



A world
free
from child
poverty

Milestone 4 Reducing child poverty through policy and programme change



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POVERTY
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Milestone 4

Reducing child poverty through policy and programme change



KEY MESSAGES

- There is a proven set of policies and programmes that can address child poverty. Responses to monetary and multidimensional child poverty may differ considerably.
- What makes sense to focus on in a country will depend on the situation of children, what is driving their poverty and where there is opportunity to make progress.
- Changing policies and programmes to reduce child poverty takes advocacy (Milestone 3) as well as technical analysis to answer the questions of policy makers.
- There are a series of well-proven tools that can answer key questions and support decision makers to reduce child poverty.

Milestones 1, 2 and 3 have focused on, respectively, building an understanding of child poverty amongst key stakeholders, officially and routinely measuring child poverty, and putting the issue on the map through concerted advocacy.

All of these steps can contribute to making a concrete difference in the lives of children living in poverty: stakeholders can take their knowledge of the issues into their spheres of influence, available data can be incorporated in analysis that guides programmes and policies, and as public support grows so child poverty can become a political issue that influences the discussions and decisions of government and non-government actors.

Milestone 4 moves from these more general approaches, to the specific: identifying the policies and programmes to address child poverty, and how can child poverty analysis support and influence them.

KEY STEPS TO ACHIEVING MILESTONE 4:

- A** AN OVERVIEW OF THE PACKAGE OF POLICIES AND PROGRAMMES THAT CAN REDUCE CHILD POVERTY.
- B** WHAT TO FOCUS ON: PICKING THE RIGHT POLICIES AND PROGRAMMES TO ADVOCATE FOR.
- C** MAKING POLICY CHANGE HAPPEN: KEY POLICY QUESTIONS AND ANALYTICAL APPROACHES TO ANSWERING THEM.

A. An overview of the package of policies and programmes that can reduce child poverty

A central question towards ending child poverty is whether there a basic package of policies and programmes that will address child poverty.

While this milestone will show there are many important nuances in answering this question, including the areas to focus on and the policy details that can make a difference, there are also common threads that apply universally. At their core, the policies and programmes to address child poverty will:

- i) **Provide quality and accessible services particularly for the most deprived children – including in areas such as nutrition, education and health which represent their multidimensional poverty – and drive whether children will be able to fulfil their potential and end the cycle of poverty; and**
- (ii) **Support families and households to have a minimum income and ensure financial barriers don't prevent children from reaching their potential.**

This simple mix is the basis for a global platform of action to address child poverty, and countries that have succeeded in addressing child poverty have succeeded in these areas. But few, if any, would say the work is complete.

In some countries, this broad platform for action, together with the situation of children living in poverty and its devastating impacts, may be sufficient to spur action, with policy makers and other experts filling in the policy and programme details to achieve success (Box 4.1).

However, in other contexts, supporting policy and programme change requires analysing, understanding and advocating for more specific actions that are needed. Here the details become more complex: why are children not accessing services – are they lacking or too expensive – and what is the response? How to ensure families have the income to be above the poverty line – cash transfers, employment support or provision of child care?

As has been stressed from the beginning of this guide, child poverty can be understood and measured both in terms of multidimensional child poverty, as well as monetary child poverty. Regardless of particular measurement approaches, in understanding the policy and programmatic responses it can bring clarity to consider the monetary and multidimensional (non-monetary) aspects of child poverty separately as the responses can differ considerably.

It is also important to emphasize that effective approaches to overall poverty reduction – such as poverty reduction strategies, employment policies or plans for economic growth – can be hugely beneficial to children. Including children where possible, through linking monitoring frameworks to the SDGs and child poverty rates, or assessing progress in particular policy and programme areas in terms of their impacts on children, as outlined in the rest of this milestone, can help ensure they are as effective as possible for children.

BOX 4.1

Policy or programme – or both?

Throughout this milestone ‘policies and programmes’ are used together to capture the idea of large scale actions that have a significant impact on child poverty. In reality policies and programmes are connected but different, both in theory and in how they relate to each other in practice, especially country contexts.

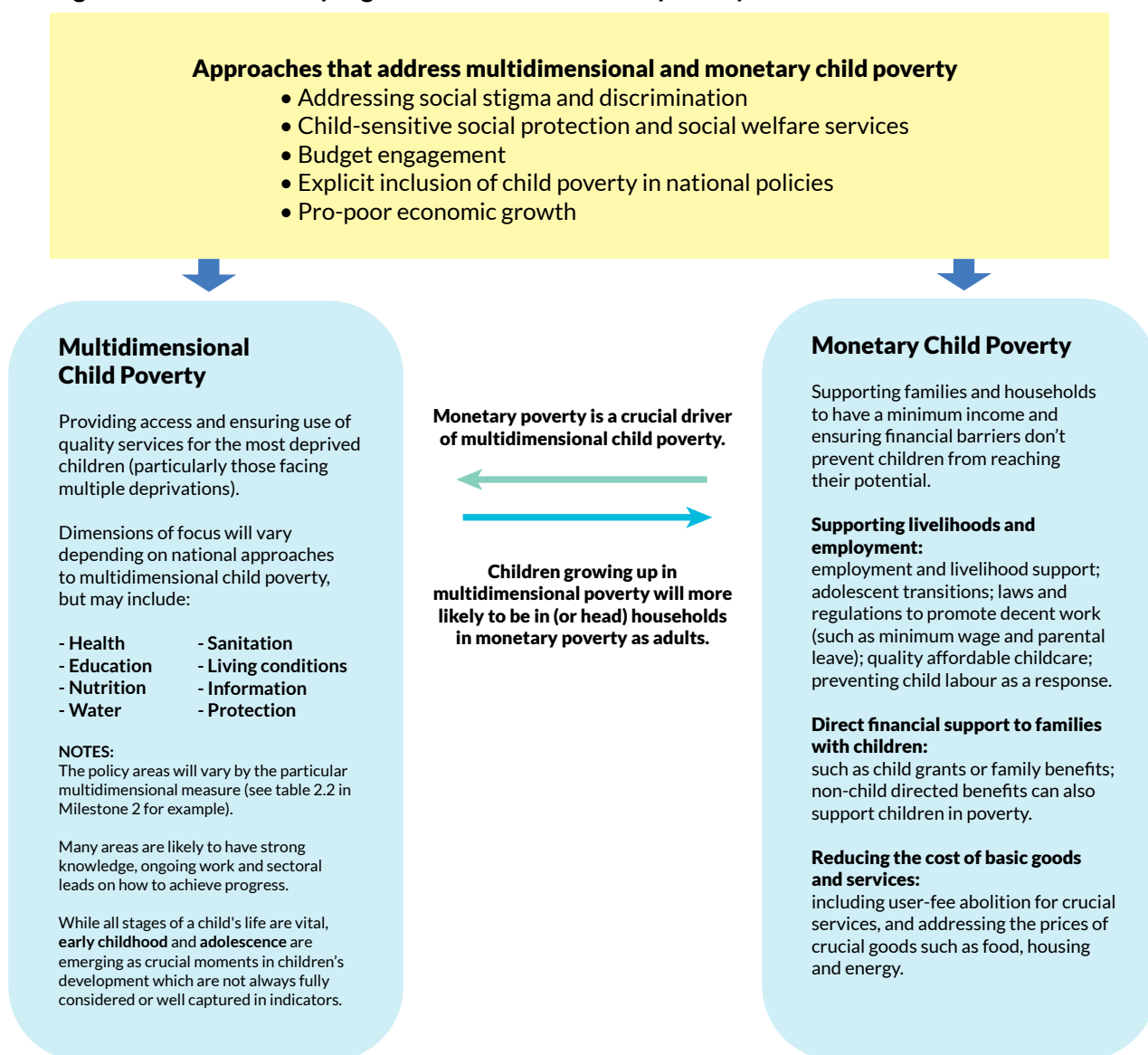
A definition of a policy is “a course of action adopted and pursued by a government”. As such, changing a policy in favour of children in poverty can have large-scale impacts. In some countries, however, having policies on the books may be more aspirational than implying immediate action on the ground. A programme speaks more directly to action and implementation and can be defined as “a set of related measures or activities with a particular long-term aim”. While government programmes are often those that operate at the largest scale, independent programmes by non-governmental organizations can also make a huge difference. They can be particularly important in contexts where governments may not be able to reach the most marginalized.

There are many context-specific considerations in determining which area to focus on. Engaging in policy change can be a very long-term process, and in a number of areas existing policies may be able to provide the framing for expansion and improvement of programmes on the ground. In others that may be emerging, social protection in some contexts for example, establishing a policy framework can be essential to moving programmes forward sustainably. As focus narrows to particular concerns of children in poverty – be it expanding early childhood education or cash transfers – the logic of where to focus in particular contexts becomes clearer.

The rest of this section looks in turn at the package of policies to address child poverty (outlined in summary in Figure 4.1). While this guide cannot do justice to the wealth of information in each area, it aims to highlight some key considerations and point to existing literature and guidance across the following areas:

- **Overarching approaches that can address both multidimensional and monetary child poverty.**
- **Approaches to address multidimensional child poverty.**
- **Approaches to address monetary child poverty.**

Figure 4.1: Policies and programmes to address child poverty



Overarching approaches to address child poverty (both multidimensional and monetary)

While there are a range of specific interventions to address monetary or multidimensional poverty, there are number of key areas that can address both. These include:

Social stigma and discrimination:

Social stigma and discrimination is a common root cause for both monetary and multidimensional poverty that affects a household's participation in the labour market and civic engagement as well as children's access and experience across areas. Accordingly, addressing social stigma and discrimination can be essential to reduce both monetary and multidimensional child poverty in many contexts (see Box 4.2 for more details).

Child-sensitive social protection or social welfare systems:

While social protection is often associated with cash transfers which address monetary poverty, social protection systems or social welfare systems create a comprehensive and coordinated network of programmes for children and are able to identify children experiencing a range of deprivations (monetary or otherwise) and connect them to appropriate programming.

Budget engagement:

Across any programme or policy package, securing necessary funding and monitoring its use is essential for plans to be implemented and improve children's lives. Engaging on the budget and public finance for children more generally can be essential across all areas of child poverty. There is a growing practice in this area across countries, and the second half of this chapter and Milestone 5 look at this in more detail.

Inclusion in national policies:

Countries typically have an overall poverty reduction strategy or national development plan that lays out critical interventions to achieve national goals, including for poverty reduction. These can have significant impacts on child poverty even where it is not explicitly targeted. Engaging in these plans to include child poverty where possible, both as a key target to assess progress as well as in the selection and implementation of particular policies and programmes, can make them more effective channeling national attention and resources in addressing child poverty.

Pro-poor economic growth:

Pro-poor economic growth can be a fundamental driver of child poverty reduction: as economies grow with quality employment reaching poorer families and increased tax receipts helping to strengthening services, children will be lifted out of both monetary and multidimensional poverty. Economic growth, however, can be elusive. The policy and programme approaches outlined in this milestone aim to ensure where economies are growing benefits are reaching the poorest families and addressing child poverty, but also provide proven approaches to addressing child poverty even where economic growth may not be strong. Finally, and fundamentally, addressing child poverty is of course itself a long-term and sustainable approach to strengthening economies.

BOX 4.2

Tackling social stigma and discrimination

Social stigma and discrimination is one of the most fundamental and often deeply-rooted causes of child poverty. While forms of discrimination vary by country, examples of widely prevalent forms of discrimination that children experience are based on caste, ethnicity, gender and sexual orientation, HIV status, disability, refugee and migrant status, among many other context-specific factors.

Social exclusion can drive both monetary and multidimensional child poverty in different ways:

- Some children and families may be rejected from receiving goods or services. Depending on the context this treatment may be legally sanctioned, or the result of prevailing norms.
- Even where not directly excluded, children or families may choose to not attend schools or public spaces as a result of how they are treated, including cultural or linguistic differences reducing the benefits of education or other services.
- Some groups may face discrimination as a result of the location in which they live, particularly in remote areas where options for economic activity or education/health may be limited, or in slums where poverty is concentrated.
- Parents from low caste groups may have limited or no job options.
- Stigma can also affect the ability of some groups to participate in the labour market as well as how they will be treated within a working environment. For instance, there is extensive evidence that some groups are less likely to be employed in some professions and where employed may receive lower remuneration for similar tasks.
- Minorities can be excluded from the democratic engagement process that establishes the rule of the society and so are disempowered in addressing these structural imbalances.

