender inequalities while supporting child development and family wellbeing.

Effective implementation depends on access. Many essential services – including inclusive childcare, rehabilitation, and schooling – are delivered locally, making local governments and community organisations central to translating national commitments into accessible support. Strong community-based systems can also reduce administrative barriers that limit uptake.

When combined – income support, family policies, and accessible local services – these measures form a powerful strategy to reduce disability-related inequality. By addressing costs, supporting caregiving, and ensuring inclusive access to services, they can expand opportunities and promote more equitable outcomes across generations (OECD, 2019; UNDESA, 2018).

Sweden provides a strong example. Under the Act Concerning Support and Service for Persons with Certain Functional Impairments, municipalities deliver personalised services – including personal assistance, respite care, and accessible childcare. This reduces caregiving burdens and supports parental labour market participation. Combining income support with community-based services improves social inclusion and economic participation for persons with disabilities (OECD, 2019).

4.3 Family policies and their contribution to the SDGs

Because families constitute the primary environment in which children grow and develop, policies that strengthen family well-being generate broad development gains across multiple SDGs. These measures operate through interconnected pathways that link family support directly to progress on SDGs 1–5 and 10, while simultaneously creating synergies across social protection, health, education, and gender equality systems.

Policies such as child benefits and income support address SDG 1 (No Poverty) by reducing household economic insecurity. Nutrition programs and school feeding initiatives contribute to SDG 2 (Zero Hunger) by improving food security among children. Parental leave and maternal health services advance SDG 3 (Good Health and Well-Being), while early childhood education programs promote SDG 4 (Quality Education) by strengthening school readiness.

Family policies also support SDG 5 (Gender Equality) by enabling women's participation in the labour market and encouraging shared caregiving responsibilities. Finally, progressive universal social protection systems contribute to SDG 10 (Reduced Inequalities) by mitigating income disparities and promoting social mobility. By ensuring all families have stable resources during the most vulnerable stages of childrearing, these policies break the cycle of disadvantage and prevent inequality from being passed down across generations. In doing so, family policy becomes a powerful equaliser - transforming household security into broader social cohesion and long-term opportunity.

Importantly, the effectiveness of these policies depends on cross-sectoral coordination. Social protection, health care, education, and gender equality policies must work together to produce cumulative improvements in child well-being and social inclusion (UN, 2018). Taken together, these pathways illustrate how family policies generate mutually reinforcing effects across social protection, health, education, and gender equality domains, making them a central lever for advancing multiple SDGs simultaneously.

Box 6. Poland's Family Policy and Progress Towards SDG 1

Poland's approach to family policy has become a striking example of how universal child benefit can accelerate progress toward SDG 1: No Poverty. The centrepiece of this strategy is the "Family 500+" program, launched in 2016, which introduced a universal allowance of PLN 500 (around $130) per child per month until age 18. Unlike welfare schemes that rely on complex eligibility criteria or means-testing, Family 500+ was designed as a straightforward, unconditional transfer, ensuring that support reached households consistently and without stigma.

The program quickly reshaped Poland's welfare landscape. By offering predictable income to families, particularly those with multiple children, it strengthened household stability and reduced vulnerability to poverty. Between 2015 and 2021, the extreme child poverty rate declined by 4.2 percentage points, with the largest reduction - 6 percentage points - observed among large families. This outcome highlights how universal family benefits can directly interrupt the reproduction of disadvantage across generations, aligning national policy with SDG 1 objectives (Ministry of Family, Labor, and Social Policy, 2023; Paradowski, 2020).

The fiscal commitment was considerable, amounting to nearly 2 per cent of GDP in the program's early years. For a middle-income country, this represented one of the most ambitious social expenditures in Europe. Yet policymakers emphasised that such investment in children and families yields long-term returns: reducing future reliance on welfare, improving educational outcomes, and fostering a more productive workforce. In this way, Family 500+ demonstrates how family policy can serve as a structural intervention that not only alleviates poverty in the present but also prevents its regeneration over time.

Poland's experience has influenced broader debates on social policy, offering lessons for other nations seeking to combat child poverty. By showing that large-scale, universal family benefits can deliver measurable progress toward poverty elimination, Family 500+ underscores the potential of courageous, well-coordinated family policies to advance inclusive development and fulfil global commitments under the SDGs.

4.3.1 Good practice in family policy

First, early intervention is critical. Investments during pregnancy, infancy, and early childhood yield substantial long-term returns because they shape cognitive development and skill formation during sensitive developmental periods. A large body of economic research shows that early childhood interventions generate among the highest returns of any public investment (Heckman, 2006; Cunha & Heckman, 2007). By addressing developmental gaps at an early stage, these policies reduce the likelihood that inequalities become entrenched over the life course.

Second, effective systems combine universality with progressivity. Universal provisions, such as child benefits available to all families, tend to secure broader political support and reduce stigma, while progressive design features ensure that lower-income households receive greater levels of support (see for instance the case of Uruguay, Richardson et al., 2025b). This dual approach allows

family policy to simultaneously reduce poverty and support middle-income households facing the rising costs of raising children (OECD, 2015).

Box 7. Family policy, poverty, and inequality in HICs - the case of the United States

The United States illustrates both the potential impact of family policy and the consequences of insufficient institutional support for families. Compared with other high-income countries, the United States historically provides relatively limited nationwide public support for families in areas such as paid parental leave, childcare subsidies, and universal child benefits (OECD, 2023).

The temporary expansion of the Child Tax Credit in 2021 provides a clear example of how family policy can reduce inequality. The reform provided monthly payments to families with children and significantly expanded eligibility. Research estimates that the policy reduced child poverty by approximately 40 per cent, representing one of the largest reductions in child poverty in recent U.S. history (Parolin et al., 2021).

However, the expiration of the expanded credit led to a rapid increase in child poverty rates – based on the supplemental poverty measure – from 5.2 per cent in 2021 to 13.4 per cent in 2024 (U.S Census Bureau, 2025), demonstrating the importance of sustained policy support. The U.S. case illustrates how stronger family policy systems could play a major role in reducing inequality even in the most economically developed contexts.

