



## Global Child Development Accounts: A “Moon Shot” to Develop Every Child and the Planet

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Global stresses—ecological, economic, geopolitical, and pandemic—are prominent in the early 21st century. The outlook for human well-being is challenging. Effective responses will require large, bold solutions. Solutions must also be global. We humans will have to act decisively, with vision, at large scale. As key principles going forward, two observations stand out:

- » We should develop all of our children—our greatest resource—so that they grow up to be as capable and effective as possible. We will need all of the talent of all of them.
- » The peoples of the world will have to cooperate and work together across all of our differences—especially across national boundaries. National-level problem-solving will not be enough.

At present, realizing both of these principles seems like a long reach, perhaps as daunting as going to the moon seemed in the early 1960s. But humankind did make it to the moon. In the 2020s, our unprecedented earthly challenges will require a similar audacity and determination.

Ancient wisdom reminds us that any long journey begins with a first step. In this concept note, we offer a promising first step. *We propose a global project for building assets for all children to invest in their full development. We call these Child Development Accounts, or CDAs.*

Global CDAs would lead to several important effects that could alter human well-being and planetary outcomes:

- » All children would grow up with resources to support educational attainment, life experiences, career training, effective global citizenship, and lifelong economic and social contributions.
- » In the process, a global financial network, serving all children and families, would begin to take shape. Over the long term, this financial network—we can think of it as a *global public good*—would spur greater financial capability around the world.

- » As one of the major outcomes, this universal asset-building policy for children would set the stage for lifelong asset building that includes everyone. This could lead, in turn, to an unprecedented level of human security and capability, massively reducing global poverty and human suffering.
- » With global CDAs, the world’s first global social policy would be put in place and become a useful example, setting the stage for other cooperative policies in employment, finance, public health, medical care, transportation, education, public safety, and other human functions. All of this will be necessary in the decades ahead.

### What Are CDAs?

Regarding policy goals, CDAs are inclusive accounts to build assets for investments in children’s development—in education, experiences, career training (first proposed in Sherraden, 1991). As the name suggests, the purpose is developing people. At the same time, CDAs would enhance well-being, improving the outlook, functioning, and achievements of families and children.

With respect to policy design, CDAs are envisioned to be

- » *universal* (include all children),
- » *progressive* (greater subsidies for the disadvantaged), and
- » *potentially lifelong* (opened at birth with growth and investments throughout life).

Financial contributions to CDAs might come from diverse sources, including public policies, international aid, extended families, community and school projects, philanthropies, nonprofit organizations, and private corporations. There would be progressive deposits for the most disadvantaged children and wide engagement to help fund accounts. For example, there are already precedents wherein corporations and wealthy individuals adopted a school to support education for



all of the students. And imagine what “international aid” might become if all children in the world had a secure CDA. Funds could flow directly and efficiently to accounts, avoiding the “leaky bucket” of bureaucratic expenses and sometimes local corruption. This is not a “pie in the sky” idea. It is a big vision made feasible by information age finance—in the same way that rocket technology made it possible to go to the moon.

## CDA Policy Innovation

CDAs are already emerging around the world. At this writing, over 18 million children worldwide have CDAs (e.g., many cities in the United States, villages in Uganda, local projects in Taiwan and Hong Kong, and a YouthSave project in Ghana, Kenya, Colombia, and Nepal; Center for Social Development, 2022; Zou & Sherraden, 2022). In some cases, CDAs have been enacted as universal policies (e.g., in Singapore, Israel, the United Kingdom over several years, and a growing number of U.S. states (Huang, Zou, & Sherraden, 2020)).

These 18 million CDAs did not simply emerge on their own. CDAs have been deliberately and rigorously conceived, tested, designed, proposed, and implemented. Although CDA policy design and adaptations vary in important ways in different applications, they share one common goal: supporting children in asset building for their future development. Below we summarize just a few examples to illustrate the focused, purposeful nature of CDA policies and programs in different parts of the world.

Singapore has been the global leader in implementing social policies that enable every citizen and family to accumulate assets for development and security from birth. Since 2001, the Child Development Co-Savings Scheme (Baby Bonus Scheme) has entitled every eligible newborn to receive government deposits into a CDA. CDAs connect with educational savings accounts and then ultimately merge into the Central Provident Fund account when beneficiaries reach age 31. This is the most advanced example of building assets over a full life cycle.

The United Kingdom, under the Tony Blair administration, implemented the Child Trust Fund (CTF), a national CDA policy that automatically included all children born in the United Kingdom. The CTF entitled the parents of those children to open a CTF account, a long-term tax-free savings account. Children could withdraw from CTF savings at age 18 for any purpose without any restriction. This policy served seven cohorts of newborns before 2010, but following a change in government leadership, later cohorts did not participate.

Korea launched its CDA policy in 2007 through Didim Seed Savings Accounts, which are designed to invest in human capital and boost birth rates. Initially, the CDAs’ beneficiaries were children aged 17 or younger in the child welfare system but the policy later expanded to include all children from low-income families—roughly half of Korean newborns.

The Canadian government established the Registered Education Savings Plan (RESP) to encourage parents to save

for their children’s postsecondary education from birth. The government offers incentives to parents who contribute to their children’s RESP accounts, with greater subsidy to children from low-income households.

