

The background of the slide is a photograph of a child's shadow cast on a light-colored, textured pavement. The shadow is dark and elongated, stretching from the bottom left towards the top right. The child's legs and feet are visible in the shadow, suggesting they are walking. The overall scene is brightly lit, likely by sunlight.

Integrating a Child Focus into Poverty and Social Impact Assessments (PSIAs)

A Guide for UNICEF Staff

November 2011

1. Introduction to PSIAs



What is a PSIA?

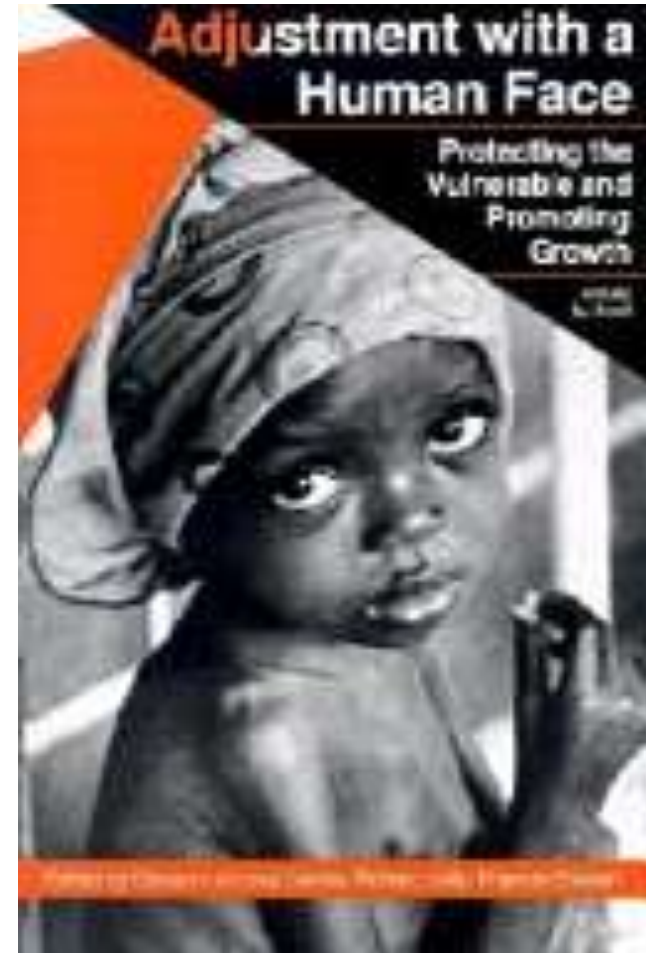
- **Ex-ante analysis of distributional impacts** of a proposed policy reform
 - focused on poor and vulnerable populations
- Applied to **any type of reform**
 - economic, tax, environmental, agricultural, social policy, etc.
- Carried out **before** a policy is approved
- Findings used to **inform dialogue and stakeholders** (civil society, Parliamentarians) about possible impacts of a particular policy

What is a PSIA (cont)?

- Provides **alternative policy options** to maximize positive poverty and social impacts
- **Wide application**
 - standalone policy changes, sector reforms, national development strategies, international agreements, etc.
- Excellent tool for policymakers to promote **transparency and accountability** via public debate
- Importance of **upstreaming**
 - decisions often delinked from social/equity considerations

Some background

- 1987 UNICEF's Adjustment with a Human Face: high human costs of structural adjustment
- 1987 World Bank and African Development Bank: Social Dimensions of Adjustment Initiative
- 1995 poverty impact analysis becomes mandatory in all policy lending at Asian Development



PSIAs and the World Bank

- Approach adopted in 2002 (non-mandatory)
 - Development Policy Operations (DPOs)* are required to summarize potential impact evidence if expected to have significant social impacts
- 156 PSIAs carried out through 2007
 - half in low-income and half in middle-income countries
- Donor supported
 - financial and technical contributions
 - current PSIAs funded by multi-donor trust fund

* Previously called Development Policy Loans (DPLs)

Methodological approach

- Flexible
 - no standardized methodology
- Involves quantitative, qualitative or mixed analyses
- Based on primary and/or secondary data
 - most involve some key informant interviews
- Rapid analyses to respond to current policy debates
- Time sensitive
 - emphasis on applicability to real-time policy processes and tailoring analysis to time availability

Keys to success

1. Understand interests of and potential impacts on range of **stakeholders**
 - must grasp institutional and political contexts of reform
2. Build **government ownership** of findings
 - must involve in research design
3. Analysis must be **independent and non-partisan**
4. Importance of **timing**
 - sophisticated analysis worthless if unable to influence policy-making processes
5. Release and communicate findings to civil society organizations and key decision-makers
 - must translate into **local language**

2. Conceptual Framework of PSIAs



Understanding policy reforms through six transmission channels

- i. Employment and wages
- ii. Prices
- iii. Assets
- iv. Access to goods and services
- v. Taxes and transfers
- vi. Authority

Transmission channels

Channel	Main issues covered
i. Employment and wages	<ul style="list-style-type: none">• Availability, security and remuneration levels of employment• Employment levels, wages and conditions in key public services• Incidence of child labour and youth UE
ii. Prices	<ul style="list-style-type: none">• Prices received by producers of key goods• Prices paid by consumers of key goods
iii. Assets	<ul style="list-style-type: none">• Effects on physical, human, financial, social and natural assets, including sale/ degradation of assets, borrowing (and possible debt bondage)

Transmission channels (cont)

Channel	Main issues covered
iv. Access to goods and services	<ul style="list-style-type: none">• Accessibility (physical and financial) of social services and utilities• Effects of changes to public expenditure on social services (e.g. fiscal consolidation)• Availability of key goods
v. Taxes and transfers	<ul style="list-style-type: none">• Changes to tax burden for individuals and households, changes in revenue collection• Changes in social protection provisions (including pensions, benefits and subsidies)• Remittances from migrants
vi. Authority	<ul style="list-style-type: none">• Changes to laws, governance, formal and informal institutions

3. UNICEF's Role in PSIAs



Why should UNICEF engage in PSIAs?