Third, gender responsiveness is essential. Persistent gender inequalities in labour markets are closely linked to the unequal distribution of unpaid care work. Women continue to bear a disproportionate share of caregiving responsibilities, which constrains their employment opportunities and lifetime earnings. Policies such as paid parental leave for both parents and accessible childcare services help redistribute care more equitably and support sustained labour market participation (Esping-Andersen, 2009; OECD, 2017).

Finally, policy integration is necessary to address structural inequality effectively. Family policy cannot operate in isolation; its impact depends on alignment with labour market institutions, education systems, and broader social protection frameworks. Beyond this alignment, effective policy design also requires the sequencing and stacking of child-related interventions, as emphasised in the First Things First framework: sequencing ensures that support is delivered at key stages of the life course, while stacking combines income support, services, and labour market measures so they reinforce one another and sustain gains over time (Richardson et al., 2026 forthcoming). Together, aligned, sequenced, and stacked interventions shape human capital formation and employment opportunities, contributing to the pre-distribution of income before inequality emerges (OECD, 2015).

Box 8. Family policy, poverty, and inequality in L & MICs - the case of Mongolia and a foundation for inclusive system

L & MICs are often framed as fiscally constrained, yet they hold a critical advantage: they are less bound by the fragmented and path-dependent welfare systems seen in many high-income countries. In those systems, social policy has evolved incrementally into a layered patchwork of targeted programs, producing gaps, administrative complexity, and discontinuities, especially in early childhood. These structures are difficult to reform and tend to exclude large segments of the population, particularly in informal economies, limiting their impact on inequality. L&MICs can avoid this trajectory by prioritizing universal, government-led approaches that ensure continuous and inclusive support (UNICEF, 2020; ILO, 2021).

Mongolia's Child Money Program illustrates the policy logic. Its shift to near-universal coverage transformed it into a simple, rights-based benefit reaching almost all children, regardless of household income or employment status. This design minimises exclusion errors, ensures high take-up, and provides predictable, regular transfers that families can rely on throughout childhood. Evidence shows that it has significantly reduced child poverty and improved equity, while also functioning as an automatic stabiliser during economic shocks (UNICEF, 2019; World Bank, 2017). Its effectiveness lies in combining universality, simplicity, and reliability**,** core features that reduce fragmentation and strengthen developmental impact.

The policy implication is that well-designed, nationally scaled, and government-led child benefits can anchor family policy systems in L&MICs, particularly when integrated with parental leave and early childhood services. Ensuring continuity across the early years is critical. In combination, such policies can generate a "virtuous cycle," strengthening child outcomes, reducing inequality, and supporting more inclusive growth in L&MICs.

4.4 Alignment with international frameworks

Family oriented policies are grounded in a coherent architecture of international legal and policy frameworks that recognise the family as a fundamental institution for human development and social stability. These frameworks provide normative guidance for governments and encourage the adoption of policies that strengthen families, protect children's rights, and promote equality.

Central to contemporary global commitments is the Doha Political Declaration of the Second World Summit for Social Development, which underscores the pivotal role of families in advancing social development, reducing inequality, and fostering inclusive, sustainable societies worldwide. The Declaration highlights that "major gaps and inequalities persist within and among countries," and calls for strengthened social protection systems and investment in measures such as social protection floors to "reduce inequality and foster social inclusion." Within this context, family-oriented policies, such as child benefits, parental leave, early childhood education, and integrated family support services, are recognised as essential tools for targeting households at critical stages in the life course, helping prevent the early embedding and intergenerational transmission of disadvantages.

The Doha Political Declaration also underscores the need to address gender inequalities that contribute to broader patterns of social and economic disparity. It calls for measures that "recognise, reduce and redistribute women's disproportionate share of unpaid care and domestic work," a directive that directly aligns with family policy instruments such as paid parental leave, accessible childcare, and community-based support services. These measures not only improve child well-being but also promote gender equality in labour market participation and economic security.

These resolutions reaffirm the family as a fundamental unit of society and a key partner in achieving the SDGs, and they call on Member States to strengthen family support systems. They emphasise the need for policies that address economic pressures on families, improve work-family balance, and support parents in raising their children, reinforcing the role of families in promoting social inclusion, reducing poverty, and enhancing community resilience.

Another foundational legal instrument is the Convention on the Rights of the Child (CRC), which establishes legally binding obligations for States Parties to ensure children's rights to health, education, protection, and adequate living standards. The CRC explicitly recognises the family as the "natural environment for the growth and well-being of the child" and mandates that governments provide appropriate assistance to parents in fulfilling their child-rearing responsibilities. Family-oriented policies operationalise these rights: child benefits and social protection help secure adequate living standards; maternal and child health services support the right to health; early childhood education contributes to the right to education; and family support services protect children from neglect and social exclusion.

Together, these international frameworks provide a coherent normative foundation for family policy. They emphasise that supporting families is not only a social welfare objective but also a fundamental requirement for sustainable development, human rights protection, gender equality, and long-term economic growth. By aligning national policy design with the Doha Political Declaration and the CRC, governments can implement integrated, people-centred approaches that address the structural conditions that produce and reproduce inequality, making family policy a strategic instrument for building more equitable and inclusive societies. Yet translating these commitments into practice remains uneven. Despite the strong normative consensus and compelling evidence of the social and economic returns of family-oriented policies, many countries still struggle with persistent gaps in coverage, funding, and coordination.

4.5 Policy gaps and fragmentation

These gaps limit the effectiveness of programs designed to promote child well-being, family stability, and social inclusion. Key challenges include unequal access to family support programs, underinvestment in early childhood development, and fragmented governance across policy sectors.

4.5.1 Unequal coverage across regions and income groups

Access to family policies varies widely across and within countries. High-income countries generally provide more comprehensive supports, including universal child benefits, paid parental leave, and subsidised childcare services. In contrast, low- and middle-income countries often provide limited coverage due to fiscal constraints, weaker institutional capacity, or competing policy priorities. According to the International Labor Organisation (ILO, 2021), a substantial proportion of children worldwide still lack access to adequate social protection benefits, with fewer than half of all children covered by child benefits or family benefits in many regions.

Within countries, marginalised populations, including rural households, informal sector workers, and migrant families, face additional barriers. Geographic isolation, lack of documentation, and complex administrative procedures often prevent these vulnerable groups from accessing available programs (ILO, 2021). This unequal coverage perpetuates intergenerational disadvantage and undermines progress toward SDGs 1, 3, 4, 5, and 10.