It is also important to note that poverty driven by social inequity further reinforces discrimination. Lack of clean clothes, school materials, or recipient status of social welfare could all further marginalize already vulnerable children and family.

Tackling society's stigma and behaviours can be a long, complex and politically challenging process. But without tackling stigma and discrimination, marginalized children will continue to face deprivation and injustice and they will continue to grow up in poverty.

Some policies and programmes to address social stigma and discrimination include:

- **Anti-discriminatory laws and regulations** can protect the rights of marginalized groups by forcing actors in society to treat minorities fairly and hold them accountable for violations. Examples of such legislation could include equal pay legislation and employment non-discrimination laws. These can be linked to international rights conventions and standards.
- **Affirmative action** is a sets of actions to provide more opportunities for disadvantaged groups, typically in employment and education. Such actions can be taken by using a quota system to reserve vacancies for the specific groups or by giving special consideration in the selection process.

- **Social mobilization** can play a major role in pushing both decision makers and individuals to act. Specific activities may vary across different contexts and objectives, from individual outreach, social media campaigns to mass media outreach.
- **Trainings or workshops to change social norms and behaviours.** Field experiments on the psychology of stigma suggest three approaches, broadly categorized as: education (replacing the misunderstandings with facts), contact (personal interaction with members of stigmatized groups) and protest (highlighting the injustice of stigma and chastising offenders for their stereotypes and discrimination).

In implementing policies and programmes some important considerations include:

- Introduction of laws and policies may need to be complemented by compliance mechanisms or implementation support to ensure changes in behaviours and norms in reality.
- Programmes should be delivered in a manner that does not stigmatize the recipients. One example of such delivery is to provide free or reduced school meals to all students instead of targeting poor students or creating a different line for them.
- Likewise, some targeted support such as affirmative action can trigger further stigmatization against the minority by the peers.

For further guidance:

Social Norms, Social Change is a massive open online course (MOOC), developed and delivered by UNICEF with the University of Pennsylvania on Coursera. Although not exclusively focused on stigma and discrimination, it gives an overview of social norms and the importance of policy in sustaining or breaking up harmful practices.

Lessons from social psychology on discrediting psychiatric stigma is a review of studies from social psychology about interventions to cope with social stigma.

Stigma: A guidebook for Action is a practitioner's guide that introduces a wide range of tools to address stigma through actions at different levels. While the guide has extensive focus on stigma against people with mental illness, the tools and framework could be useful for any other issues

Transformative Social Protection discusses the role of social protection protecting socially vulnerable groups from discrimination and abuse.

BOX 4.3

Taking a systems approach to coordinate multisectoral responses to child poverty

For children living in poverty or vulnerable to it, it is unlikely that a single programme will be all they need. Multidimensional poverty analyses around the world has shown that many children suffer from more than one deprivation and thus require multi-sectoral responses.

However, in reality, the programmes and policies are often fragmented, provided by different sectoral ministries or agencies with different application processes, eligibility criteria, or methods of delivery. This has led the governments and development partners to take a systems approach in planning and delivering programmes. A systems approach not only helps the eligible households to easily access multiple programmes but also helps the government and other service providers to increase efficiency in delivering the services by establishing a common approach to identify and reach out to disadvantaged families.

While the name and detailed structure of a system may vary by context, typically a system is coordinated at the following three levels.

- The **policy level** is responsible for overall policy coherence as well as institutional arrangements to provide strategic guidance and oversee implementation.
- At **programme level**, having appropriately designed programmes and maximizing synergies and coordination between them can help ensure that eligible families can have knowledge and access to a wide range of appropriate programmes. Social workers may play a critical role in identifying the need of the families and connecting them with various services.
- **At administrative level** coordination is supported by the development of tools that can be used across programmes, including beneficiary identification system or management information system (MIS), grievance and redress mechanisms, payment arrangements, monitoring and evaluation, and provider contracting.

A systems approach is not only relevant to increase coherence within a sector (for example social protection or health) but should also be applied to coordinate across different sectors to respond to a broader range of interventions. Further guidance on systems approach can be found in the documents below:

Core Diagnostic Instrument (CODI) is an inter-agency tool that was developed to assess social protection systems. The guidance includes a questionnaire, assessment matrix, guideline for country reports and implementation guidelines, all to be applied at country level. The instrument helps to map the elements of system, analyse the performance, identify areas of improvement and promote exchange dialogue between partners.

Common Ground: UNICEF and World Bank Approaches to Building Social Protection Systems outlines the commitment of two organizations in developing and strengthening social protection systems, with country examples.

Integrated Social Protection Systems: Enhancing equity for children is UNICEF's Social Protection Framework that introduces the systems approach, the role of vulnerability assessments, institutional frameworks, monitoring and evaluation frameworks, with emphasis on the importance of participation and accountability.

Addressing multidimensional child poverty

As multidimensional child poverty covers a wide range of deprivations, a policy and programme agenda to address it could (and indeed maybe should) include a very broad range of interventions. This will include both areas directly covered by multidimensional poverty measures (such as basic and secondary education, health care and housing) as well as areas crucial to children's development which may not be fully captured in a child poverty measure (such as early childhood development).

Table 4.1 summarizes the key dimensions for some of the most common multidimensional poverty approaches. Not only are the range of dimensions of multidimensional child poverty broad, so are the possible points of intervention. The table highlights ten areas of possible intervention based on UNICEF Monitoring of Results for Equity Systems (MoRES), such as addressing social norms, supporting physical access to services and ensuring quality.

Table 4.1: Approaches to addressing multidimensional child poverty

Common dimensions of multidimensional child poverty	Areas of possible policy and programme intervention
Health Nutrition Education Water Sanitation Shelter Information Protection	Social norms <i>Widely followed rules of behaviour</i>
	Legislation/policy <i>Adequacy of laws and policies</i>
	Budget/expenditure <i>Allocation and disbursement of required resources</i>
	Management/coordination <i>Roles and accountability</i>
	Availability of inputs <i>Essential commodities/inputs requires to deliver a service or adopt a practice</i>
	Access to services and information <i>Physical access (services/facilities/information)</i>
	Financial access <i>Direct and indirect costs for services/practices</i>
	Social and cultural practices and beliefs <i>Individual/community beliefs, awareness, behaviours, practices, attitudes</i>
Supply	Timing and continuity of use <i>Completion/continuity in service, practice</i>
	Quality of care <i>Adherence to required quality standards</i>
Demand	Quality

The dimensions outlined here build on approaches to multidimensional poverty most commonly used in lower- and middle-income countries. As outlined in Milestone 2, multidimensional poverty in higher income countries may include different indicators. Many are directly linked to monetary child poverty such as lack of parental employment and lack of material possessions.

For more information on UNICEF's MoRES methodology, see *Monitoring Results for Equity Systems (MoRES) Access and Quality in Early Learning*.

It cannot be stressed enough that across most, if not all, of the sectoral areas outlined that can address multidimensional child poverty, there is likely to be extensive thinking, knowledge, and programming which will have carefully considered how to make progress. This will be led by sectoral ministries, donor groups (in some contexts), research experts and think tanks and civil society groups.

Given this very broad possible agenda of action, it is important to have clarity on how multidimensional child poverty measurement and analysis, and those working to support it, can collaborate, support and add value to those working across sectors. This is covered throughout this guidance, and summarized in Box 4.4.



BOX 4.4

Role of multidimensional poverty analysis and advocacy to policy and programme change in sectors

Experience suggests that work on multidimensional poverty can directly support programme and policy change in sectors to reduce child poverty through two channels: identifying key areas of focus and supporting implementation:

IDENTIFYING WHERE TO FOCUS

Key deprivations of the most deprived children: The focus of multidimensional poverty is to consider deprivations across many aspects of a child's life focusing on children experiencing multiple deprivations simultaneously. This focus on the most deprived children can point to particular deprivations, say education or health, that may be driving multidimensional poverty, or if there are some deprivations that frequently overlap, leading to a focus on particular areas and cross-sectoral collaboration. This question is considered in Section B of this milestone.

Underlying drivers of poverty: While analysis in one sector may identify what is driving child deprivation (for example, undernutrition may be caused by lack of income or limited information on nutrition), analysing multidimensional poverty can identify cross-cutting factors that are driving the poverty of children deprived in multiple areas. For example, discrimination based on ethnicity or geography may be the driving factor, or monetary child poverty may be preventing families from accessing services for children. Once identified these drivers can inform policy and programme choices. This analysis is considered later in Section B of this milestone.

SUPPORTING IMPLEMENTATION

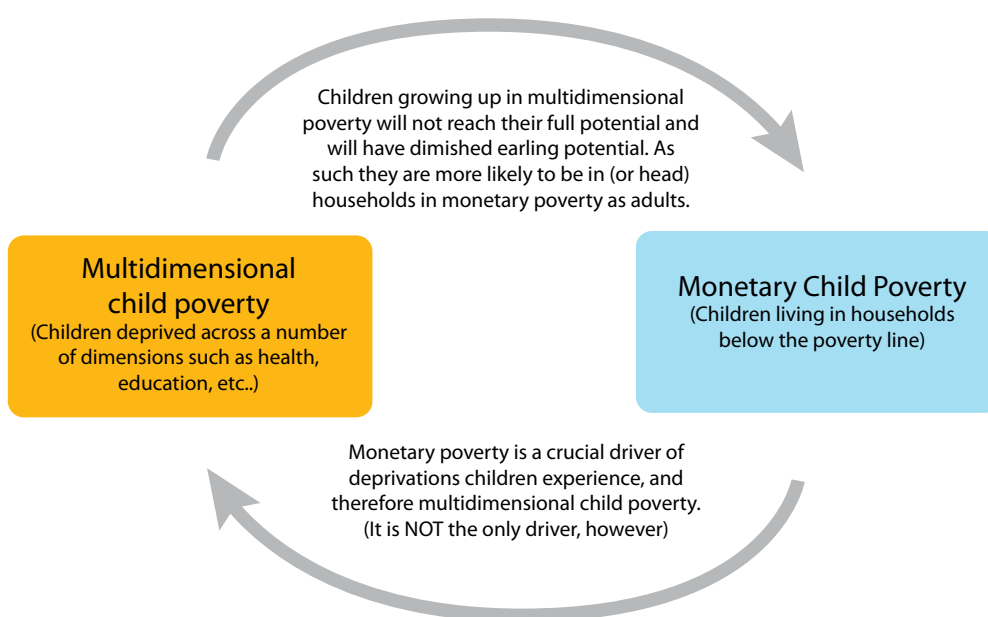
Providing support to specific identified goals: Even where deep sectoral expertise sits outside the team working on multidimensional child poverty, significant support to specific goals can still often be provided. This includes technical support to analysis in sectors to unlock progress for the most deprived children (covered in depth in Section C of this milestone) as well as advocacy and engagement (as outlined in Milestone 3). Relatedly, it is important to note that the relationships of those working on multidimensional poverty might extend beyond those of sectoral colleagues, such as Ministries of Finance and Planning.

Building a supportive enabling environment: A major contribution that multidimensional poverty concepts and measurement can make is building political support and commitment to strengthening services for the most deprived children. For example a child-rights policy or a National Development Plan that uses multidimensional poverty as part of its framing, including the monitoring and evaluation framework, can provide a strong foundation for action can both drive agendas as well as frame the monitoring of progress. Multidimensional poverty can also be an effective chapeau for child-rights advocacy and engagement on public finance for children. This is considered in Milestone 5.

Addressing monetary child poverty

Monetary and multidimensional child poverty are closely related. One of the most fundamental ways to address monetary child poverty in the longer term is to address multidimensional child poverty. As children grow up free from deprivations in health, education and nutrition they can reach their full potential as adults, making it less likely that they – and their children – will be in poverty in the future. At the same time, monetary child poverty is a critical driver of multidimensional poverty (Figure 4.2).

Figure 4.2: Relationship between monetary and multidimensional child poverty



In the policy and programme sphere, monetary child poverty can be distinguished from multidimensional child poverty in two important ways. Firstly, whereas multidimensional child poverty is broad ranging, monetary child poverty is more focused – in some ways more like a sector such as health or education.