- Renewed emphasis by World Bank and donors on PSIAs
 - more likely to take place in countries where UNICEF active
- No systematic analysis of how children are likely to be affected by policy reforms
 - applies to both governments and IFIs
- Impacts on young children and adolescents, as well as child protection, rarely considered in PSIAs
- Enhanced leverage with governments and IFIs

UNICEF's assets in the PSIA process

- Ability to interpret policy reforms with an equity lens focused on children and poor households, especially the most disadvantaged
- Expertise in identifying short, medium and long-term impacts on children (all age groups) and families
- An understanding of CRC principles and obligations of governments to act in the best interest of children
- Knowledge of evidence-based policy options that protect and promote the wellbeing of children
- Capacity to involve children and other child-focused stakeholders in the process

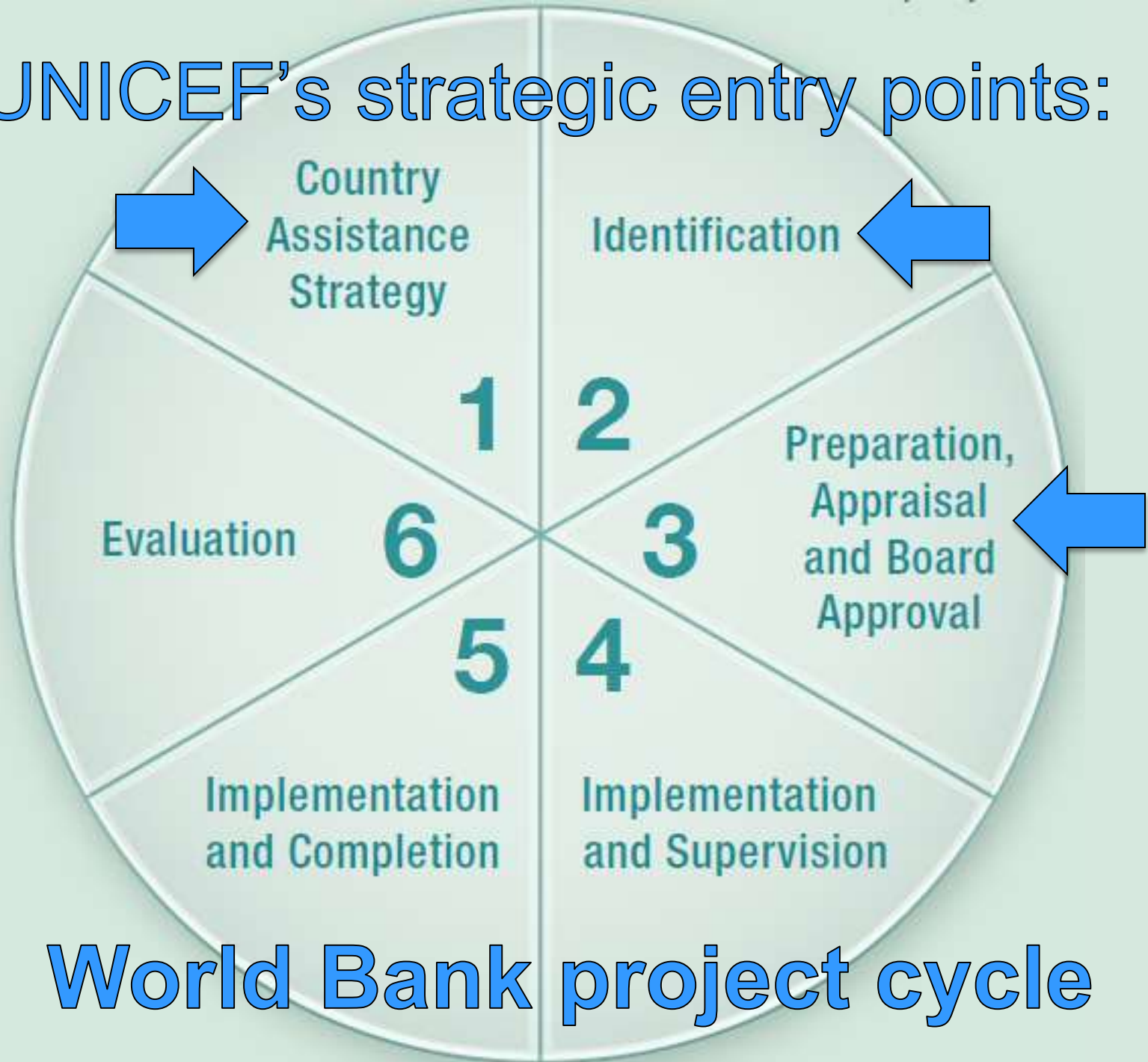
How UNICEF can influence PSIAs

- Dialoguing with World Bank and relevant Ministries to bring child focus into reform discussions
- Offering expertise:
 - impact analysis on child protection, early childhood development, youth employment, etc.
 - inventories of alternative child-friendly, equitable options
 - tools for consulting directly with children
- Identifying partners with expertise in working with children and insights into impacts on children
- Becoming part of/influencing stakeholder committees

UNICEF's strategic entry points: Background to World Bank operations

- Development policy operations (DPOs) are quick-disbursing financing instruments (unearmarked loans, credits, grants) that help Borrowers address financing needs
- Support programs of policy and institutional actions (improve service delivery, diversify the economy, create employment)
- Based on assessment of country's institutional and policy frameworks, macroeconomic policies, commitment to reform programs, track record, etc.
- Appropriateness determined in context of Country Assistance Strategy (CAS), which sets strategic context and expected results for all of Bank's in-country lending operations

UNICEF's strategic entry points:



UNICEF's strategic entry points: World Bank project cycle (cont)

1. Country Assistance Strategy (CAS) (+)

- Bank proposes financial, advisory and technical services to identify priorities and goals

2. Identification (+)

- Discuss ideas for creating meaningful change
- Weigh objectives and project impacts, risks, alternatives

3. Preparation (+), appraisal and Board approval

- Conduct studies and assess economic, technical, institutional, financial, environmental, social aspects
- When agreement on terms, presented for approval