4.5.2 Underinvestment in early childhood and family support

Another critical gap is persistent underinvestment in early childhood development and family support services. Evidence shows that early childhood development programs can yield some of the highest long-term returns on public investment, strengthening cognitive, social, and emotional skills during a sensitive developmental window (UNICEF, 2023; Richardson et al., 2026; Richardson et al., 2026 forthcoming – see also section 4.6). These interventions have been shown to improve educational attainment, increase lifetime earnings, reduce involvement in crime, and enhance social mobility (Richardson et al., 2026a; Richardson et al., 2026 forthcoming). Yet despite this compelling evidence, public spending on early childhood development, childcare services, and parental support remains insufficient in many countries, especially in low- and middle-income contexts. This underinvestment weakens the potential of family-oriented policies to disrupt cycles of inequality and deliver long-term social and economic returns.

Scaling up investment in these areas is critical. Programs such as universal child benefits, integrated early child development centres, and community-based parenting support can ensure that children receive essential developmental resources while supporting caregivers, particularly women, in balancing work and family responsibilities (Richardson et al., 2026).

4.5.3 Coordination challenges across policy sectors

Fragmentation across policy sectors represents a major barrier to effective implementation of family-oriented policies (OECD, 2015). Responsibilities for family-related programs are often divided among multiple ministries, including those overseeing social protection, education, health, labour, and housing. When these institutions operate independently without strong coordination mechanisms, families encounter fragmented services, duplicate administrative procedures, and gaps in coverage. For instance, parents may be required to apply separately for child benefits, childcare services, income support, and health or educational programs, creating inefficiencies and barriers to access that disproportionately affect disadvantaged households (OECD, 2020)

Strengthening coherence requires governance mechanisms that facilitate cross-sector collaboration. Potential solutions include integrated service delivery models, joint budgeting frameworks, and shared data systems that allow ministries to coordinate support for families efficiently. Evidence from OECD (2020) and UNICEF (2021) suggests that integrated family support systems improve access, reduce administrative costs, and enhance the overall impact of policies on child well-being.

By addressing these gaps - unequal coverage, underinvestment in early childhood development, and fragmented governance - governments can maximise the effectiveness of family-oriented policies, ensuring that resources are used efficiently to promote child development, gender equality, and social inclusion. Strengthening family policy is not only a social welfare priority but also a strategic investment in human capital and long-term economic growth.

4.6 The state of early intervention, returns on investment in family policy, and the cost of inaction

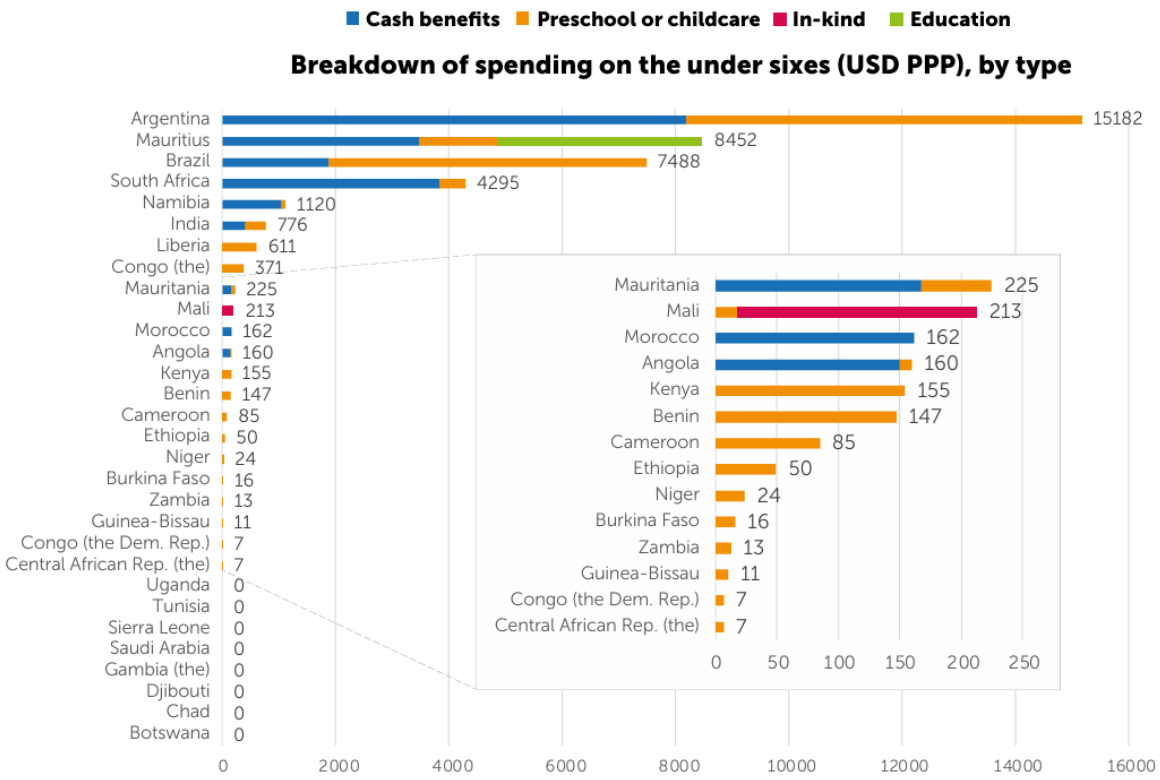
4.6.1 The state of early intervention

Global disparities in public investment illustrate the scale of the challenge. In high-income European countries, average investment in children under the age of six is approximately 72,000 USD PPP per child, representing nearly one-third of total spending on children and youth. In contrast, many African countries invest approximately 690 USD PPP per child under six, representing only around 5.5 per cent of total investment across childhood and adolescence (Richardson et al., 2024). These disparities contribute to long-term inequality in educational outcomes, labour productivity, and economic development.