Secondly, whereas multidimensional poverty covers areas where there are often strong sectoral actors and advocates, monetary child poverty may not have this focus. So while there is likely to be a strong focus on monetary poverty overall, focusing on how general poverty reduction can consider children or child-specific measures may not have a sector or group focusing on it.

As such, it is both possible and necessary to outline a possible package that can be considered to address monetary child poverty. Overall the programme agenda to address monetary poverty can be categorized into three areas:

- **Increasing income through livelihood and employment.**
- **Direct financial support to families with children, such as through transfers or tax credits.**
- **Addressing the cost of important goods and services to reduce the economic burden on household budget.**

These are looked at in turn in the rest of the section, with later sections considering where child advocates might be best placed to engage, and the technical analysis that can support decision makers.

Supporting livelihoods and employment

ROLE IN REDUCING MONETARY CHILD POVERTY

With unemployment a major driver of child poverty, policies and programmes that increase employment and provide livelihood opportunities can have a very large impact. It is also a key area where economic growth can directly translate into child poverty reduction, through creation of jobs and increase in wages. However, while hugely important, they are not a panacea for all families. First, many households with children may be labour-constrained, with adults unable to work for a range of reasons. For these households, direct income support is essential. Secondly, while employment is important, so are working conditions. The families of many children living in poverty in lower income countries work in agriculture where jobs are most often informal and precarious and prone to shocks such as drought. In formal employment in both richer and poorer countries, parents and caregivers having to work multiple jobs, or working without paid family leave, can be detrimental to children. Finally, for large families or families with children with special needs, the income from work and livelihoods may not be sufficient to cover basic costs.

EXAMPLES OF POLICIES AND PROGRAMMES

A range of interventions from the beginning of life – such as nutrition, early childhood development, education and health – are all vital supports towards productive adulthood. Here, however, we focus on approaches that can support adults and young people, recognizing there are no simple solutions:

- **Livelihood support**, including support with initial assets, training, savings accounts, life skill training and temporary cash support.
- **Employment support** including skill training, job search support and supporting connections with employers.
- **Supporting adolescents** in their transitions to adulthood, particularly for young people who may be disadvantaged due to a lack of educational background or work experience.

- **Laws and regulations** to promote decent work, such as minimum wage law, parental leave policies.
- **Provision of affordable and quality childcare services** to facilitate the caregivers' ability to work.
- **Preventing child labour** being a response to monetary poverty.

FURTHER RESOURCES:

On livelihoods:

The PROPEL Toolkit is an implementation guide to the ultra-poor graduation approach, which provides a step-by-step guide to help any organization implement a graduation programme based on BRAC's experience in Asia and Africa. Similar programmes have been evaluated in six countries (JPAL article: A Livelihood Programme That Works for India's Ultra-Poor: New study in Science), producing positive returns in five of six countries, ranging from 133 per cent in Ghana to 433 per cent in India, that were sustained one year after the end of the programme.

Policy Guidance Notes on the Promotion of Decent Work in the Rural Economy offers guidance to policymakers and development practitioners on ways to effectively address employment- and labour-related issues in the rural context.

Livelihoods Toolkit by The Cash Learning Partnership (CaLP) brings together research, training, tools and guidance on livelihoods with strong focus on humanitarian and fragile contexts.

Generating employment in poor and fragile states: Evidence from labour market and entrepreneurship programs is an evidence review that finds that skills training and microfinance have shown little impact on poverty, while injections of capital—cash, capital goods, or livestock—seem to stimulate self-employment and raise long-term earning potential, often when partnered with low-cost complementary interventions.

On employment and jobs:

Transforming jobs to end poverty - World Employment and Social Outlook 2016 analyses the trend of global poverty situation and jobs. Policy recommendations include promotion of sustainable enterprises, compliance of international labour standards, employment and social policies, and increased funding for job growth strategies.

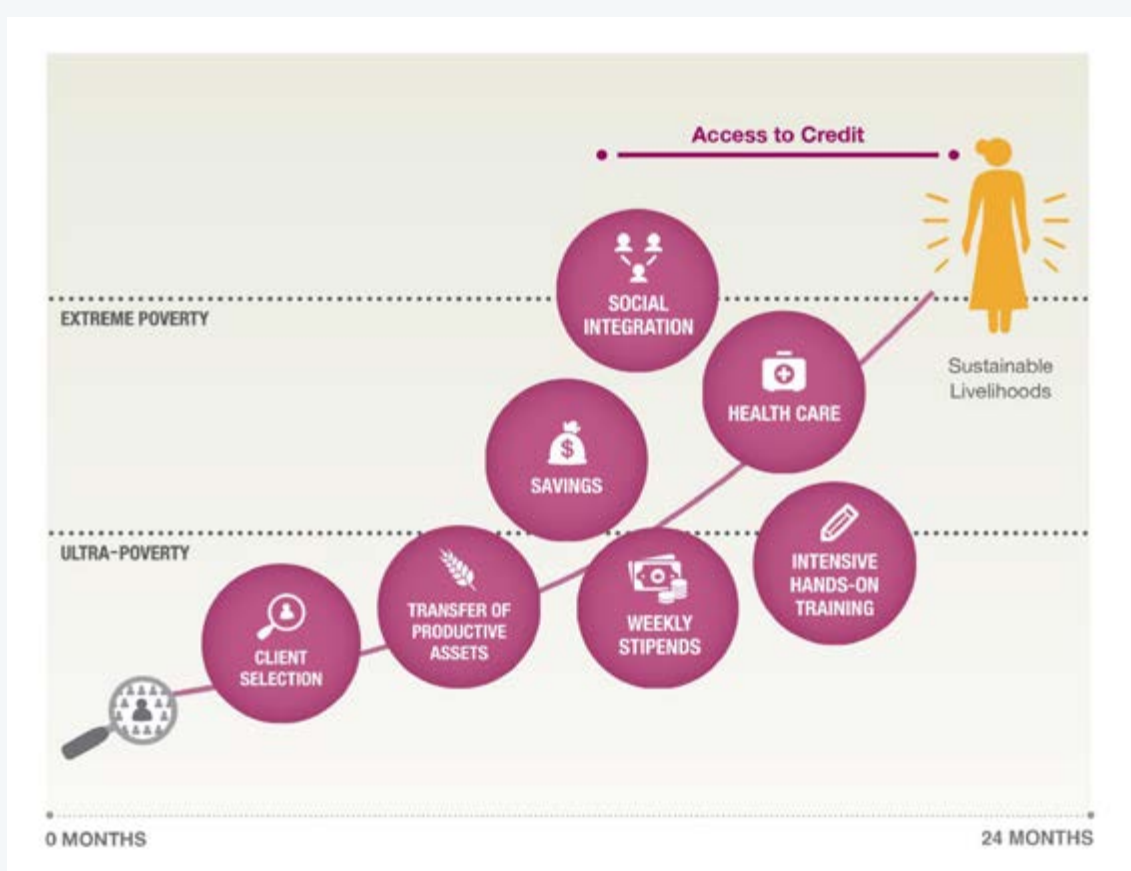
The ILO's Toolkit for Mainstreaming Employment and Decent Work - Country Level Application (2008) provides a checklist at country level to support employment creation and enterprise development, social protection, standards and right at work and governance and social dialogue.



Bangladesh

Bangladesh: BRAC's Ultra-Poor Graduation Programme

BRAC's graduation programme combines immediate and long-term support to households living in extreme poverty towards sustainable livelihoods. The set of interventions addresses multiple dimensions of poverty, ranging from asset transfer to life skills training and community mobilization.



As the name indicates, participants graduate from the programme when they achieve certain economic and social criteria which assess if a household has established food security, income, savings and if positive behavior changes such as on schooling and family planning are observed. As many households remain vulnerable even after graduation, they will continue to be aided by various programmes to be protected from shocks.

The programme reached over 53,000 ultra-poor households in 2014 and 88,000 members from the 2014 cohort have graduated out of extreme poverty.

SOURCE: BRAC (2015)



Chile

Chile: Ethical Family Income (Ingreso Ético Familiar - IEF)

The Ethical Family Income programme was introduced in 2011 as a set of policies and programmes to eradicate poverty and promote equity in the labour market. The first component consists of a combination of unconditional and conditional cash transfers. Among the conditionalities is formal employment of women, aimed to encourage female participation in the labour market.

IEF also puts emphasis on income-generating capacity in the household, which consists of the following elements:

- i) training sessions oriented to overcome barriers to beneficiaries entering the labour market;
- ii) training sessions to develop their soft skills;
- iii) training sessions to reinforce and create technical competencies; and
- iv) labour intermediation to match labour supply and demand.

The job training component, combined with psychosocial support to instil self-esteem, aims to improve skills and encourage engaging in the labour market to promote the incomes of vulnerable adults as they enter the workplace.

SOURCE: MINISTRY OF SOCIAL DEVELOPMENT, 2012; VARGAS, 2012

On adolescent transitions and youth employment:

Global Employment Trends for Youth 2015 - Scaling up investments in decent jobs for youth by the ILO provides an update on youth labour market around the world focusing both on the continuing labour market instability and on structural issues in youth labour markets. The report also discusses the trend in youth and labour market transitions and policies to support youth employment.

The Adolescent Toolkit for Participation and Innovation by UNICEF aims to promote positive outcomes for adolescents' psychosocial wellbeing, learning life skills, and positive active engagement in their communities through cross-sectoral, adaptable, developmentally-appropriate approaches.

Advocacy tools and arguments for social investment in adolescents produced by UNICEF Regional Office for Latin America and the Caribbean lays out the rationale for investing in adolescents, key intervention areas and mobilization and advocacy strategy to promote the agenda.

Youth in Action is a programme by Save the Children and the Mastercard Foundation to support 40,000 out-of-school youth in five countries through a combination of non-formal educational and practice-oriented learning experiences.

On childcare:

Investing in Young Children: An Early Childhood Development Guide for Policy

Dialogue and Project Preparation is a detailed guide that starts from how to convince the policymakers to invest more in ECD, develop a policy framework, to possible interventions and costing and financing.

Women's work: mothers, children and the global childcare crisis is a global report that analyses the 'global care crises' in which 35 million children under the age of five are left alone, or with other young children to look after themselves. The report then discusses potential solutions through expanded childcare provision, economic support to carers, improvement of working environment and better data collection.

Childcare and Early Childhood Development Programmes and Policies: Their relationship to eradicating child poverty is a review of evidence from both developed and developing countries that examines relationship between childcare programmes and poverty reduction.

E-learning course on ECD is hosted by the World Bank. In the two-day session, design and implementation of successful Early Childhood Development (ECD) policies and programmes in low- and middle-income countries are discussed.

On legislation and policies:

The **Maternity Protection Resource Package** provides guidance and tools for researchers and practitioners to strengthen and extend maternity protection to all women in all types of economic activity.

The minimum wage policy guide draws on international experience in establishing minimum wage, and takes the reader through eight steps to achieve minimum wage – from defining the wage, enforcement, and monitoring.

On child labour:

ILO's website on child labour provides facts and figures, definitions, and good practices to eradicate child labour.

FAO's **Handbook for monitoring and evaluation of child labour in agriculture** is a practical guide to include child labour topics in the monitoring and evaluation framework of agricultural programme with some good practices for addressing child labour.

Modern policy and legislative response to child labour (2007) by ILO examines various approaches taken to address child labour around the world with specific possible actions to be undertaken.



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Egypt

Egypt: A pilot programme to reduce child labour

In a pilot programme in Egypt, 1423 eligible children in 116 villages who were aged 6–11 and not enrolled in school and either working or at risk of working in inappropriate forms of child labour were provided with a package of interventions. The package consisted of:

- Transitional education.
- Take-home rations (a package of basic food and cash, adding up to \$105 per month).
- Awareness-raising targeting parents, children, formal and informal leaders, and employers through messaging on the value of education and child rights.
- Income-generating activities for parents (small business loans and training).

The results showed positive school outcomes and significant reduction on the allocation of time for economic activities for boys and unpaid household services for girls. No impact, however, was found on overall participation in economic activities, exposure to workplace hazards, or occurrence of work-related injuries.