UNICEF's strategic entry points: World Bank project cycle (cont)

4. Implementation and supervision

- Borrower implements project, issuing contracts through competitive bidding processes
- Bank staff periodically supervise

5. Implementation and completion

- Completion report produced identifying results, problems, lessons learned

6. Evaluation

- Bank's Independent Evaluation Group (IEG) measures outcomes against original objectives

4. Integrating a Child Focus into PSIA: A Joint UNICEF-World Bank Guidance Note



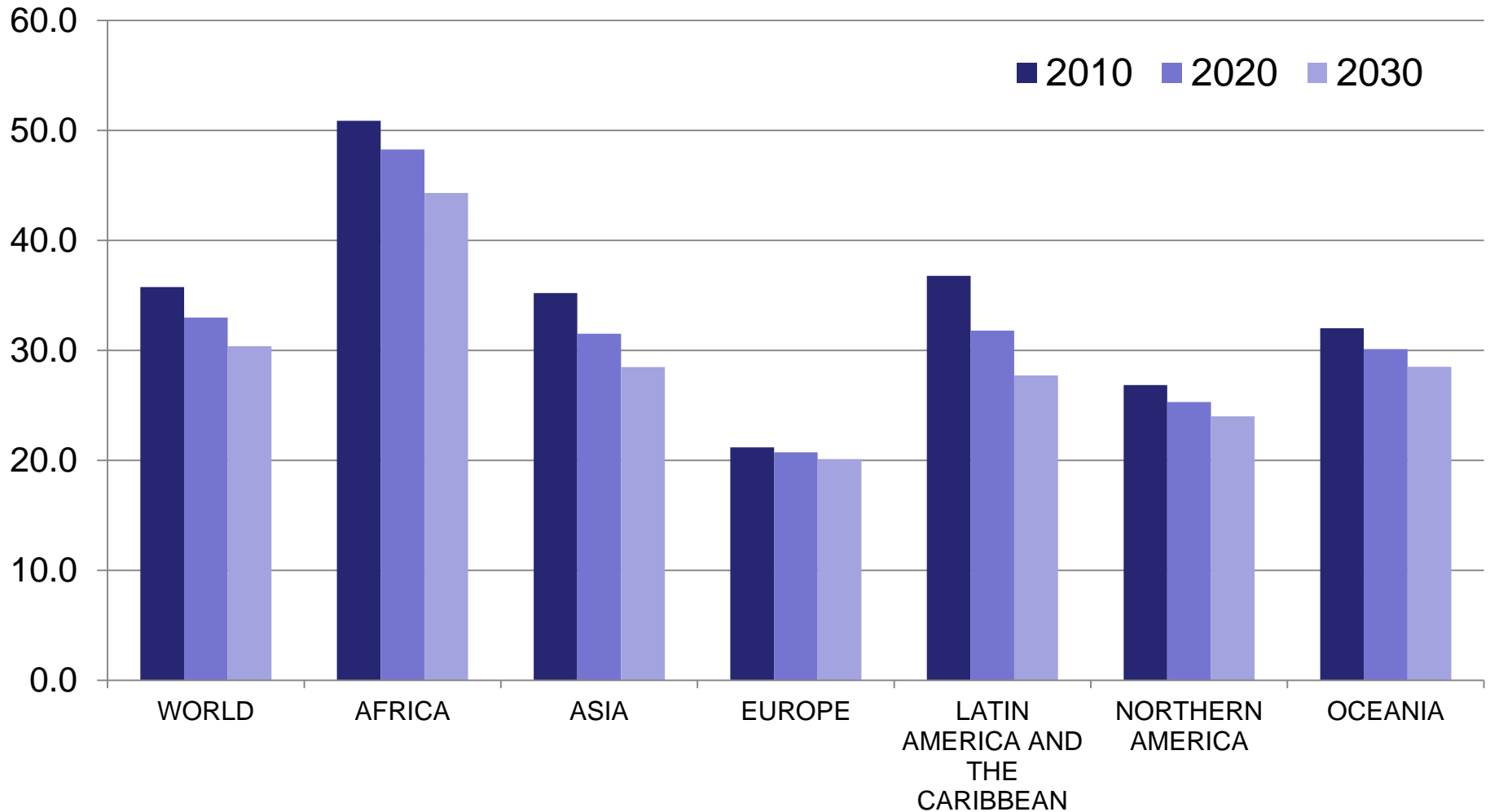
Contents of Guidance Note

- i. Why consider impact of a policy reform on children?
- ii. When is a detailed impact analysis warranted?
- iii. What are possible impacts of a reform on children?
- iv. How can impacts be measured?
- v. How can negative impacts be mitigated and positive impacts enhanced?
- vi. How can children's perspectives be included in PSIA processes?



(i) Why consider the impact of a policy reform on children?