Figure 8 illustrates significant disparities in public spending on children under the age of six across a group of low- and middle-income countries, both in terms of overall levels and the composition of investment. Spending varies widely, ranging from over 15,000 USD PPP per child in countries such as Argentina to less than 50 USD PPP in several lower-income contexts. In 24 countries, less than 500 USD PPP per child is allocated, with some reporting no spending at all. In most cases, this limited investment is concentrated almost entirely on early childhood care and education services, with little provision of direct income support. By contrast, relatively higher spenders such as Angola, Mauritania, and Morocco combine service provision with cash benefits, reflecting a more comprehensive approach to supporting families.

These disparities directly translate into higher long-term fiscal pressures. Where early investment is insufficient, governments are more likely to rely on costly compensatory measures later in the life course, including income support programs, unemployment benefits, healthcare expenditure, and remedial education. As the figure suggests, countries with minimal early investment are effectively deferring costs rather than reducing them, reinforcing the argument that reactive policies are significantly more expensive than preventive interventions.

Figure 8. Investments in USD PPP of 30 Low- and Middle-Income Countries



Source: Richardson et al., 2024.

4.6.2 Early intervention and returns on investment

A substantial body of evidence demonstrates that early, family-oriented interventions generate significant long-term economic and social returns. These benefits arise not only because early childhood is a sensitive period for development, but because interventions at this stage directly influence the family environment through which inequality is transmitted.

From a developmental perspective, early childhood education and care programs have been shown to improve cognitive and socio-emotional outcomes, particularly for children from disadvantaged backgrounds (Campbell & Ramey, 1994). Meta-analyses further confirm that high-quality early childhood interventions can substantially reduce achievement gaps associated with socioeconomic status (Barnett, 2011). These effects are strongest when interventions support both the child and the family context in which development occurs.

From an economic standpoint, early investments are among the most efficient forms of public spending. By strengthening foundational skills and capabilities, early interventions improve long-term educational attainment, labour market participation, and productivity. At the same time, they

reduce future public expenditures associated with poor health outcomes, welfare dependency, and involvement in the criminal justice system (Yoshikawa et al., 2013).

Crucially, these returns are highest when interventions occur at the point of family formation and early childhood, where the social contract is most consequential yet often weakest. Policies such as income support, parental leave, and access to childcare not only benefit children directly, but stabilise family conditions, enabling parents to provide the time, resources, and care necessary for healthy development.

This evidence reinforces the argument that family-oriented policies are not merely redistributive tools, but structural investments in both human capital and social cohesion. By intervening early – and at the level of the family – such policies can alter life-course trajectories, reduce the intergenerational transmission of inequality, and generate sustained benefits for individuals and societies alike.

Building on the policy gaps identified in the previous section i.e. unequal access to family support programs, insufficient investment in early childhood development, and fragmented governance structures, it becomes evident that weaknesses in the design and coverage of family policies have implications that extend well beyond immediate welfare outcomes. When access to childcare, parental leave, and early childhood services are uneven or insufficient, families face greater constraints in balancing employment and caregiving responsibilities, while children from disadvantaged backgrounds receive fewer developmental opportunities during critical early years. Over time, these disparities accumulate, reinforcing inequalities in labour market participation, income stability, and educational outcomes. As a result, gaps in family policy do not only affect short-term household wellbeing; they contribute to broader structural inequalities that shape long-term economic opportunity and social mobility.

In high income contexts, one of the most visible manifestations of these structural dynamics is the erosion of the middle class. Over the past four decades, many economies have experienced rising income inequality (see previous section on trends) alongside profound transformations in labour markets. Technological change, globalisation, and institutional shifts have contributed to the polarisation of employment, characterised by the expansion of high-skilled, high-wage occupations and low-paid service jobs while stable middle-income positions decline (Autor, Katz, & Kearney, 2006; Goos, Manning, & Salomons, 2014). This process is widely described as the "hollowing out" of the middle class - a restructuring of employment and income distribution in which the share of middle-income jobs and households shrinks as labour markets become increasingly divided between high- and low-paying work. In LICs, it is foremost the poorest households that benefited the least from globalisation, where households between the 1st and 15th percentiles in the world income distribution experienced almost no income growth between 1988 and 2008 (Milanovic, 2016).

Importantly, this process is not driven by technological and global economic forces alone, despite them being the main forces at play. Increasingly, scholars emphasise that inequality itself can

accelerate the hollowing out of the middle class. When income becomes highly concentrated, the political and institutional foundations that historically supported middle-income workers, such as collective bargaining systems, strong public education systems, and comprehensive social policies, can weaken (Hacker & Pierson, 2010; Stiglitz, 2012). As these institutions erode, labour market protections decline and opportunities for upward mobility become more uneven. In this way, rising inequality and middle-class erosion reinforce one another in a self-perpetuating cycle.

Traditional policy responses have relied heavily on redistribution through taxes and transfers to reduce inequality after it has emerged. While redistribution remains essential for reducing poverty and cushioning households against economic shocks, it addresses disparities only after they have already developed. For this reason, increasing attention has turned toward pre-distribution - policies that influence the distribution of income before taxes and transfers by shaping labour market participation, human capital development, and access to economic opportunity (OECD, 2015). Rather than correcting inequality ex post, pre-distributive policies aim to reduce the emergence of large income disparities by improving individuals' ability to participate in the labour market and by strengthening the conditions under which skills, productivity, and earnings are developed.

Because family policy operates through both pre-distributive and redistributive channels, its impact extends beyond short-term poverty reduction. By supporting parental employment, stabilizing household incomes, and investing in children's development, family policy addresses several of the structural mechanisms through which inequality is reproduced over time. Strengthening family policy should therefore be understood not only as an expansion of social protection, but as a sustainable structural strategy for addressing inequality and reinforcing the long-term resilience of the middle class.

4.6.3 Cost of inaction

If family policy is understood as a pre-distributive and sustainable strategy for addressing inequality, the cost of failing to strengthen it becomes substantial. When governments do not invest early in family support systems, including child benefits, childcare, and parental leave, the consequences extend far beyond short-term welfare outcomes. Instead, inequality becomes embedded over the life course, reducing labour market participation, weakening human capital formation, and increasing the need for costly redistributive interventions later.

One of the clearest economic costs arises from underinvestment in early childhood development and family support systems. Recent global estimates suggest that insufficient investment in early childhood policies costs countries approximately 3 per cent of GDP on average, with losses reaching nearly 7 per cent of GDP in low-income countries (Richardson et al., 2026). These losses reflect lower labour productivity, reduced educational attainment, and diminished economic participation across the life course.