SOURCE: ICF INTERNATIONAL (2015)

Direct financial support to families with children

ROLE IN REDUCING MONETARY CHILD POVERTY:

Providing financial support to families can directly increase household income and thus reduce the share of households (and children) living in poverty. Even where direct financial support does not lift a family out of poverty, it can reduce the depth of poverty, and such approaches can also protect vulnerable families falling below the poverty line. Further, evidence shows that increased household income can allow households to invest in productive assets – including health and education towards sustainable incomes of families over the longer term.

EXAMPLES OF POLICIES AND PROGRAMMES:

While the principles of programmes aimed at providing direct financial support are the same, practical approaches vary by context. In many countries, including lower-income countries, cash transfers or child benefits are being widely used. In middle- and higher-income countries with more comprehensive tax systems, tax credits may also be part of the approach.

Examples of policies and programmes include:

- Child grants or family benefit are regular cash transfers for eligible families. Child tax credit can provide tax relief to families with children, mostly in higher-income settings.
- Other cash transfers can also support children living in poverty such as unemployment benefits, disability grants and maternity grants.
- In cash for work schemes, families earn cash in compensation for providing labour.

FURTHER RESOURCES:

For resources on child-sensitive social protection, see the joint statement on [**Advancing Child-sensitive Social Protection**](#), and UNICEF's [**Social Protection Framework**](#).

[**World Social Protection Report 2014-2015**](#) provides recent statistics of social protection programmes globally. Chapter 2 of the report exclusively focuses on social protection for children and families, laying out the role of social protection in ensuring children's well-being, accompanied by an analysis of the legal coverage and public expenditure.

[**Social Cash Transfer and Children's Outcomes: A Review of Evidence from Africa**](#) reviews the evidence of the multisectoral outcomes and operational lessons.

[**Cash Transfers: what does the evidence say? A rigorous review of impacts and the role of design and implementation features**](#) reviews evidence on cash transfers from 2000 to 2015, covering 165 studies in 30 countries. The review pays particular attention to the design features of the programmes on the outcomes.

[**Designing and Implementing Social Transfer Programmes: a policy manual**](#) is another comprehensive guidebook for practitioners, with detailed guidance on designing, implementing and managing social transfer programmes.

[**Socialprotection.org**](#) is an online platform that provides a document library, online webinars, and a discussion forum hosted by International Policy Centre for Inclusive Growth.

Development Pathways has an extensive [**recommended reading list on their website**](#).

Guidance and evidence on tax credits is more limited, but a few policy briefs can be found for some countries that have introduced the policy. See [**Policy Basics: The Child Tax Credit for the US**](#) or the [**Welfare Benefits and Tax Credit Handbook for the UK**](#) to learn more about the details of the tax scheme.



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Brazil

Brazil: Bolsa Familia (Family Allowance)

Brazil's Bolsa Familia (family allowance) is the world's largest conditional cash transfer programme, reaching 14 million families in 2015, about one in four Brazilian families. Introduced in 2003, it aims to address poverty in the short-term by providing monthly cash payment to families living in poverty, and build human capital in the long-run by including conditions on sending children to school and receiving vaccinations. The size of transfer varies by household income, number of children and whether there is a pregnant woman or nursing mother in the household.

The government manages a single registry system, Cadastro Único, where the characteristics of families living in poverty are registered, including information such as the address, members of the household, educational background, and occupational status. This database not only helps identify the eligible people for Bolsa Familia but for other social programmes.

Since 2002, Brazil lifted 36 million people out of poverty, and the Bolsa Familia is considered to have played a leading role in this achievement. It is also the key component of the government's plan to eradicate poverty 'Brasil Sem Miséria'.

For more information, *Bolsa Familia Program: a decade of social inclusion in Brazil* documents the progress of the programme over ten years, providing rich lessons learnt that can be applied to other contexts.

Reducing the costs of basic goods and services

ROLE IN REDUCING MONETARY CHILD POVERTY

High costs of basic goods and services can greatly reduce the disposable income of families to sustain minimum living standards and drag them into poverty. Interventions to reduce the costs and fees of basic goods and services will not only help free up the limited household budget of those living in poverty, but can also address the consequences of monetary poverty for children by lifting the financial barriers they face in accessing basic services.

EXAMPLES OF POLICIES AND PROGRAMMES

While there is a range of goods and services that affect the household budget, only a limited number of areas both make up a significant percentage of the household budgets of poorer families (and as such are costs that cannot be avoided) and are part of government intervention with some frequency. These include:

- Families living in poverty often spend a large proportion of their income on essential survival goods such as food, housing, electricity or energy. In many countries these goods may be subject to subsidies

or taxes which affect their price. The impacts of subsidies and taxes need to be carefully analysed to understand if they are reaching the poorest, or if richer parts of the population are benefiting more. Benefit incidence, impact evaluations and simulations as well as macro-level simulations to estimate economy-wide impacts are some tools to analyse the impacts (considered later in this milestone).

- Reducing the costs of key basic services, such as health and education, not only reduces financial barriers to access but can ease financial burdens on households. Health events in particular can have a devastating impact on family finances – both in immediate costs and lost income – and can be a key factor in driving family poverty.

FURTHER RESOURCES

Global Subsidies Initiative compiled a list of [*introduction to non-experts on subsidies*](#) – to make understandable an area where information has been fragmented and highly technical.

[*School Fee Abolition Initiative Six steps to abolishing primary education fees – operational guide*](#) is an output of the School Fee Abolition Initiative (SFAI), based on its experience and discussion from different countries in achieving universal access to primary education.

[*The abolition of user fees for health services in Africa – Lessons from the literature*](#) is a systematic review of health fee abolition in five African countries. The paper compares how user fee abolition policies emerged, formulated, implemented and made impacts across different countries.

Financial Protection is at the core of achieving universal health coverage and is considered achieved when direct payments made to obtain health services do not expose people to financial hardship and do not threaten living standards. [*WHO's website on financial protection*](#) gives links to video, training course and documents to enhance financial protection.



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Ghana

Ghana: Fuel subsidy reform

In early 2013, the Government of Ghana introduced the removal of fuel subsidies, leading to increases in the price of petrol, kerosene, diesel and liquid propane gas. UNICEF and PEP undertook a study to assess the impact of the reform on poor children and to ensure a mitigating response in the form of a social safety net.

The analysis confirmed that government aid has disproportionately benefited the country's wealthiest group - with 80% of fuel subsidies going to the country's wealthiest, while Ghana's poor received only 3% of the revenues generated. The findings also showed that removing fuel subsidies would increase poverty by 1.5%. On the other hand, the researchers demonstrated how doubling the national cash transfer programme (LEAP) to 150,000 households in 2014 would reverse the national increase in poverty and reduce inequality. In response to these findings, the Ghanaian government committed to doubling LEAP, increased the budget from 8m GHS in 2012 to 38m GHS in 2015, and further plans to expand the coverage to the poorest children and families.

For the original study, see Cooke et al. (2016) Estimating the impact on poverty of Ghana's fuel subsidy reform and a mitigating response. *Journal of Development Effectiveness*.

B. What to focus on: picking the right policies or programmes to advocate for

With a broad range of possible areas to address child poverty, what are the right ones to focus on? In some contexts, advocating broadly for a common core of policies and programmes to address child poverty may be sufficient to spur policy makers into identifying specific responses and taking action. In other situations, however, narrowing focus to particular policy and programme areas and providing focused advice and advocacy may be more effective.

Picking the right policy or programme to advocate for is a real world challenge faced by child advocates working on the ground. There are many considerations on where to focus, ranging from the particular situation of children in a country and factors driving their poverty; the current status and gaps of programmes for the poorest children; where political interest lies; and, finally, the strengths of the team working on child poverty.

While there is no simple algorithm to tackle these complexities, experience on the ground does suggest some practical pointers to how child advocates are making these decisions. These are outlined below and in Exercise 4.1. Subsequent sections of this milestone then look at each of the elements in the table in more detail.

It is important to note that in practice many of the aspects outlined in Exercise 4.1 (with the exception of child poverty profiling) are often carried out without extensive processes – indeed sometimes almost subconsciously – by those working closely on the issues as with in-depth knowledge of a country, its children and the policy environment, the answers can be clear. In other circumstances, undertaking processes with national experts and stakeholders may strengthen and clarify conclusions as well as build ownership.

Exercise 4.1: Approaches for choosing the policies and programmes to advocate for



Steps	Gathering information
<p>1. Know the child poverty profile in the country, to help understand if policies and programmes will reach children living in poverty (page 148–164).</p>	<ul style="list-style-type: none"> - Build a child poverty profile looking which children are in poverty, where, in what dimensions and understanding drivers. Builds on the measurement from Milestone 2. - Process: Requires statistical analysis and expertise. If measurement has already been undertaken, this may take up to one month.
<p>2. Understand the current status of policies and programmes in the country: what is on the books, what is at scale, where political appetite lies (page 164–168).</p>	<ul style="list-style-type: none"> - Expert knowledge of practitioners or core team. - Expert knowledge of government and external partners. - Desk review and interviews. - Process: could be done through a workshop or more quickly based on existing knowledge.
<p>3. Understand strengths and weaknesses of the team working on child poverty to understand which areas can be meaningfully engaged in (page 169).</p>	<ul style="list-style-type: none"> - Identification of technical expertise, resources, existing relationships and ongoing work by core team. - Can be a simple and quick process.



4. Conclusions. There is no simple algorithm to move from these considerations to a 'correct' answer. But this knowledge provides a solid basis for discussion and decision making. While this could be done through national workshops to bring in more expertise and ownership, it is more commonly done by a small group or even individuals.

Finally, it is ultimately a package of interventions that will sustainably reduce child poverty, so selecting a number of policies or programmes to move forward is a common strategy.

Understanding the child poverty profile in the country and what is driving it

Understanding the situation of child poverty and the key factors driving it is a crucial step in narrowing down the policy or programme area to focus on. The following three tools can help build this picture.

- A. **Child poverty profiling** – understanding who and where are the poorest children. This approach uses the same household survey that produced poverty measurement and disaggregates the poverty rate by different factors to capture the characteristics of children living in poverty. Multidimensional poverty measures can also show the leading dimensions of deprivation, overlap between different deprivations and between monetary poverty. Monetary poverty can further be analysed to understand the sources of income (both from employment and social assistance) and expenditure patterns.
- B. **Regression analysis to understand statistically some of the underlying drivers of child poverty.** These statistical techniques can take into account multiple possible drivers and isolate the role of one factor in relation to others. For example, the low level of a household head's education may appear to be a driver of child poverty, but it might actually be a proxy of living in a remote area. Results from regression analysis show how each factor is correlated with child poverty when other variables are controlled.
- C. **A problem tree analysis to bring in qualitative information to understand underlying drivers.** This is a participatory tool to map out all the potential drivers of child poverty, incorporating different perspectives on the problem. It can complement poverty profiling by identifying factors that cannot be captured in household surveys, such as the attitudes or behaviour of people and other structural causes such as institutional discrimination. Workshops to develop a problem tree can be a great way to incorporate wide range of perspectives from policymakers to children living in poverty.

A. CHILD POVERTY PROFILING

Who and where are the poorest children

Without a clear understanding of the children living in poverty it is difficult, if not impossible, to assess whether policies and programmes will make a difference in their lives. It helps identify groups of children that should be prioritized by their age, geographical location, household structure, or any other factors that can put them at higher risk (such as ethnicity, disability or gender). Identifying the poorest children can also reveal some basic information about what might be driving them into poverty. For example,

if it turns out that children under 5 in the northern part of the country are the poorest, it will allow us to look further into particular factors that are associated with the age group and location, using a causal tree analysis.

There are specific factors for both multidimensional and monetary poverty that can help identify the policy/programme area of priority – they are summarized in same Table 4.2, and outlined in more detail below.



Table 4.2: Using a child poverty profile to identify priority policy and programme areas.