Children (0-18) constitute > 1/3 of global population

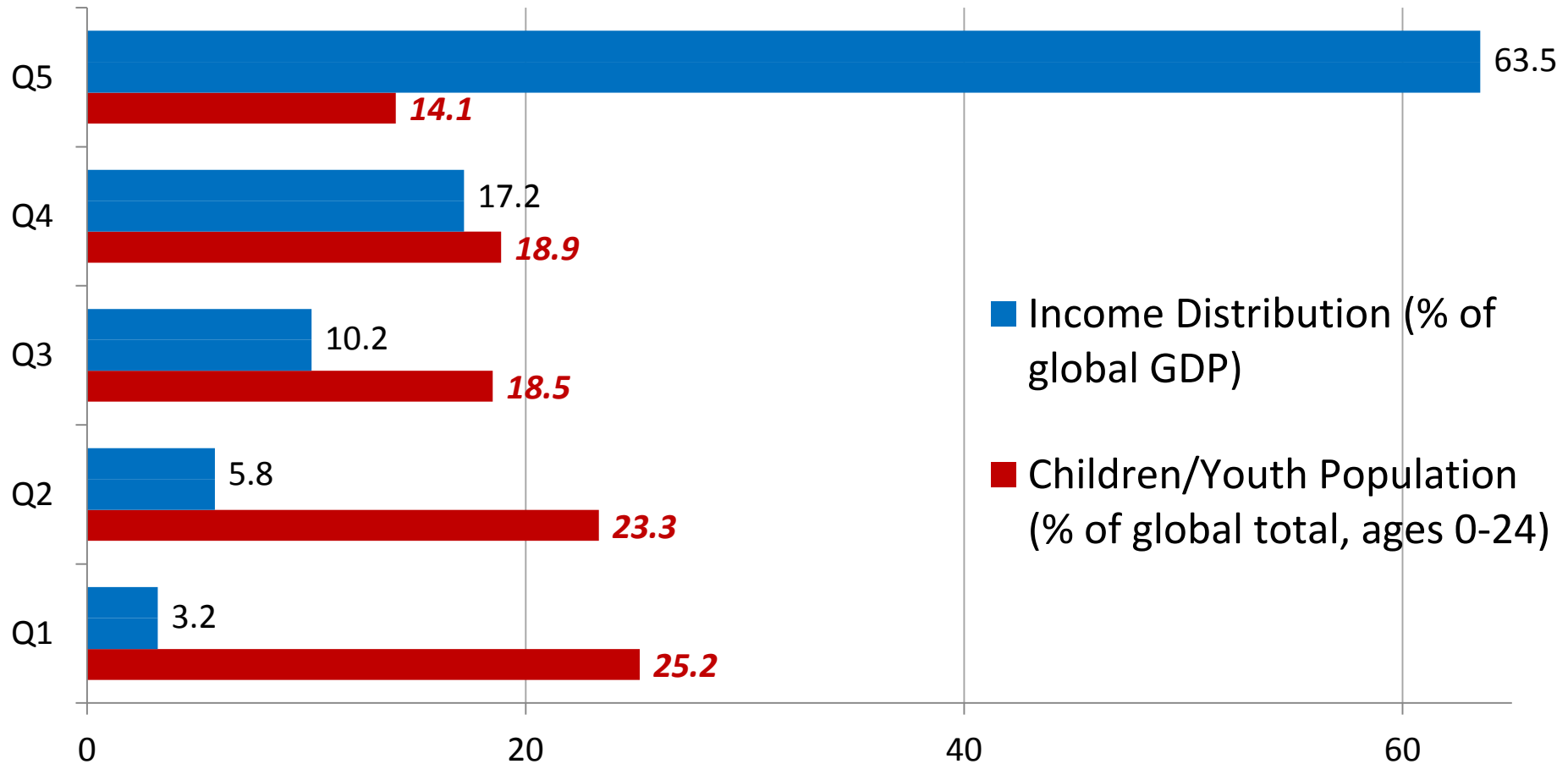


Source: United Nations, 2009 World Population Prospects (medium variant projections)

Inequality/poverty disproportionately affect children

Global Income Distribution and Children/Youth

(in PPP constant 2005 international dollars, 2007)



Source: Ortiz and Cummins (UNICEF 2011)

Children and adolescents face unique age-related vulnerabilities

Kadidja (3 months)



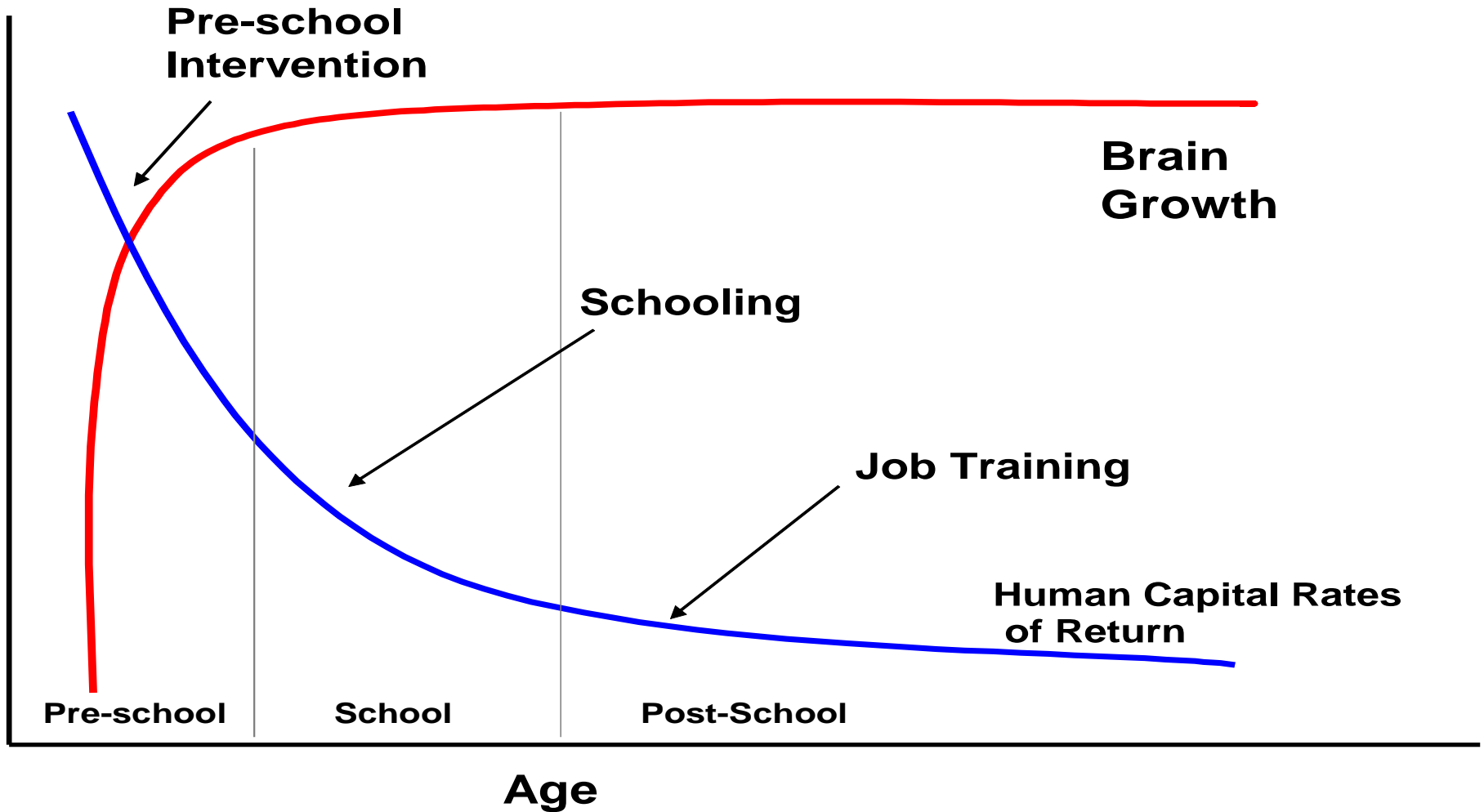
Juan (10)