Delaying intervention also increases fiscal pressures on governments. When inequality becomes entrenched, governments must rely more heavily on compensatory social spending, including income support programs, unemployment benefits, healthcare expenditure, and remedial education. These reactive policies are often significantly more expensive than preventive investments made earlier in the life course.

Another major cost of inaction lies in the loss of human capital. Children growing up in economically disadvantaged households face significant barriers to educational achievement and skill development. Early childhood environments strongly influence cognitive development, health outcomes, and educational trajectories (Heckman, 2006). Without adequate family support systems, these developmental gaps widen over time and translate into persistent economic disadvantages.

Over time, this dynamic weakens social mobility and entrenches inequality across generations. Research highlights a strong relationship between income inequality and reduced intergenerational mobility, commonly referred to as the "Great Gatsby Curve" (Corak, 2013). In more unequal contexts, children's future economic outcomes are more strongly shaped by their family background, indicating that insufficient early investment not only reflects existing inequality but actively contributes to its long-term reproduction.

5. Policy recommendations: family policy at the centre of inequality reduction

Governments should prioritise early intervention through comprehensive family benefit systems, including universal and progressive child benefits, birth grants, parenting support, and early childhood development (ECD) programs.

At the same time, enabling parental labour market participation through well-designed maternity, paternity, and shared leave, alongside accessible early childhood education and care (ECEC), reduces income loss during family formation, promotes gender equality, and supports stable dual-earner households (ILO, 2014; Esping-Andersen, 2009).

Effective systems combine universal coverage with progressive targeting to ensure broad access while prioritizing those most at risk, thereby reducing stigma, strengthening social cohesion, and addressing both poverty and middle-income insecurity (OECD, 2015; UNICEF, 2020). Crucially, policy effectiveness depends on integration: linking income support, childcare, health, education, and social protection through coordinated, community-based delivery systems improves access, reduces administrative barriers, and ensures that families receive timely and holistic support (Moloney et al., 2017; OECD, 2020).

When aligned in this way, family policy functions as a coordinated pre-distributive strategy, shaping labour market participation, human capital formation, and income distribution before inequalities emerge, rather than relying solely on redistribution after the fact (OECD, 2015). Pre-

distributive mechanisms, which prevent the need for remedial policy intervention in the future, are key to addressing inequality at source, and correcting the cycle from a vicious to a virtuous model.

5.1 A conceptual model for family-centred policy across the life course

This conceptual model positions the family as the primary unit through which living standards are shaped, human development is realised, and inequalities are transmitted or mitigated across generations. It organises policy interventions according to their impact on family wellbeing, starting with their preventative capacity, then their role in addressing vulnerability, while explicitly linking policy domains to observed outcomes for children observed at a population level.

All of the family policies examples that follow are drawn from evidenced examples above and an in-depth, quality assured systematic literature review undertaken by Learning for Well-being with UNICEF in 2024 (UNICEF, 2025b). The summary table of findings is recreated in Annex 2.

Foundational layer: family economic security and early development environments

The Foundational layer of a family-centred policy model are policies that most directly protect family living standards and early childhood conditions, with strong evidence of immediate and long-term impacts on children.

Social protection systems are central to this foundation. Universal child benefits reduce monetary and multidimensional child poverty at the population level most effectively and improve health, education, food security, and school enrolment, while lowering child labour. Age-related increments to the benefits support cognitive development in early childhood and increase school participation among older children. Policies that address inequality in access to services also reduce poverty among marginalised groups and improve inclusion, including for children with disabilities.

Family-centred nutrition interventions are critical in early development. Early nutritional interventions reduce stunting and anaemia in children under two, while context-specific approaches improve outcomes by aligning with local diets. Integrated nutrition and cash transfers enhance dietary diversity and reduce malnutrition, and holistic approaches – cash plus models – further strengthen outcomes by addressing food security, hygiene, and caregiver knowledge.

Health systems, when accessible and responsive to families, generate substantial benefits. Free health interventions increase vaccination rates and maternal service uptake, while community health workers improve utilisation among underserved populations. Health insurance programs expand access, particularly for low-income families. Combining health services with cash benefits increases utilisation, although long-term behavioural change is less certain. Sexual and reproductive health programs show mixed outcomes, often shaped by cultural and social constraints.

Together, these policies improve child survival, nutrition, and early development while stabilizing family living conditions, thereby reducing the risk of intergenerational disadvantage.

Enabling layer: family environments for capability formation

The second layer supports the development of children's capabilities – the set of doings and beings an individual has command on (Sen, 1992) - within the family environment, translating early gains into sustained outcomes.

Education systems play a central role, particularly when aligned with family contexts. Early childhood care and education (ECCE) interventions enhance early development, while foundational skills programs improve literacy and help children who have fallen behind close learning gaps. Teacher training and curriculum reforms strengthen reading outcomes, and school improvement interventions enhance overall learning quality. Integrated educational approaches increase enrolment, attendance, and literacy, with additional benefits including reduced child labour and improved cognitive development. Context-specific adaptations further improve effectiveness by aligning with local needs.

WASH interventions contribute to the health and functioning of family environments. Community-led approaches increase latrine access and reduce open defecation, while behaviour change campaigns improve sanitation practices. Infrastructure investments expand access to facilities. However, evidence shows that improvements in sanitation do not always translate directly into better child health outcomes, highlighting the need for integration with nutrition and health interventions.

This layer demonstrates that family environments are the primary setting through which capabilities are developed, and that policy effectiveness depends on reinforcing conditions within the household.

Protective layer: supporting families facing elevated risks

The third layer addresses families experiencing acute vulnerability, where additional support is required to protect children and sustain family functioning.

Child protection systems are central in this regard. Systemic approaches reduce child maltreatment and improve overall wellbeing, while long-term system development enhances sustainability and impact. Locally adapted interventions increase effectiveness by responding to community-specific risks. Multisectoral approaches improve mental health, psychosocial wellbeing, and community safety. Norms- and values-based interventions play a critical role in reducing harmful practices, including child marriage and female genital mutilation.