	Policy implications
Child poverty profile: who and where are the poorest children?	
Age disaggregation of child poverty	Policies and programmes can be targeted to reach children of ages with a higher likelihood of poverty. For multiple dimensional indicators this will point to specific dimensions of poverty which cover particular ages.
Regional, linguistic or ethnic differences in child poverty rates	Where particular groups of children are more likely to be in poverty, particular policy and programme attention to those groups or areas is needed. Results may imply structural inequity that need strong political commitment to address. Approaches could range from regional prioritization to the sensitization of programmes to particular groups such as language.
Gender	In most contexts, girls' experience of poverty will differ to that of boys. Traditional child poverty measures, however, often don't effectively identify these differentiated experiences and impacts. Bringing in other analysis, listening to children, and specific indicators and indices (for example the Adolescent Girls Index in Uganda) can help identify specific gendered vulnerabilities and policy responses.
Children not included or not well captured in household surveys	In many contexts there are children who are not well accounted for in the household surveys that drive child poverty analysis. They may be children living on the streets, in care or in institutions (See Box 2.4 in Milestone 2). Children with disabilities are also often not well captured and yet among the most vulnerable. Given the specific needs of these groups of children, tailored policies and programmes may be needed.
Multidimensional child poverty	
Deprivation rates by Dimension/Indicator and overlapping dimensions	In multidimensional poverty, some particular dimensions can stand out as leading or driving multiple deprivations, and as such imply the need for an increased focus to particular areas. A strength of multidimensional poverty analysis is identifying areas of overlap, often using venn diagrams, between areas of deprivation. Highly overlapping areas make a strong case for coordinated, multisectoral interventions. MODA in particular focuses on these overlaps.
Role of monetary child poverty in driving multidimensional child poverty	This analysis can give important insights into the situation of children with policy implications. Where there is an overlap, further analysis can highlight where financial barriers may be driving deprivation, and therefore a cash transfer or supporting maternal employment could be effective. Where children are in multidimensional poverty, but not monetary poverty, the problem could be the quality and availability of services, or knowledge or empowerment within the household. It's important to stress as the monetary poverty line represents a certain level of financial deprivation, analysis of financial barriers can require using more than the monetary poverty rate alone.
Monetary child poverty	
Employment Status of parents	Most directly, lack of stable or decent income is the direct cause of monetary poverty and thus the information regarding employment such as work status (full-time, part-time, self-employed or unemployed), sector of employment, work hours, wages, social security from the employer, could provide important implications for labour market policies.
Financial Assistance received by households	For vulnerable families, social assistance, ranging from child grants to employment benefit, can be essential to addressing child poverty. Some household surveys also allow to analysis of how much support poor families receive from the government and other organizations.
Spending on basic goods and services	Expenditure surveys provide details about what the household spend money on. If the spending on basic services and education is also high among the poor that could have direct implication for policies to abolish or reduce service fees.

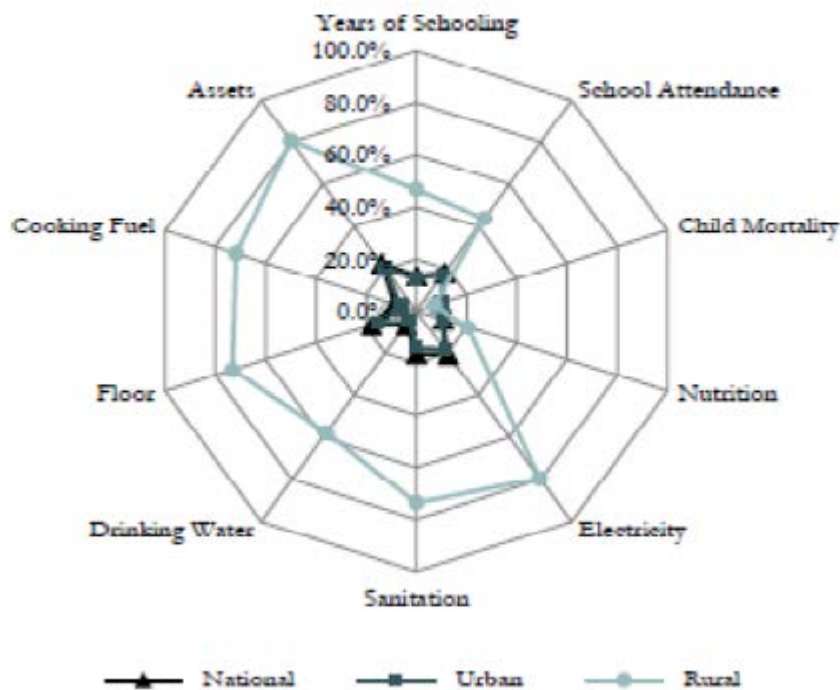
MULTIDIMENSIONAL CHILD POVERTY PROFILING TO GUIDE POLICY AND PROGRAMME FOCUS

Identifying the leading dimensions of multidimensional poverty and key overlaps

For multidimensional poverty, looking at which dimensions are driving child poverty can have important policy implications. This includes both looking at the leading dimensions of multidimensional child poverty and key areas where deprivations overlap, and analysing monetary and multidimensional child poverty together where both are available.

Leading dimensions of multidimensional child poverty can give direct information on which outcome area is lagging behind. The results are effectively shown in a radar chart, as in the country briefing of MPI for Djibouti. In the case of Djibouti, the chart shows that child mortality, nutrition or school attendance are less prevalent compared to the high deprivation rate in assets or electricity. By also disaggregating into urban and rural, it also shows the striking gap between the two areas.

Figure 4.3: percentage of the population who are MPI poor and deprived.



SOURCE: OPHI COUNTRY BRIEFING, DJIBOUTI (2015)

However, there are some important considerations in interpreting these types of analysis.

- Should focus just be on the area where children are most deprived? Even where one area of deprivation is highest, there will be a variety of combinations in which children are experiencing

multidimensional poverty (for example, they could be deprived in education and water; or information and housing). While this will vary slightly across methodologies, focusing on different dimensions – not just the highest – can reduce the child poverty rate; it need not be a zero sum game.

- How do different dimensions overlap? MODA analysis in particular is focused on identifying areas where there are key overlaps between dimensions. This can help both identify the key deprivations that are driving multidimensional poverty, as well as encourage multisectoral responses to address deprivation overall.
- Are some deprivations ‘easier’ to address than others? The ability to address each dimension may not be equal. For example, even where many children are deprived in terms of their housing conditions, transforming roofing materials may not be as affordable or realistic to address as deprivations in education.
- In reality, are all deprivations equally important? This is a complex and potentially controversial issue, but when considering policies and programmes in practice it must be addressed. Multidimensional poverty indices generally choose ‘neutral’ weighting. That is to say in the MODA and Bristol approaches, for example, a lack of information (often defined as a family having a mobile phone) is considered equally important to a child as a lack of education. In any particular country context there may be national considerations that, as child rights are progressively realized, should be prioritized. While these prioritizations are often not built into poverty measures themselves, these considerations can come to the fore in policy discussions.

Role of monetary child poverty in driving multidimensional child poverty

A major advantage of using both monetary and multidimensional approaches to measure child poverty is that analysis can help identify the role of financial barriers in driving deprivations that children experience.

The relationship between monetary and multidimensional poverty can reveal both where money matters and where money alone is not enough. Where there is not a strong relationship between the two it can highlight where the solutions to children’s deprivations must go beyond monetary poverty to factors such as service delivery and quality (Table 4.1).

In other cases, monetary poverty can be a key driver highlighting the importance of focusing on monetary poverty to address children’s deprivations. The policy implications can range from cash transfers, to user fee abolition to employment generation.

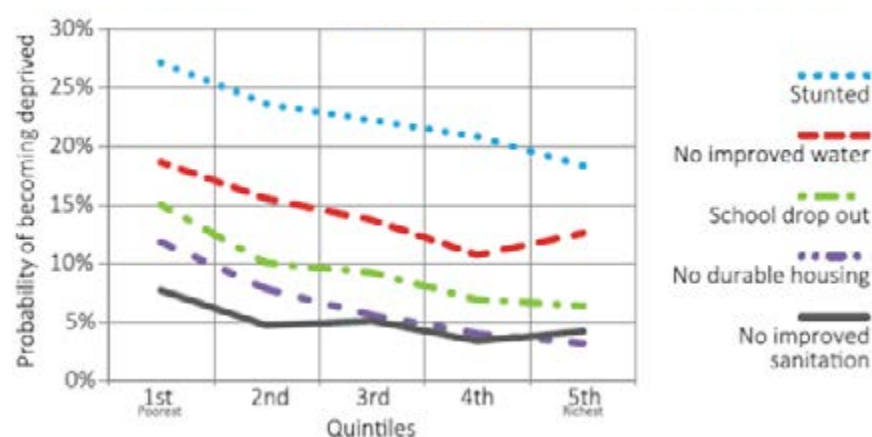
The child poverty study based on MODA in Iraq, for example, shows how the probability of child deprivation decreases as households have higher per

capita expenditure (Figure 4.4). Using this approach allows the overlap analysis between the two not to be constrained by a specific poverty line but shows how a gradual increase in income/expenditure is associated with changing deprivations.

Many indicators have correlation with the consumption level, such as stunting, access to water, school dropout and durable housing, while the relationship is weaker on sanitation. This suggests that interventions to address monetary poverty may need to be combined with other activities (such as communication for development or service provision) to improve the sanitation rate.

To further identify financial barriers to goods and services, analysing the formal and informal cost of services as part of the policy and programme review (page 164) or average expenditure on goods and services among the poor (page 156) can also be helpful.

Figure 4.4: Probability of children becoming deprived by the level of household PCE



Source: UNICEF AND GOVERNMENT OF IRAQ (UNDATED)



MONETARY CHILD POVERTY PROFILING TO GUIDE POLICY AND PROGRAMME FOCUS

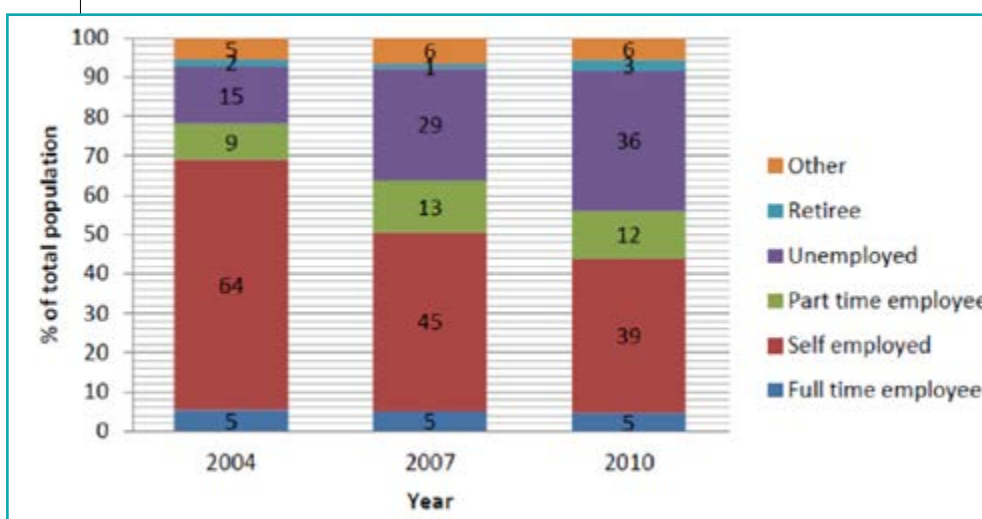
The situation of employment

Unemployment, unequal pay or informal work without social security can all be factors that affects household's economic security. Profiling the employment status of a household can include looking at:

- Type of employment (full-time, part-time, self-employed or unemployed);
- Who in the household works, and the labour capacity of the household;
- Hours of working and wage rates;
- The sector of employment which can highlight key areas where policy change is needed.

Figure 4.5 looks at the employment status among children living in poverty and its trends in Denmark. It is striking that only five per cent of the parent(s) of children living in poverty work full-time. The results imply the importance of public support to reach households without full-time employment, the need to understand the challenges of parents seeking full-time employment, and the role of direct transfers to households where employment approaches cannot address child poverty.