Hamma (18)



High rates of return on early childhood development



Source: Michael Samson (2008) based on Heckman and Carneiro (2003) and Handa (2007)

**(ii) When is a detailed
child-focused
impact analysis
warranted?**



Initial screening

- All PSIAs should carry out an initial screening
- Main areas to cover include:
 - identification of key issues and questions as well as main stakeholders and possible winners and losers
 - estimation of magnitude and likelihood of possible impacts over different time horizons (short to long)
 - assessment of data/information availability and key gaps
- ❖ If initial screening indicates that significant impacts on children are likely, more in-depth analysis needed

Rapid child-focused impact assessment using transmission channels

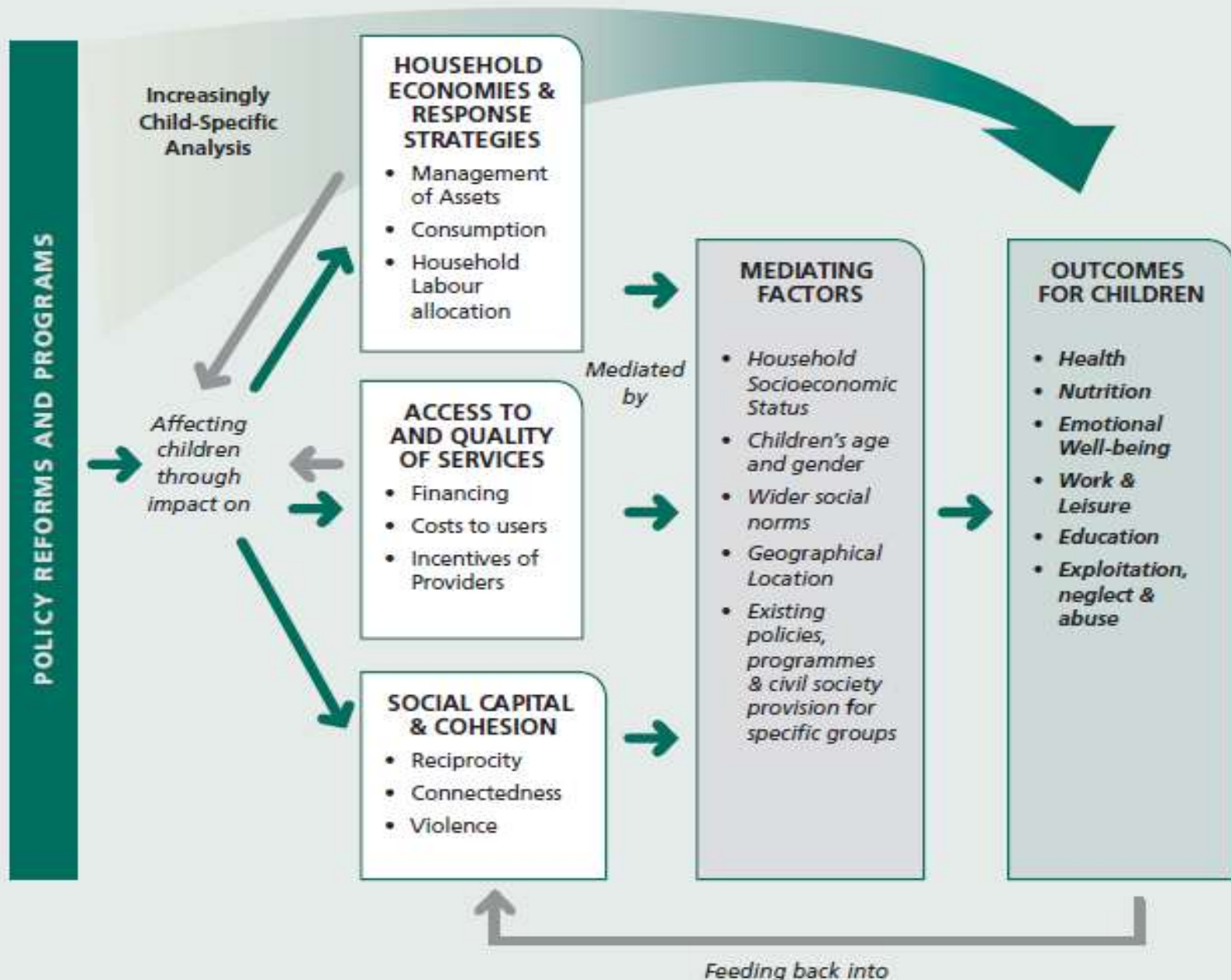
Transmission Channels	Impacts		Intensity	
	Short-term	Long-term	Magnitude (# of children)	Severity (depth)
Employment and wages	XXX		X	X
Prices	XXX	X	XX	XXX
Transfers and Taxes	XXX	XX	XX	XXX
Access to Goods/Services		XX	XX	XXX
Assets	XX		X	XXXX
Authority		XXX	XXX	

* Matrix provides early inputs to ensure that possible impacts (both time and intensity dimensions) are considered in time to influence policy dialogue

(iii) What are the possible impacts of a policy reform on children (good and bad)?