These interventions strengthen the capacity of families to provide safe and supportive environments, particularly under conditions of stress or disadvantage. They also offer a key advantage from a macroeconomic point of view: during periods of shocks or crises, automatic

fiscal buffers help stabilise the economy through sustained consumption, government expenditure, and private investment, to help reduce major disruptions in the labour market. Thus, policies that support the most vulnerable families during crises should not be seen as a sunk cost but rather as an expense with an important short-term return.

5.1.1 Integration: families as the nexus of policy effectiveness

A defining feature of a family-centred policy model is that it treats families as the social unit through which policy translates into multiple outcomes. Evidence across sectors demonstrates strong complementarities:

- Social protection enhances families' ability to access nutrition, health, and education services.
- Nutrition and WASH interventions jointly influence child health, though their effectiveness depends on coordination.
- Health services improve survival and service uptake, particularly when delivered alongside financial support.
- Education outcomes depend significantly on home environments shaped by income, health, and parental capacity.
- Child protection systems reinforce family stability where risks threaten developmental outcomes.

Without integration – through a family model – sectoral interventions may deliver partial or limited results, or indeed double up on services and transaction costs (OECD, 2015). When aligned, they generate compounding benefits across multiple dimensions of child and family wellbeing, as well as administrative efficiencies.

5.1.2 Intergenerational implications

By shaping family conditions, these policies determine whether inequalities are reproduced or reduced. Evidence shows that:

- Early interventions in nutrition and social protection reduce long-term developmental deficits.
- Education systems translate early gains into improved life outcomes.
- Weak or delayed interventions allow disadvantages to persist across generations.

A family-centred approach therefore directly targets the mechanisms through which inequality is transmitted.

6. Conclusion

The insufficient focus on families and children in public policy is contributing to the persistence of inequality and, in many contexts, its growth (Richardson et al., 2023). This reflects a failure in the operation of rights-based frameworks and the social contract – particularly in relation to children – which ought to be corrected through effective family policies and interventions.

Given that the family constitutes the fundamental, reproductive, and foundational unit of all societies – and that individuals emerge from families, while communities are formed through their aggregation – it follows that the most effective point of intervention to mitigate the intergenerational transmission of inequality is at the stage of family formation and early development.

To be aligned with human and child rights frameworks, public policies should be universal, progressive, and complete. This means, at the heart of such policies are principles of non-discrimination, the indivisibility of rights, and the commitment articulated in the preamble to the Sustainable Development Goals to 'leave no one behind.' Indivisibility also implies a need for multi-sectoral interoperability between benefits and services for families, recognizing that progress in one domain of family well-being – such as health – generates positive spillovers in others, including education, employment, and equality. Fortunately, this can also be fully justified based on a wealth of evidence on how to make improvements in all families' living conditions and every child's development.

As this report has shown, current patterns of public provision fall short of these standards. Globally, there is significant underinvestment in family policy, and where policies do exist, their design and implementation often fail to recognise the child as a direct subject of the social contract, despite children's future role as contributing members of society. Existing policy portfolios are frequently incomplete, lacking key interventions – particularly in the domains of social protection and family-oriented services – and are often introduced too late in the life course to be fully effective. Early interventions are particularly effective at addressing the transmission of intergenerational inequalities and supporting families to provide the necessary conditions for optimal child development right from the start.

6.1 Megatrends are exacerbating inequality, and are accelerating, action is urgent

Action on global megatrends is urgent – but it cannot be blunt; it must be carefully designed. Their effects are not uniform, and that complexity matters. On average, urbanisation, population growth, and internet coverage tend to reduce inequality, while net migration slightly increases it. But averages obscure distributional effects.

For the poorest households, the picture shifts. Urbanisation, internet coverage, and migration can raise their average earnings – but population growth reduces it, at least in the short term. Crucially, these gains are not universal – urbanisation and internet access benefit richer countries,

while in poorer contexts they can initially *reduce* the average earnings of the poorest. Migration follows a similar pattern – weak overall effects, but positive only for higher-income countries and negative for low-income ones. Megatrends, particularly in low-income settings can be mutually reinforcing – accelerating risks.

Taken together, the measures globally tell a clear story of widening within and among countries inequality, which needs to be reversed if future social development goals, and principles, are to be taken seriously. The average earnings of the bottom 40 per cent shows some of the strongest effects on family outcomes, followed by the Gini, and then the Palma ratio. This suggests that it is not just the extremes that matter, but how income is distributed across the whole of society. When inequality widens between the poor and everyone else, outcomes deteriorate. Most importantly – when the poorest hold a larger share of national income, outcomes improve – consistently and significantly.

The family policy analysis in this report suggests that these policies shape how megatrends translate into inequality. Universality – with the notable exception of population growth – tends to improve the average earnings of the poorest 40 per cent more than non-universal settings, particularly in the case of UCBs and UCCs.

Contemporary public policy systems and social development frameworks, by failing to explicitly acknowledge and adequately support the family as the central social unit, risk contributing to rising inequality and a weakening of social cohesion, particularly in light of mutually reinforcing megatrends in populations already experiencing the poorest outcomes.

The consequences of this inaction will be far-reaching, increasing the likelihood of deprivation, poverty, food insecurity, displacement, and, ultimately, social, and political instability.

6.2 Implications for policy design

Pursuing a family-centred policy model means designing policy around families as integrated social units – and as a cornerstone of sustainable development – supported by evidence of what works for children. General recommendations are as follows:

1. Ensure that the needs of all infants and other children under school age are met by moving towards spending parity for young children in future allocations dedicated to children.
2. Invest in families early – from family formation through early childhood – using pre-distributive and preventative approaches, particularly universal social protection. Evidence shows the highest returns at this stage. Universal Child Benefits (UCBs), if adequately funded, could eliminate extreme child poverty globally. Where resources are limited, prioritising the youngest children is both efficient and evidence-based. UCBs also strengthen delivery systems – enabling rapid support in times of crisis.

3. Ensure children are fully included in all rebates, dividends, and cash transfers. Per-household designs and caps on family size often disadvantage larger families and younger children. Per capita approaches better reflect need, improve equity, and align with wider policy goals – including more efficient resource use in the context of climate pressures.
4. Strengthen family environments for development through education services (including parental education), water, sanitation, and health investments (WASH), ensuring alignment with household conditions.
5. Ensure robust, targeted support systems for families facing elevated risks through child protection and other human services.
6. Promote integration across sectors, recognizing that combined interventions yield stronger and more consistent outcomes.
7. Develop national and supranational monitoring sensitive to measures of family conditions from day 1, and that capture measures of equality in outcomes at a population level.