Israel launched the Saving for Every Child Program in January 2017 to build assets for investments in future opportunities. This CDA policy includes all Israeli citizen children under age 18, as well as some of the Palestinian children in East Jerusalem. Following an initial deposit at birth, the National Insurance Institute of Israel makes monthly deposits into the CDA until the child beneficiary turns 18. Parents have a wide range of investment options to choose for investing their children’s savings.

Although the United States does not as yet have a federal CDA policy, universal CDA policies have been enacted in California, Connecticut, Illinois, Maine, Nebraska, Nevada, Pennsylvania, and Rhode Island. Even in the current partisan era, CDAs have bipartisan support at the state level.

## How Has This Occurred?

The Center for Social Development has advised in all of the emergent CDA policy examples worldwide—through invited speeches, major conferences, and direct consultations with governments at senior levels.

Research evidence from the policy model demonstrated in the SEED for Oklahoma Kids (SEED OK) experiment has been influential in most of the international CDA policy examples above and has been informative in the creation of all of the CDA policies in U.S. states. The 529 college savings plan policy has been *transformed* in these U.S. states to serve all newborns. In effect, a regressive 529 policy (serving mostly well-off families, with substantial tax benefits) has been dramatically changed to serve *all families*, with countervailing subsidies for children from disadvantaged households. This transformation is highly meaningful—529 plans in CDA states formerly served 6% of children, but now serve 100%. This efficient, trusted, 529 policy infrastructure—for building assets—is now available to all children. Moreover, building on what already exists is highly cost efficient, and large-value accounts can cross-subsidize low-value accounts. The 529 transformation in CDAs realizes the principal that “we are all in this together.” This is a profound policy change.

## Toward a Global CDA Policy

How can we achieve the vision that every child on the planet has an asset-building account? We should continue to promote versions of CDA policy at city, state, national, and perhaps even regional levels. For example, the structure of the European Union might become a platform for a European CDA.

Based on the existing CDA implementation, demonstration, and research, we suggest that policymakers continue to design and implement national CDA policies. Several core features in national-level policy design are essential to maximize the

opportunity for all children to build assets, and it is very likely that most of these principles would also apply to a global CDA:

- » *Universal eligibility.* Every child on the planet would be eligible for CDAs, ideally at birth. The CDA could be opened along with the child’s birth registration.
- » *At-birth start.* The birth record includes the most comprehensive demographic information, which any country could centralize and streamline to facilitate the CDA enrollment nationwide.
- » *Automatic enrollment.* When CDA policy is available for children, all children should be enrolled automatically, as a default, while allowing parents to opt out if they choose.
- » *Automatic initial deposit.* Initial deposits from the government facilitate the jumpstart of CDAs’ deposits. A sizeable initial deposit into the CDAs could positively influence children’s attitudes and behaviors.
- » *Progressive subsidy.* Low-income households face great challenges to save for future. Supplemental deposits should be promoted for children from households with low income and other disadvantages. Such deposits could include any compensations for exclusions, historical harms, and other injustices.
- » *Centralized savings plan.* CDAs work most efficiently and effectively on a single financial platform with centralized accounting, recordkeeping, and investment management. Centralization facilitates national coordination and reduces operational costs. Large scale and efficiency are fundamental for asset growth.
- » *Multiple flows.* CDAs would be “seeded” with public and other funds, with additional deposits from international aid, philanthropy, families, school and community projects, global nonprofit organizations, and corporations. CDAs have the potential to become an energetic global project to develop all of our children.
- » *Potential for investment growth.* Assets in CDAs have the potential to grow with market appreciation over time. In the case of the United States, most CDAs in 529 savings plans are invested in age-based funds managed professionally by fund investors.
- » *Allowable withdrawals.* Assets in CDAs should be used for approved goals in human and global development.

It is necessary to lay the groundwork for international cooperation in building global CDAs. Effective asset managers, global financial institutions, and central bankers must be on board. Other regional and international development organizations can contribute. Successful national CDA policies can become part of—and inform growth in—cross-national CDA strategies. Global CDA policy is not starting from scratch—CDAs exist and we know a lot already—but achieving global scale and sustainability will require a higher level of cooperation and determination.

## Why Now?

As noted in the introduction, human society faces daunting challenges and we will need all of our children to be as effective as possible when they are adults. CDAs offer a basic foundation for meeting that need. They promote wealth accumulation, investments toward life goals, and human achievement. Moreover, public policies in the 21st century will almost certainly move toward more regional and global applications, and CDAs are a promising way to begin this gradual transformation.

It is impossible to predict how the global economy and policies will shift, but openings will occur to start new conversations and test new applications. As policy innovators, we must take advantage of the opportunities as they arise.

In a more financially connected world, the “moon shot” of global CDAs is possible. Asset inequality can be reduced, and educational achievement can be increased. These will, in turn, lead to more highly skilled thinkers and doers, and more engaged global citizens.

So let us dust off our underutilized audacity. Big changes are possible.

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## Suggested Citation

Sherraden, M., & Zou, L. (2022, October). *Global Child Development Accounts: A “moon shot” to develop every child and the planet* (CSD Perspective No. 22-27). Washington University, Center for Social Development. <https://doi.org/10.7936/s6qa-9q90>



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