Tracing impacts of a reform on children



Key areas of analysis: Impact of livelihood changes on children

- Expenditure and consumption patterns
 - food, clothes, service use, utilities
- Household labour allocation
 - child domestic or paid labour, unattended children, youth labour migration, children left behind
- Management of assets
 - borrowing (risk of debt bondage), sale of assets (e.g. land, animals), use of savings, use of environmental assets
- Effects of changes to social capital on children
 - Informal childcare arrangements, intrahousehold tension and/or violence, crime affecting children

Key areas of analysis: Impact of changes in public services on children

- Funding levels for key services used by poor children and their families (e.g. nutrition, health, education, water, transportation)
 - across national, regional and local levels
- Accessibility of services provided
 - financial, physical and geographical
- Quality of services provided
- Changing policy priorities

Key areas of analysis: Impact of changes to social capital on children

- Interhousehold transfers
- Social contacts between families or among children and young people
- Informal childcare arrangements
- Intrahousehold tension and violence
- Crime affecting children

*Important to consider age-related vulnerabilities

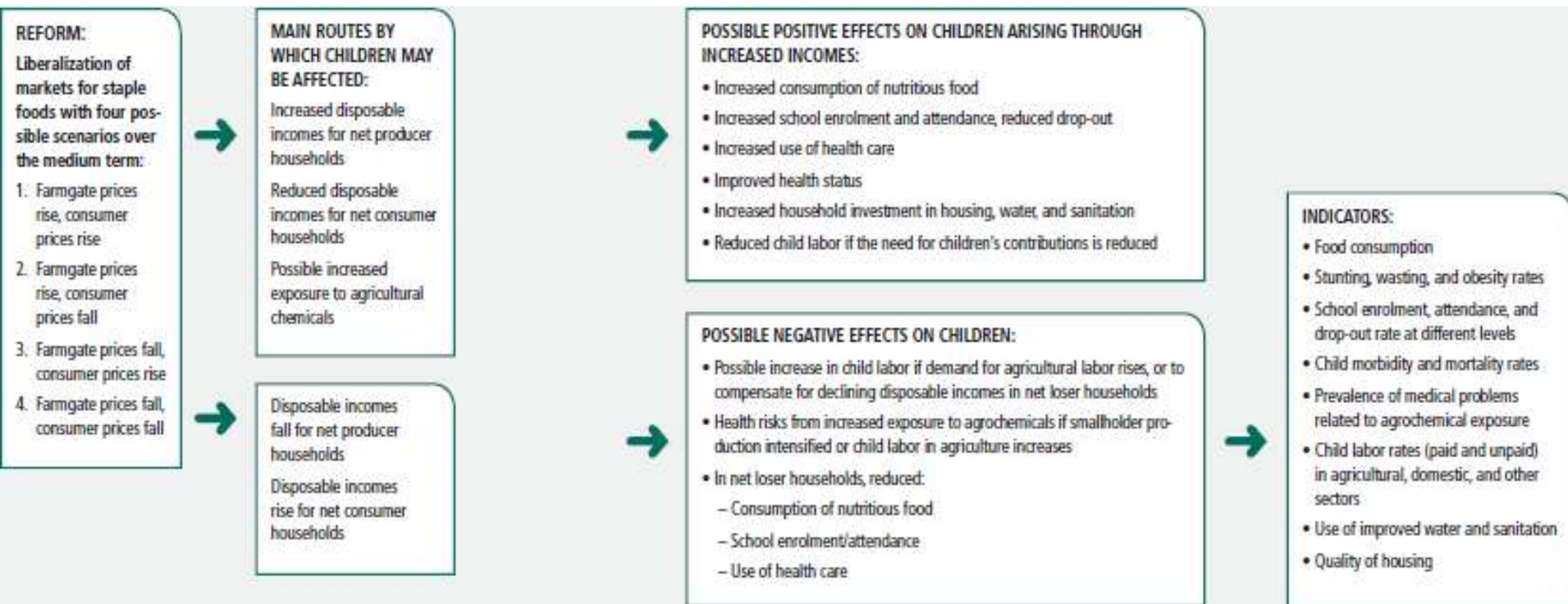
- Impacts on younger children tend to be disregarded in current PSIA processes
 - mainly focus on primary/lower secondary age children, especially in terms of education and child labour
- However, infants and young children most vulnerable
 - essential to consider their health and nutritional wellbeing
- Also important to consider youth in terms of preparation for and access to employment

*Also important to consider diversity among children

Analysis should be disaggregated (where relevant) to take into account:

- ✓ children in income-poor and vulnerable households
- ✓ gender
- ✓ marginalized ethnic, religious, caste or other groups (street kids)
- ✓ children in disadvantaged geographical areas
- ✓ children with disabilities
- ✓ significantly disadvantaged children (child workers, orphans, demobilized child soldiers, child-headed households, etc.)

Example: Tracing impacts of liberalization of agricultural markets on children



Example: Tracing impacts of electricity tariff reform on children

REFORM:
Liberalization of markets for staple foods with four possible scenarios over the medium term:

1. Farmgate prices rise, consumer prices rise
2. Farmgate prices rise, consumer prices fall
3. Farmgate prices fall, consumer prices rise
4. Farmgate prices fall, consumer prices fall

MAIN ROUTES BY WHICH CHILDREN MAY BE AFFECTED:

Increased disposable incomes for net producer households

Reduced disposable incomes for net consumer households

Possible increased exposure to agricultural chemicals

Disposable incomes fall for net producer households

Disposable incomes rise for net consumer households

POSSIBLE POSITIVE EFFECTS ON CHILDREN ARISING THROUGH INCREASED INCOMES:

- Increased consumption of nutritious food
- Increased school enrolment and attendance, reduced drop-out
- Increased use of health care
- Improved health status
- Increased household investment in housing, water, and sanitation
- Reduced child labor if the need for children's contributions is reduced

POSSIBLE NEGATIVE EFFECTS ON CHILDREN:

- Possible increase in child labor if demand for agricultural labor rises, or to compensate for declining disposable incomes in net loser households
- Health risks from increased exposure to agrochemicals if smallholder production intensified or child labor in agriculture increases
- In net loser households, reduced:
 - Consumption of nutritious food
 - School enrolment/attendance
 - Use of health care

INDICATORS:

- Food consumption
- Stunting, wasting, and obesity rates
- School enrolment, attendance, and drop-out rate at different levels
- Child morbidity and mortality rates
- Prevalence of medical problems related to agrochemical exposure
- Child labor rates (paid and unpaid) in agricultural, domestic, and other sectors
- Use of improved water and sanitation
- Quality of housing



(iv) How can the possible impacts of a policy reform on children be measured?