Failure to centre families in policy design risks continued fragmented provision, weaker outcomes, under-realised potential and policy efficiency, and the continued transmission of intergenerational inequality at a cost to us all.

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Annex 1: Methodological details of the empirical analysis

The empirical analysis is based on a panel dataset covering a large sample of countries over the period from the early 1990s to 2024, subject to data availability. The dataset integrates indicators from multiple internationally harmonised sources commonly used in global development research. Measures of inequality are primarily drawn from the World Inequality Database, which provides consistent and comparable estimates of income distribution across countries. Family formation outcomes and demographic indicators are compiled from internationally standardised sources, including the UNICEF Data Warehouse and the World Development Indicators maintained by the World Bank. These datasets provide harmonised measures of under-five mortality, age-specific fertility patterns, and population characteristics across countries. Additional macroeconomic controls, such as GDP per capita and growth rates, are drawn from databases maintained by the International Monetary Fund, alongside demographic and population statistics from the United Nations Statistics Division.

Family formation outcomes are conceptualised through a set of demographic and child-related indicators that reflect both reproductive behaviour and child survival conditions. These include under-five mortality rates as a measure of child health and survival, the proportion of births to women under the age of twenty as an indicator of early fertility, and the proportion of births occurring before age forty as a proxy for the timing and concentration of reproductive activity. Together, these indicators capture key dimensions of how families are formed and how demographic processes unfold across different socio-economic contexts.

Inequality is measured using a multidimensional approach that reflects different aspects of income distribution. The Gini index captures overall dispersion, the Palma ratio reflects disparities between the top and bottom ends of the distribution, and the average earnings of the bottom 40 per cent provides a direct measure of outcomes among lower-income populations. Drawing on harmonised data from the World Inequality Database ensures consistency across countries while allowing for robustness checks across alternative indicators.

To examine the structural determinants of inequality, the study incorporates a set of macrosocial trend variables that reflect long-term demographic, economic, technological, and environmental transformations. These variables are constructed using internationally comparable datasets that are widely used in global macro-level analyses. Population growth rates and demographic indicators are sourced from United Nations and World Bank databases, while urbanisation is measured using urban population shares from the World Development Indicators. Internet access rates are also drawn from World Bank sources. Climate-related variables, including the frequency of climate-related disasters, are derived from global datasets such as the IMF Climate Change Indicators Dashboard and related international disaster databases, ensuring consistency in the measurement of environmental shocks across countries and over time.

The analysis also incorporates policy variables capturing the presence and expansion of key family-oriented social policies. Specifically, the study focuses on universal child benefits, universal paid maternal leave, and public childcare provision. These indicators are constructed using policy data covering G20 countries and African countries over the period from 2004 to 2024. The data are compiled from a combination of international policy databases, administrative sources, and datasets developed by Learning for Wellbeing Institute. This allows for the identification of policy adoption, expansion, and variation in coverage across countries and over time.

The empirical strategy proceeds in three stages corresponding to the study's main objectives. In the first stage, the relationship between inequality and family formation outcomes is estimated using panel regression models that exploit both cross-country and time-series variation. Country fixed effects are included to control for all unobserved characteristics that differ across countries but remain constant over time, such as cultural norms, institutional structures, geographic conditions, and long-standing development patterns. By accounting for these time-invariant factors, the model removes cross-country differences that could otherwise bias the results.

This approach shifts the focus of the analysis from comparisons between countries to changes within countries over time. In doing so, it directly supports the core research question by allowing the analysis to examine how changes in inequality within a given country are associated with changes in family formation outcomes in that same country. In other words, the model estimates whether it increases or decreases in inequality over time corresponds to shifts in outcomes such as under-five mortality or early fertility within the same national context.

By isolating within-country variation, country fixed effects improve the credibility of the estimates and ensure that the results are not driven by persistent structural differences between countries but rather reflect dynamic relationships over time.

In the second stage, the analysis examines how macrosocial trends influence inequality dynamics. Panel regression techniques are used to estimate the independent contribution of demographic change, urbanisation, internet coverage, and climate-related shocks to different measures of inequality. Given the interdependent nature of these variables, the analysis is extended using a dynamic multivariate framework that captures feedback effects and lagged relationships. This approach allows for the assessment of how changes in macrosocial conditions propagate through the system and influence inequality over time.

The third stage introduces policy variables to assess the extent to which social interventions influence inequality and family formation outcomes. Due to the limited temporal and geographic coverage of policy data, this part of the analysis focuses on a subsample of countries. The empirical models are designed to estimate both the direct effects of policy adoption and their interaction with inequality, thereby assessing whether policies mitigate or amplify the effects of inequality on demographic outcomes. Where the timing of policy implementation allows, quasi-experimental approaches are used to compare changes before and after policy adoption, strengthening the identification of policy impacts.

To ensure the robustness of the findings, the analysis includes a range of sensitivity checks, including alternative specifications using different inequality measures, variations in lag structures, and subsample analyses by income group and region. Diagnostic tests are conducted to assess model validity and the stability of results across specifications.

Despite the strengths of this approach, several limitations should be acknowledged. Data availability constraints, particularly for policy indicators, limit coverage across countries and time periods. Differences in measurement across inequality datasets may also affect comparability, although the use of harmonised sources mitigates this concern. Finally, while dynamic modelling techniques strengthen the analysis, the observational nature of the data means that causal interpretations should be made with caution.

Overall, this methodological framework provides a coherent and empirically grounded approach to analysing the complex interplay between inequality, family formation, macrosocial trends, and policy interventions at the global level.

Data collection

A panel dataset was constructed covering 193 countries over the period 1990–2025, combining both cross-sectional and time-series dimensions. The variables included in the analysis are reported in Table X with their respective sources. To facilitate the interpretation of coefficients and allow them to be read as elasticities, all variables were transformed into logarithmic form. The only exception is net migration, for which an asymptotic transformation was applied in order to properly account for the presence of negative values while maintaining consistency in the analysis.