Figure 4.5: Poor children by employment status of the parent(s)



SOURCE: BOSJENT ET AL.(2013)

Direct financial support to families with children

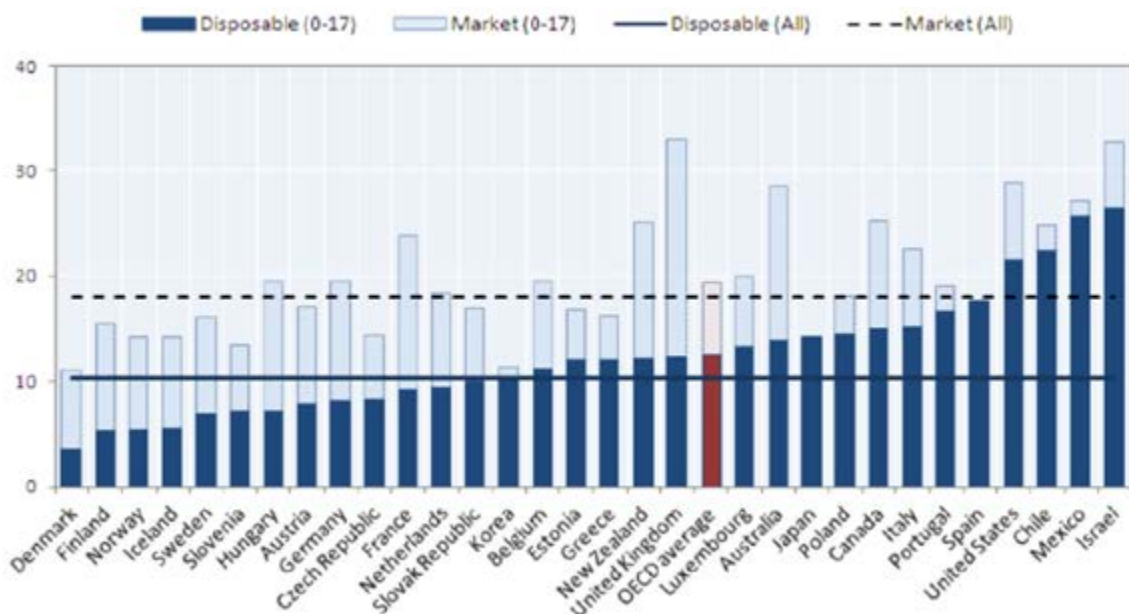
Cash transfers and other forms of direct support are essential for families who are unable to work or earn enough income. Many income and expenditure surveys allow to analyse the availability and amount of social assistance to poorer households, and in higher income settings this can include the net impacts of taxes and transfers and the impact on poverty.

These types of data allow building a profile of child poverty that can include understanding:

- The net impact of social assistance on child poverty rates;
- The average share of public assistance among the total amount of expenditure/income;
- Which groups do and do not benefit from social assistance;
- The trend in the amount or share of public assistance.

Figure 4.6 below shows the share of taxes and transfers on child poverty across OECD countries by comparing the child poverty rate before and after the tax and transfers. It shows a clearly positive impact, with the average child poverty rate in OECD dropping from around 20 per cent to 12 per cent after taxes and transfers.

Figure 4.6: Child poverty rates based on market (before taxes and transfers) and disposable (after taxes and transfers) income, mid to late 2000s



SOURCE: OECD INCOME DISTRIBUTION DATABASE

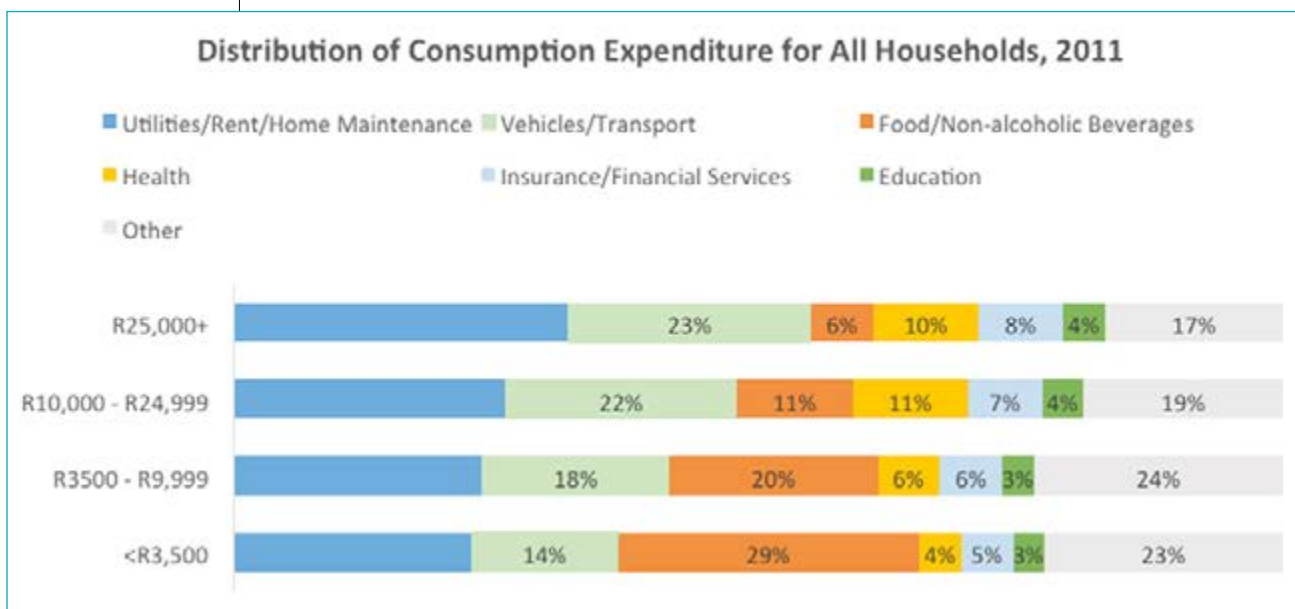
The costs of basic goods and services

The spending patterns of poorer households can help understand where public policies and assistance can be more effective to release the burden of families who are financially constrained. Analytical questions to include in a child poverty profile could include:

- What are the dominant factors of household expenditure among poor households with children?
- How does it compare with the expenditure pattern of non-poor households?
- Are there official/unofficial payments for education and health services?
- What are the difference across groups such as different regions or household structure?

Figure 4.7 breaks down the spending pattern of South Africans by average expenditure. The share of expenditure on health and education is relatively small among the poorest group – and further investigations could reveal if this is because of low usage or the affordability of services. On the other hand, further analysis may be needed to understand the high share of food-related expenditures, including impacts on nutritional content of food and approaches to address the burden.

Figure 4.7: Breakdown of the expenditure of South African households by income quintile



SOURCE: IES 2010/11

B. REGRESSION ANALYSIS TO UNDERSTAND THE DRIVERS OF CHILD POVERTY

The approaches to child poverty profiling outlined above can give vital descriptive information on child poverty but may not identify underlying drivers which are crucial to poverty responses. Statistical (regression) techniques can be used to tease out the contribution of different factors in driving poverty and quantify how each factor increases/decreases the likelihood of a child being in poverty.

There are two main advantages of adopting these types of regression techniques. First, it can show how each factor is associated with child poverty in isolation of all the other factors included in the analysis. In many cases the characteristics of poor household are interlinked – families in rural areas, for example are also likely to live in larger households and have lower levels of education. The regression analysis allows the complex situation to be broken down to understand the correlations controlling for other factors. Second, it can quantify the degree of correlation and the direction of relationship which can help understand key drivers of child poverty.

Table 4.3 shows the results from a determinants analysis in Bosnia and Herzegovina. Looking at ten factors simultaneously, ranging from the district to household structure, the regression results presented in the table show how the ten factors correlate with a child in multidimensional poverty (defined here as deprived in four or more dimensions). There are three factors that the table identifies:



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1. Building a national pathway to end child poverty

2. Measuring child poverty

3. Putting child poverty on the map: child poverty advocacy

4. Reducing child poverty through policy and programme change

5. Ending extreme child poverty and halving it by national definitions

(1) Statistical significance: If the difference between one group and the other(s) is statistically significant, it implies that the difference observed in the sample survey is likely to hold for the whole population. If not, the difference observed in the sample is not consistent or strong enough to conclude that the same is true for the whole population. For more on this, read, for example <http://www.measuringu.com/blog/statistically-significant.php>.

Where statistically significant, the coefficient is marked with asterisks. Out of the ten indicators, five factors (child is under 3 years old, rural, head of HH is female, mother has primary/no education, dependency ratio higher than median) were statistically significant. The number of asterisks imply the level of statistical significance – the more asterisks, the more likely that the relationship holds for the overall population. The correlation with other factors was not strong enough in this sample to generalize for the whole population.

(2) The direction of correlation: A positive coefficient implies positive correlation between the factor and poverty, and a negative relationship for a negative coefficient. For example, the coefficient of the ‘child is under 3 years old’ coefficient is negative. This means that the younger children were less likely to be deprived in four or more dimensions. Likewise, the positive coefficient for ‘*mother has primary/no education*’ means that when children’s mothers were less educated they were more likely to become deprived in four or more dimensions.

(3) Size of the effect: The value of coefficient or odds ratio show the degree of correlation. The mother’s education has the largest odds ratio (2.42) and the interpretation is that when a child’s mother has primary or no education, the ratio of becoming deprived in four or more deprivations is 2.42 times higher than children whose mother has a higher level of education.

Clearly, identifying the determinants is not an easy task, and even with regression techniques there are certain limitations. First, the regression analysis can only identify the correlation and not causation. For example, a girl could be deprived because of early marriage, but it could also be true that she married early because she was in poverty. Thus careful examination and interpretation of the relationship is critical. Second, some of the deeper causes of poverty rooted in history or socioeconomic context will not be captured by regression analysis. These can be addressed using qualitative research methodologies.

Finally, there are potential biases to the results caused by wrong selection of variables or lack of available information. As such, regression analysis should be conducted with caution and carried out by skilled experts to avoid misleading results.

Table 4.3: Logistic regression: deprivation in four or more dimensions

	Coefficient	Odds ratio	P-value
Republika Srpska	0.04	1.04	0.80
Brcko Distrikt	-0.56	0.57	0.16
Girl	-0.29	0.75	0.06
Child is under 3 years old	-1.35***	0.26***	0.00
Rural	0.69***	1.99***	0.00
Head of HH is female	-0.61*	0.54*	0.01
Mother has primary/no education	0.88***	2.42***	0.00
Lower educated head	0.30	1.34	0.13
3 or more children	-0.05	0.95	0.79
Dependency ratio higher than median	0.32*	1.38*	0.03
Constant	-0.76***	0.47***	0.00

SOURCE: FERRONE AND CHZHEN (2015)



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KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Prepare for the analysis.	What information does the household survey contain? How can the analysis fit into a larger analysis of the problem?
Step 2	Review existing literatures about drivers of poverty and child poverty.	What does the existing literature say about the underlying and root causes? Are there results from participatory discussions on the drivers?
Step 3	Conduct regression analysis to identify the immediate drivers.	Which factors were statistically significant? What are the degree and direction of the correlations? What are the limitations of the regression analysis?
Step 4	Publication and dissemination.	What are the main findings? Where is there need for further research? Was the existing literature or results from profiling consistent with the results from the interviews?

TIMELINE:

- The analytical process itself should take two to six weeks. However, ideally, the quantitative analysis should be part of a larger causality analysis (outlined below), which can take two to six months.

SKILLS AND DATA:

- Statistical skills to understand the theory and practice in running these types of regressions as well as interpreting the results.
- Ability and experience in combining multiple sources of information.

RESOURCES

The Chapter 8 and 14 of the World Bank's guide [The Handbook on Poverty and Inequality](#) (Haughton and Khandker, 2009) provides detailed instruction in conducting determinants analysis using regression techniques.

C. PROBLEM TREE ANALYSIS

While child poverty profiling and regression analysis can give vital information, they are inevitably limited by the availability of data and available statistical approaches. Very significant knowledge and expertise cannot be included, and, as such, a very effective complement is to carry out a 'qualitative causality analysis' which brings together knowledge and experts to explore key drivers.

There are several approaches to identify root causes such as 'problem tree analysis', 'causal analysis', or 'fish born diagram'. The basic idea in all of them is to keep asking 'why' to reach the root cause that can then be addressed by a policy or programme intervention.

Problem trees analysis is one of the most common formats to map out key problems and causal relationships. The process is recommended to be carried out in a small focus group led by an experienced facilitator, using flipcharts, post-it notes or cards so that the factors can be re-arranged throughout the discussion.