Quantitative approaches

Type	Example
Child-focused benefit incidence analysis	World Bank analysis of public expenditure in Belize
Child-focused budget analysis	UNICEF public expenditure tracking study in South Africa
General and partial equilibrium models	World Bank analysis of social protection reforms in Dominican Republic; UNICEF analysis of effects of economic crisis in Central and West Africa

See <http://www.childimpact.unicef-irc.org/>

Qualitative approaches

Approach	Use in child-focused PSIA
Participatory poverty assessment	Identifying: (i) children's experience of poverty and deprivation, (ii) causes of child deprivation, (iii) vulnerabilities that may be exacerbated by proposed reform, (iv) possible policy solutions
Beneficiary assessment	Identifying households' and children's perspectives on the likely effects of reforms
Gender analysis	Assessing gender differences in: (i) livelihoods, (ii) access to services, (iii) decision-making power, (iv) girls' and boys' well-being, (v) potential impacts of reforms on these
Vulnerability analysis	Identifying different vulnerabilities affecting children and their families, which may be exacerbated or lessened by planned reform
Social capital assessment tool (SCAT)	Understanding how current patterns of social capital may be affected by reform; SCAT may need to be adapted to increase focus on issues affecting children

Political and institutional approaches

Approach	Use in child-focused PSIA
Stakeholder analysis	<p>Identifying key groups of children and households most likely to be affected by reform and key public, civil society, and private sector institutions with stake in reform.</p> <p>Identifying key stakeholders with interest in child well-being</p>
Institutional analysis	<p>Official responsibilities of relevant implementing agencies</p> <p>How interests and incentives within stakeholder organizations may affect reform implementation</p> <p>Potential effects of reforms on different institutional structures</p> <p>How all these factors could affect impacts of reforms on children</p>
Political economy analysis	<p>Identifying key macro- and micropolitical forces in favor of or opposing reforms and possible modifications/ mitigation strategies</p>

Data sources

Area of Impact	Data Sources
Health and nutrition	DHS, MICS, Food Security and Nutritional Surveillance Surveys
Education	MICS, LSMS, PIRLS, TIMSS
Work, play and leisure	MICS, some LSMS modules, LFS, SIMPOC
Protection from exploitation, abuse and neglect	Administrative data, MICS, Reports to Committee on Rights of Child
Emotional wellbeing	Administrative data, child mental health surveys
Income poverty	LSMS, Household income or expenditure surveys

Methodological considerations

- No standardized methodology
 - plurality of approaches
- Sophisticated quantitative models not always best
 - exert care with assumptions and parameters
- Importance of timing
 - useless if analysis takes too long and unable to influence reform debate
- Importance of effective messaging
 - analysis must be understood by civil society groups and Parliamentarians in order to influence debate
 - may require translation and/or one-page, succinct brief



(v) How can the negative impacts of a policy reform on children be mitigated?

Considerations when assessing the need for mitigation measures

- Numbers of children likely to be affected
- Severity of impacts
- Profile of children affected (the most disadvantaged?)
- Number of different ways children are affected
- Costs of mitigation and possibilities to scale up
- Speed at which negative effects might occur versus timeframe of implementing protective measures
- Long-term economic and social costs of not acting
- Overall gains expected from the policy reform

Short and long-term cost-benefit analysis of mitigation measures

Improved/worsening:

- Nutrition among infants, young children and pregnant women
- Educational enrolment, attendance and attainment
- Health indicators for infants, children and adolescents
- Child labor (formal and informal)
- Youth employment prospects
- Other relevant factors

Determining appropriate mitigation actions

Scenario	Action
Many children are negatively affected and costs of mitigation are high	Modify proposed reform
Many children are negatively affected, costs of mitigation are low (or reasonable) and implementation capacity exists	Put in place mitigation measures
Moderate numbers of children are negatively affected and costs of mitigation are high	Assess whether modifying reform or implementing mitigation measures is more cost-effective
Moderate numbers of children are negatively affected, costs of mitigation are low (or reasonable) and implementation capacity exists	Put in place mitigation measures
Relatively small numbers of children are negatively affected	Put in place mitigation measures
Negative impacts on children are negligible	No additional provisions needed

Modifying the design of reforms to protect children and poor families: Some examples

- **Slow down the pace of reforms** likely to undermine livelihoods (e.g. fuel subsidies)
- **Include sales tax or VAT exemptions** on goods disproportionately consumed by vulnerable groups (e.g. progressive tax approaches)
- **Ring-fence funding for key services** that provide essential support
- **Avoid commercialization of public services** if services are not readily accessible and affordable
- Emphasize **pro-employment monetary and fiscal policies**
- Ensure that **wage bill reforms protect the salaries of key social service providers** (e.g. teachers, medical staff, social protection)
- **Protect food subsidies** until a well-functioning social protection system is in place