Model specification and empirical methodology

To estimate the relationship between the variables of interest, panel linear models with country fixed effects were employed. This approach allows controlling for unobserved heterogeneity across countries that is constant over time and may otherwise bias the estimates. All model specifications include a set of socioeconomic and demographic control variables, such as GDP per capita, unemployment rates, and age dependency ratios, in order to isolate the effect of the main explanatory variables and reduce potential omitted variable bias. The model was specified as follows

$$y_{it} = \alpha_i + \beta X_{it} + \gamma Z_{it} + \varepsilon_{it}$$

where $\alpha_i$is the country fixed effect, $X_{it}$is the variable (or vector of variables) of interest, $Z_{it}$is the vector of control variables, β and γ are the coefficients to be estimated, and $\varepsilon_{it}$is the idiosyncratic error term. Formal tests for multicollinearity and heteroskedasticity were conducted.

Annex Table A1: Data source

VARIABLE	TYPE	YEAR	SOURCE
Poverty 3$	Poverty gap at $3.00 a day (2021 PPP) (%)	1990-2025	The World Bank modelled
Poverty 8.30$	Poverty gap at $8.30 a day (2021 PPP) (%)	1990-2025	The World Bank modelled

Under 5 mortality	Deaths per 1000 live births	1990-2023	The World Bank - DataBank
Fertility rates	Total (births per woman)	1990-2023	The World Bank - DataBank
Fertility under 20	Births per 1,000 women	1990-2023	UN population statistics
Fertility over 40	Births per 1,000 women	1990-2023	UN population statistics
Gini	Index	1990-2022	World Income Inequality Database (WIID)
Palma	Ratio (top 10% / bottom 40%)	1990-2022	World Income Inequality Database (WIID)
Bottom 40	Average income of an earner in the bottom 40% of the income distribution	1990-2022	World Income Inequality Database (WIID)
School enrolment rate, primary	Total net enrolment rate, primary, both sexes (%)	2000-2025	UNESCO - UIS
GDP per capita	Constant 2021 US$	1990-2025	The World Bank - DataBank
Age dependency ratio under 18	Per cent of working-age population	1990-2025	The World Bank - DataBank
Unemployment	Per cent of total labour force	2003-2025	Modelled ILO
Net migration		1990-2025	The World Bank - DataBank
Climate disaster frequency	Total number of disasters caused by climate-related hazards, including droughts, extreme temperatures, floods, landslides, and storms.	1990-2024	IMF Climate Change Indicators Dashbord
Internet access	Individuals using the Internet (% of population)	1990-2024	The World Bank - DataBank
Urbanisation	Urban population (% of total population)	1990-2024	The World Bank - DataBank
Population under 18	Total	1990-2023	UN population statistics
Universal child benefits	Yes or no	2004-2024	MISSOC / ISSA / OECD
Universal maternity	Yes or no	2004-2024	MISSOC / ISSA / OECD
Universal childcare	Yes or no	2004-2024	MISSOC / ISSA / OECD

Annex 2: Summary of policy actions and related child outcomes by sector

Sector	Policy action	Related child outcomes
Nutrition	Early nutritional interventions	Reduces stunting and anaemia in children under two.
	Context-specific nutritional interventions	Reduces stunting and improves child nutrition by adapting to local food consumption patterns.
	Integrated nutrition/cash transfers	Improves dietary diversity and reduces child malnutrition.
	Holistic approaches to nutrition	Reduces child malnutrition by addressing food security, hygiene, and caregiver knowledge.
Health	System interventions for service utilisation and quality care	Improves maternal and child health service utilisation, requires sustained quality improvements and equitable access.
	Free to access health interventions	Increases vaccination rates and health outcomes but faces access barriers for marginalised groups. Free maternity services increase take up.
	Community health workers	Increases health service utilisation among underserved populations.
	Combining health services with targeted cash benefits	Improves maternal and child health service utilisation but may not lead to long-term behaviour change.
	Health insurance programmes	Increased coverage of maternal and child health services, particularly among low-income families.
	Sexual and reproductive health programmes	Have shown mixed results, often limited by competing policy interest, and parental acceptance and local cultural attitudes
WASH	Effectiveness of WASH: Community-led approaches	Improves latrine access, reduces open defecation, and enhances sanitation practices.
	Translating WASH outcomes into child health	Improves sanitation knowledge and infrastructure, can fail to directly improve child health outcomes.
	Behaviour change campaigns and sanitation marketing	Increases latrine use and sanitation knowledge, but their impact on reducing child diarrhoea is limited.
	Infrastructure and financial incentives for WASH	Increases sanitation facilities but has limited impact on child health.
Education	Context-specific adaptations in education	Increases literacy outcomes by adapting interventions to local contexts.
	Foundational skills programmes	Improves literacy levels for children who have fallen behind, closes gaps in learning outcomes.
	Teacher training and curriculum interventions	Improves reading skills.
	School improvement interventions	Improves learning outcomes and teaching practices
	ECD interventions	Enhances development in early childhood
	Integrated educational interventions	Improves school enrolment, attendance, and literacy skills. Some evidence of reduction in child labour and improved cognitive skills.

Social protection	Child benefit payments	Reduces child poverty, improves education, health and child development, food security, school enrolment and lowers child labour.
	Age-related benefit payments	Improves cognitive development for younger children, increases school enrolment in older children.
	Addressing inequality in access	Reduces poverty among minorities groups and marginalised families. Increased school access for disabled children.
	In kind vs. cash transfers	Cash transfers reduce poverty and improve child well-being. In-kind transfers efficiently address food security. Limited evidence on the role of cash increasing child marriage rates due to dowry funding.
Child protection	Systemic child protection approaches	Reduces child maltreatment and improves child well-being.
	Long-term child protection system development	Increases sustainability and long-term impacts on child protection.
	Local adaptation in child protection	Enhances programme effectiveness by tailoring interventions to local community needs.
	Multisectoral child protection approaches	Improves mental health and psychosocial well-being, and community safety.
	Norms and Values-Based Interventions	Reduces harmful child marriage and female genital mutilation (FGM) practices.

Notes: Qualitative summary of the evidence from the literature by sector. See policysolutions.org for an interactive way to review all of the details by paper.

Source: Author's elaboration.