The problem becomes the trunk of the tree, the consequences form the branches and the causes become the roots. Identification of the problem can be more effective when not looking generally at overall monetary or multidimensional child poverty, but rather more specific areas (such as unemployment among parents of children under 5 years of age; or deprivations in education) which may have been identified by previous profiling (Figure 4.8).

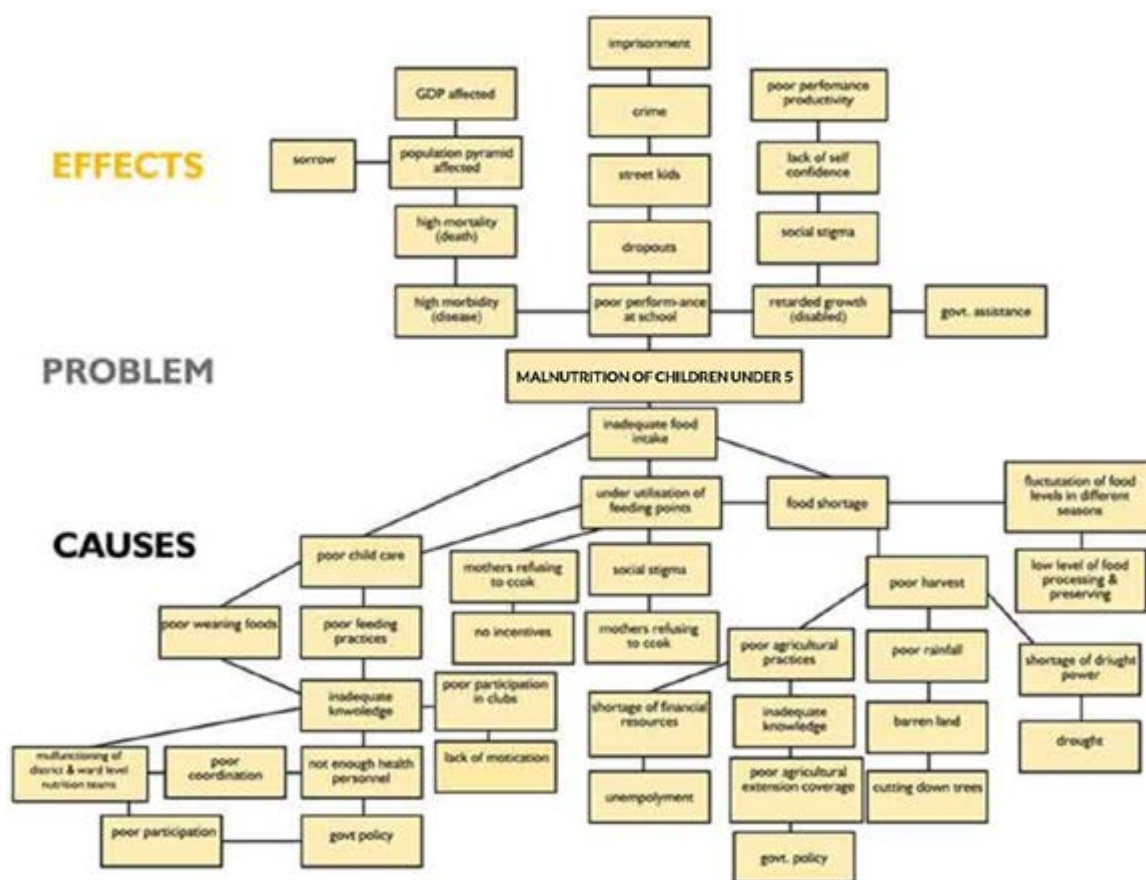
During the discussion it is important to:

- Check if the causality analysis is comprehensive and considering economic, political or social causes. At this stage it is better to identify as many options as possible.
- Identify areas where further information or research may be needed.
- Organize the causes or effects by immediate and direct factors as well as deeper or root causes. The analysis is concluded when the members can agree that essential elements and causal relationships are captured.

The involvement of policymakers in the process to integrate their expertise as well as build their understanding of the issues can be important. Indeed one of the advantages of a collective causality analysis is the bond it creates among the participants through joint activities.

Problem tree analysis can be conducted in combination with regression analysis (see Section B of this milestone), to inform the choice of the model in the regression analysis or to examine the results from the analysis.

Figure 4.8: Problem tree analysis of malnutrition in children under 5



(SOURCE: ANYAEGBUNAM, 2004)

In developing a comprehensive analysis, one needs multiple sources of information to complete the exercise. Some information will come from the poverty profiling or from the same household surveys, but they may be complemented by information about the services from administrative data, or about the social and cultural practices from existing studies, focus group interviews with advocacy groups or with local citizens.

Focus group interviews are typically conducted with 8-12 participants to gain a deeper understanding of the causes, needs or reactions to any proposed activities. A moderator will prepare a set of open-ended questions to start and facilitate the discussion in a relaxed, safe and comfortable setting.

Directly reaching out to the most vulnerable population could be an effective way to understand the social discrimination or barriers that they face, cultural norms and practices, or other structural barriers that may not be collected in a household survey. For more detailed guidance, see the DFID social development toolkit (2003).

STEPS (DRAWN FROM DFID'S SOCIAL DEVELOPMENT TOOLKIT):

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Prepare for the analysis.	<p>What does the profiling tell you about the characteristics of children in poverty?</p> <p>Who should be involved in the process? Who can facilitate?</p> <p>What do existing literature say about the underlying and root causes?</p>
Step 2	Formulate the problem.	<p>Are we focusing on monetary or multidimensional poverty?</p> <p>Which dimensions or aspects should be the focus?</p>
Step 3	Develop the problem tree.	<p>What are the immediate causes and effects of child poverty?</p> <p>What are deeper causes and how do they relate?</p> <p>What are the information gaps that should be filled by stakeholder interviews in step 4?</p>
Step 4	Fill the knowledge gaps with statistical analysis or focus group interviews.	<p>How do children, families and authorities perceive the underlying causes of poverty?</p> <p>What do statistical analysis and macro data say about the relationship and causes?</p>
Step 5	Complete the analysis.	<p>Have all participants agreed on the essential causes and the relationships?</p> <p>Which causes should be addressed with priority?</p> <p>What are the policies and programmes to address the causes?</p>

TIMELINE:

- In the simplest format it will be a one-day workshop, but the preparatory work and follow-up work will take a few weeks.
- Ideally, the process should go back and forth between developing a tree and finding evidence from interviews and statistical analysis, in which case the whole process can take two to five months.

STAKEHOLDERS:

- Local researchers could lead the literature review process and conceptualize the underlying causes of poverty.
- Civil society partners may have extensive knowledge and expertise in causal factors that should be included.
- Children and families themselves living in poverty could offer direct experience and insights on the causes.
- Involvement of policymakers in the process will raise awareness of the underlying inequities which could be very important in triggering policy responses.

SKILLS AND DATA:

- Local knowledge of the social norms, inequities and barriers in the society that cause structural poverty.
- Knowledge and ability to facilitate participatory workshops and qualitative interviews.
- Ability and experience in combining multiple sources of information.

RESOURCES

On Causality analysis

DFID social development toolkit is a practical guide that gives detailed instructions for conducting situation analysis, problem tree analysis and focus groups.

UNICEF's 16 Tools for Programming for Policy Results feature two tools that are directly relevant to causality analysis. Tool 3, on problem-focused causality analysis and Tool 4, entitled 10-determinant framework of causality: a checklist.

Chapter 3 of ***Child Poverty: What drives it and what it means to children across the world***, discusses the drivers of child poverty in different contexts, from fragile states to high-income countries.

Voices of the Poor is an extensive project by the World Bank to interview 60,000 from 60 countries in an attempt to understand poverty from their own viewpoint.

Understanding the current policies and programmes in the country

When developing policy or programme recommendations to alleviate child poverty it is likely that government efforts already exist across many areas. It is crucial to be aware of these to identify key policy programme and policy gaps or weaknesses where progress could make a difference.

Policy and programme mapping is a way to identify policy and programme strengths and weaknesses for child poverty. It links closely with child poverty profiling and understanding the drivers of child poverty to help focus on priority areas. Exercise 4.2 shows one approach to a mapping, building on the child profiling and the policies and programmes that can make a difference.



Exercise



Exercise 4.2 Mapping Policies and Programmes to Address Child Poverty

CATEGORIES TO ASSESS CURRENT POLICIES AND PROGRAMMES

QUESTIONS TO UNDERSTAND POLICY CONTEXT

(1) Overall situation of child poverty and how it integrates with the overall poverty reduction approach.

- What are the key national strategies to address poverty? Are children explicitly mentioned or focused on?
- Does the country have a plan to achieve SDG goals? Is child poverty explicitly included?
- What are some macroeconomic policies to promote growth? Do they have elements of pro-poor growth which will benefit the poorest children?

(2) Assessment by key aspects of the child poverty profile (including regional, linguistic or ethnic differences and children who can be forgotten).

- Are there special policies/programmes for disadvantaged groups identified in the profiling such as approaches to prioritise particular geographic areas?
- What are the policies/programmes for each age group? Are they prioritizing age groups where poverty is highest?
- If any structural discrimination or inequity was identified, does the country plan to eliminate them by policies or laws such as anti-discrimination laws?
- What is the balance between rural development policies, urban development policies and the child poverty profile?
- Are there policies or programmes for groups of children who need special attention – such as children with disabilities, children in institutions or children living on the street?

Cross cutting questions:

- What is the scale of programme implementation?
- Are there significant gaps between policy and implementation?
- Is policy change necessary, or is the policy framework sufficient for increased programme focus?

(3) Review of particular policy and programme areas.

Multidimensional child poverty

- What are the sectoral plans or strategies key dimensions of deprivation (as outlined in the child poverty profile)?
- Is the sectoral budget sufficient to address the deprivation? Is there more attention or investment to the lagging sector(s)?
- Are there multisectoral collaborations to address overlapping deprivations?

Monetary child poverty

- Are there job creation and productivity policies and programmes with a focus on the poorest families? Are there particular focus on adolescent's skill development?
- Is there a social protection policy and established approach for child grants and benefits?
- Are there taxation or subsidy policies that could benefit or harm children in poverty?
- Are there policies on user fees in key areas?
- Are there clear and enforced approaches to address child labour?

Cross cutting approaches

- Are there approaches to address discrimination and stigma, if relevant in the national context?
- Is there a social protection or social welfare system that can effectively address children's multiple vulnerabilities?
- Are their approaches to monitor public expenditure for children? Are issues of child poverty considered in the budget cycle?
- Is child poverty explicitly included in national strategy documents or sectoral plans?

The scope of this exercise will depend on the child poverty situation, data availability and resources available. If there is an outstanding subgroup or sector from profiling, the mapping could focus on these areas. The simplest approach is to review policy documents that are publicly available, although more in-depth analysis or views of experts may be needed to understand the scope of implementation.

Having budget information, evaluation reports, and bringing together key stakeholders in the area will provide insights into the practice, but may be too much information to collect and analyse if time or resources are limited.

KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Deciding the scope of analysis.	Do the results from child poverty profiling point to key areas where more interventions may be needed? What are the resources you have? If limited, does it make sense to focus on areas where the deprivation rates are high?
Step 2	Review documents and data.	What is the de jure information from external evaluation, budget information or from key informant interviews? What is the de facto policy information from government laws or policy documents?
Step 3	Putting them together.	Do existing tools, such as policy template of the global study or child poverty profiling, give structure? Is there any gap between what's on paper and what is actually implemented?
Step 4	Deriving policy recommendations.	Compared with child poverty profiling, what are the policy gap to be filled? What are effective ways to share the information and also make it publicly available?

TIMELINE:

For a quick and focused exercise may take one to three weeks. An in-depth exercise with budget information, stakeholder analysis, interviews may take two to three months.

STAKEHOLDERS:

- Ministry of Planning, National Planning Committee or equivalent as well as relevant sectoral ministries.
- Local experts on existing policies and programmes including researchers, think tanks and civil society organizations.
- Where relevant, international organizations working on overall policy coordination, such as UNDP or the World Bank.
- Analysts of child poverty profiling to compare the results with policy gaps.