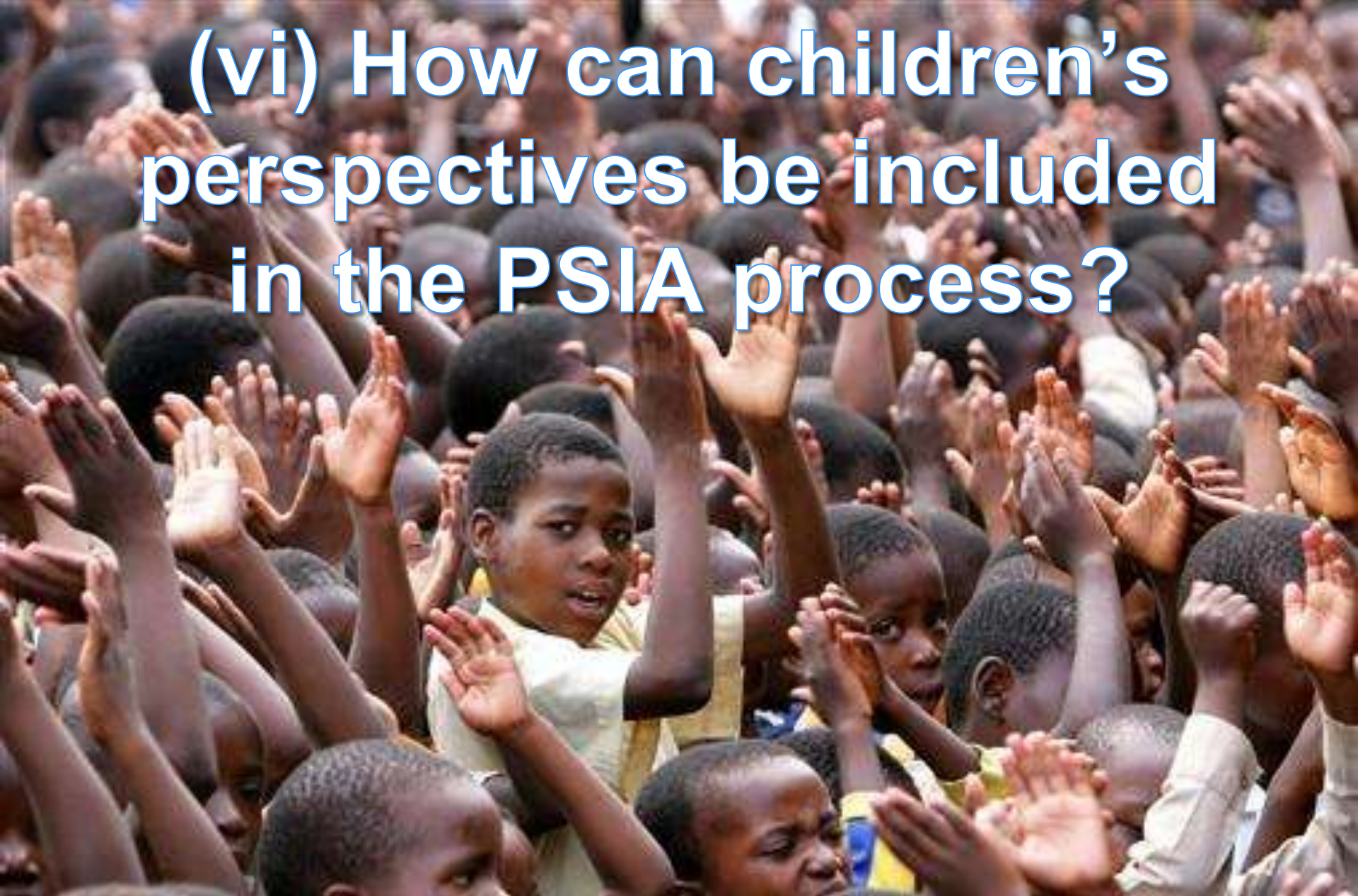
Other general mitigation policies

- Introduce or scale up cash transfers (if adequate infrastructure in place)
- Employment generation for parents/youth
- Nutritional supplementation and/or fortification
- Subsidies for service use (earmarked transfers, such as scholarships) and direct grants to providers
- Scaling up child protection services
- ❖ Most effective when complemented by broader pro-poor, pro-child social and economic policy

Example: Assessment of potential impacts of tax reform in Serbia

- Govt proposed 4% increase in VAT in 2010 to mitigate fiscal effects of global economic crisis
- UNICEF-commissioned research: ~50,000 people at risk of poverty, child poverty rate could increase by 10%
- Dissemination of research findings opened door for high level discussion with Ministry of Finance and IFIs
- Consensus emerged that more evidence of reform needed to understand potential impact on children and the poor
- To date, reform not enacted; UNICEF and partners have put forward child-sensitive tax reform options

(vi) How can children's perspectives be included in the PSIA process?



Why include children's perspectives?

To improve the quality of assessment by:

- Bringing in new issues, including sensitive ones that adults may wish to keep 'covered up'
- Understanding how very disadvantaged children (often not captured by household surveys) may be affected
- Offering insights into different intrahousehold impacts (e.g. on girls versus boys, older versus younger children)
- Helping identify mitigation strategies

Incorporating children's perspectives

- View children as assets and agents of change rather than dependents (see www.unicef.org/cwc)
- Carry out direct consultations with them using qualitative and participatory techniques (skilled facilitation is critical)
- Involve them in identifying mitigation strategies
- Obtain information from different child advocates:
 - parents/carers regarding health, nutrition, possible impacts on young children
 - professionals working with children (teachers, child welfare)
 - UN agencies, such as UNICEF or ILO
 - civil society organisations (e.g. Save the Children, Plan International)
- Incorporate them for advocacy purposes

5. Additional Information on PSIAs



Checklists and tables in Guidance Note

- Age-specific vulnerabilities of children
- Effects of livelihood changes on children
- Effects of changes to services on children
- Effects of changes in social capital on children
- Taking into account diversity among children
- Considering short, medium and long-term effects
- Key questions for political and institutional analysis
- Tailoring policy approaches to children's vulnerabilities
- Overview of rapid child-focused impact assessment

Contents of online resource pack

- Links to research tracing impacts of key reforms on children
- Tools for increasing understanding of impacts of reforms on different groups, including a child-focused version of World Bank's gender analysis framework
- Rapid child focused impact assessment
- Data sources, use of mixed quantitative and qualitative methods, and quantitative analytical techniques
- Practical and ethical considerations in conducting research with children
- Other key stakeholders with insights into the situation of and potential impact of reforms on children
- Links to thematic resources on designing policies to maximise benefits for children

For further information

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