SKILLS:

- Knowledge of the key policy documents and how to access them.
- Ability to work effectively with national stakeholders.
- Ability to summarize large amount of information.
- Deep understanding of child poverty situation.

RESOURCES:

National resources may include:

- National development strategies, poverty reduction strategy papers.
- Reports to UN treaty bodies, especially the CRC committee.
- Sectoral strategy documents.
- National budget documents.
- Evaluation or monitoring reports in relevant areas.

Global resources include:

Global Study Guideline and policy template a comprehensive and detailed step-by-step guide on how to conduct policy mapping analysis, link with Bristol measurement, and derive policy recommendations. This resource is available in English, French and Spanish.

Chapter 21 of 'A multidimensional response to tackling child poverty and disparities: reflections from the Global Study on Child Poverty and Disparities' in **Global Child Poverty and Well-Being** puts together a few country examples of the global study's impact on national policies.

Mapping Political Context: A Toolkit for Civil Society Organisations gives an overview of nine toolkits that civil society organizations can use to map and understand political context, covering a wide range of political dimensions such as governance, institutions, process, players and resources.

Country Policy and Institutional Assessment, a framework used by the World Bank, assesses a set of 16 criteria grouped in four clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. The criteria has references to data that can be used for assessment. The assessment can be downloaded from their website.



Tanzania

Tanzania – A policy review as part of the Global Study

As part of the Global Study on Child Poverty and Disparities, the National Bureau of Statistics (NBS), Research on Poverty Alleviation (REPOA) and UNICEF Tanzania conducted a review of the macro-economic situation and six areas of child well-being (health, nutrition, HIV/AIDS, education, child protection and social protection).

The macroeconomic overview indicated that economic growth has not been pro-poor, with one third of the population living under \$1 per day. The sectors leading economic growth, such as mining and construction, had limited linkages with local economies with high child poverty rates. On the other hand, growth in the agricultural sector, the main source of income in rural areas, was stagnant.

In each of the six areas, national laws, policies and programmes were examined to identify building blocks for a comprehensive strategy to improve child outcomes. For example, on social protection, the review found that the coverage among the most vulnerable children is low, evidence of their impact was limited, and the existing interventions are uncoordinated and financed largely by external resources.

The Tanzania study emphasised the need to develop legislation on children's rights that deliberately focuses on closing the gaps and disparities that leave some children behind. Consequently, the Law of the Child Act was adopted by the Tanzanian government. It provided the legislative framework to address study recommendations and identified gaps.

UNICEF and NBS are now undertaking a MODA study to update the child poverty figures, using both monetary and multidimensional poverty measurement, with an aim to provide inputs to the SDG implementation, national development plan for 2016-2021, and to improve programmes, particularly in the area of social protection. The initial findings, which found 74 per cent of children experiencing multidimensional poverty and 29 per cent of children living in households below the national poverty line, have been disseminated to key government stakeholders and further related capacity building will be undertaken with government officials both in mainland Tanzania and Zanzibar with a view to institutionalising the measurement and reporting of child poverty.

SOURCE: NBS, UNICEF AND REPOA (2009) CHILDHOOD POVERTY IN TANZANIA: DEPRIVATIONS AND DISPARITIES IN CHILD WELL-BEING.

Understanding the strengths and weaknesses of the team working on child poverty

Finally, having a realistic understanding of the capacities of the core team working on child poverty is crucial to determining whether engaging in a particular policy or programme area makes sense. For example, even where changing tax policy will have large implications for child poverty, if a team doesn't have the relationships to engage or the technical knowledge (or the resources to bring them in) focusing on the issue may not be fruitful.

This is innate knowledge the team itself holds, and so there is no need for complex processes. The exact skills needed will also depend on particular policy areas. But as a rough general guide, some areas it may be useful to consider include:

Technical knowledge. As will be outlined in the next section some areas of policy engagement require significant technical expertise. Often this expertise can be brought in from the outside, but even in these cases some 'in-house' expertise is important to effectively oversee work. The areas of technical knowledge will of course vary depending by policy area.

Relationships. A team's existing relationships are key when working on policy or programme change. These relationships may be to particular people who could be influential or to institutions that could be supportive, including helping provide technical expertise. The areas of policy and programme that can reduce child poverty are broad, and strong relationships can allow progress to be supported on multiple fronts. For example, perhaps partnerships with colleagues working on early childhood development or education can help address child poverty without overstressing the core team.

Financial resources. Even while engagement on policy analysis and advocacy can give incredible value for money in terms of lives changed, it still requires financial resources to hire staff or expert consultants or have stakeholder workshops or advocacy events. Having clarity on available resources and costing out different approaches can identify areas that might give the best returns.

Time. In talking to colleagues working on child poverty around the world, perhaps the most underappreciated and overstretched resource is time. Engaging on policy or programme change is time heavy, from interpersonal engagements across policy actors to research and analysis. Accordingly, assessing if there is time to engage on a particular policy process is essential.

Conclusions: which area or areas to focus on

With an understanding of the child poverty situation, the policy context and environment, and the strengths and weaknesses of the team advocating for child poverty reduction, all the ingredients are in place to make an informed decision on where to focus.

While there is no simple formula to determine the final decision, Exercise 4.3 brings together the various elements of the process in one place, with a few general considerations, which may serve as a useful tool in thinking this through. For those with great experience in a country, such a tool may be unnecessary as the decision may be made subconsciously or make itself. In other situations a more detailed process to share expertise and come to shared conclusions may be helpful.



Exercise 4.3 Putting on paper what is often in the head: a rough approach to drawing conclusions on policy and programme areas to reduce child poverty.

Policy Area	Narrowing down: Would progress significantly address the drivers of child poverty? Do any particular aspects or sectors (or multisector approaches) stand out?	Opportunities for progress: What is the current status of policy or programme? Where does it sit on a range of no policy or implementation to complete scale up? Where does it fall on a range of no current national interest to significant national interest and momentum?
Overarching approaches to address child poverty (both multidimensional and monetary)		
Social stigma and discrimination		
Child sensitive social protection or social welfare systems		
Budget engagement		
Policy environment		
Multidimensional child poverty: provide quality and accessed services for the most deprived children		
Reaching children in poverty with quality services focusing on sectors identified in multidimensional child poverty profiling		
Monetary child poverty: ensure families/households with children don't fall below a minimum income which reduces		
Supporting livelihoods and employment (include adolescent transitions and addressing child labour)		
Direct financial support to families with children (including cash transfers, child benefits and tax credits).		
Reducing the costs of crucial goods and services (including subsidy reform and fee abolition).		
What's missing? The above categories try and cover a broad range of relevant areas, but important policy and program		



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	<p>Can we make a difference? Does the team have the technical capacity, relationships, financing and time? What is the value added of the team with respect to others working in the area?</p>	<p>Conclusion</p>
		<p>Reviewing these areas can help identify:</p> <ul style="list-style-type: none"> - Which areas to focus on (or perhaps multiple areas with different forms of engagement). - An initial sense of how to focus (for example, building awareness vs. technical policy advice). - Which areas to ignore (for now). <p>Next steps are covered in the following section (Section C) which discusses how to engage and provide technical support.</p>
	<p>Examples to a particular context may not be included.</p>	

C. Making the change happen: key policy questions and analytical approaches to answering them

With an area(s) in mind that could significantly reduce child poverty, the next step is to make change happen. This can be a complex process as changing policies and programmes is a tough arena with many competing needs and priorities.

This section is focused on the technical analysis that can support policy makers in identifying and enacting change. However it is becoming increasingly recognized – for reasons that range from the emotional to the political – that decision makers do not simply respond to technical analysis and reasoning. The advocacy tools from Milestone 3 provide approaches to organize policy advocacy, and Box 4.5 highlights some of the latest thinking on ‘the science of persuasion which may also help reach decision makers more effectively (Box 4.5).

BOX 4.5

The science of persuasion – what psychology tells us about changing people’s minds

The techniques to persuade others and influence decision making has been a common inter-disciplinary research interest for psychologists and marketers. Below are some insights from this work on the ‘science of persuasion’, with some implications for child poverty advocacy.

- 1: Don’t threaten core beliefs, or do so thoughtfully.** When there’s no immediate threat to our understanding of the world, we are more likely to change our minds. It’s when that change contradicts something we’ve long held as important that we resist. If you can understand why solutions to child poverty may threaten these beliefs it is more likely they can be addressed.
- 2: Take a walk in someone else’s shoes.** Changing our beliefs is not a simple task, but an experiment shows that taking the perspective of others can markedly reduce prejudice and change opinions. Doing so may be no easy task, but a field visit, hearing from children or people they respect who grew up in poverty may offer opportunities for decision makers to think in these ways.
- 3: Find the feeling.** Similarly, knowing something often isn’t always enough to make us change or act; we need to feel something. Hearing from children directly, relating directly to personal experiences of decision makers or their families of visiting children living in poverty can move policy change from the head to the heart.

4: Establish a sense of urgency. There is a big difference between needing to act, and needing to act NOW. Child poverty is an innately urgent issue, but connecting to a real moment – perhaps a story of a child in poverty which is capturing media attention – can encourage decision makers feel the need for action.

5: The power of peers. We are all interested in what our comparators or peers are doing. Sharing what neighbouring countries are doing to reduce child poverty, could awaken decision makers to possibilities, and in face-to-face meetings with counterparts may be particularly effective.

6: Put decision makers and authorities together. People respect authority and expertise, and want to follow the lead of real experts. Research shows that business titles, impressive clothing, and even driving an expensive, high-performing automobile have been proven factors in lending credibility to individuals. At critical moments, bringing in international or national authorities on child poverty may help (but maybe don't pay for the car).

7: Encourage a decision maker to say it out loud. We're more likely to do something after we've spoken it out loud. This may reflect wanting to meet our commitments, or the speaking process creating an internal commitment or shift in mind-set. Creating speaking opportunities could help encourage these shifts.

8: Script the critical moves. Sometimes the big picture won't be effective to encourage a specific change. Where we have specific steps we are more likely to start on the path of change. The SDGs are big goals that can be overwhelming; breaking them up into milestones, and the milestones into smaller activities can make things move.

9: Generate and celebrate short-term wins. Likewise, decreasing the distance to a goal and showing and celebrating progress has been made can increase commitment. Do not wait five years for the completion of a big evaluation – visit where great things are happening and celebrate them.

FURTHER READING:

- ***Switch: How to Change Things When Change Is Hard*** brings research in psychology, sociology and other fields to shed new light on how we can effect transformational changes.
- ***Leading Change*** by is one of the most read books on change management by Professor Kotter of Harvard Business School.
- ***Influence: The Psychology of Persuasion*** gives six universal principals that make people say 'yes' – another international business bestseller.
- ***What Does It Take to Change a Mind? A Phase Transition*** is a blog article about transformative experiences that change people's mind.

Underpinning thoughtful advocacy engagement, however, quality and relevant technical analysis is an essential element in supporting policy and programme change. Table 4.4 outlines the key policy questions that can support decision makers, with the rest of the section focusing on the analytical approaches and tools that can answer them by three categories.

Table 4.4 Key questions to support policy and programme change

CATEGORIES	POLICY QUESTIONS
Challenging the status quo	Question 1. Are the policies and programmes reaching the poorest children? <i>Tool: Benefit Incidence Analysis</i>
	Question 2. Do the existing programmes/policies have an impact on child poverty? <i>Tool: Impact Evaluation</i>
	Question 3. Are the poorest households bearing the cost of the services? <i>Tool: Financing Incidence Analysis</i>
Projecting the potential impacts	Question 4. How much impact will a new programme/policy have on the child poverty rate? <i>Tool: Microsimulation or Macro-micro simulation</i>
	Question 5. What are the macroeconomic impacts of a major policy change on child poverty? <i>Tool: Macro-micro simulation</i>
Financing the future	Question 6. What are the costs of creating a new programme or scaling-up the existing one? <i>Tool: Costing Analysis</i>
	Question 7. Is the programme/policy cost effective? <i>Tool: Cost-effectiveness analysis</i>
	Question 8. How can the government finance the cost? <i>Tool: Fiscal Space Analysis</i>

The section aims to give an outline of how each question can be, and has been, answered. Detailed and technical explanation of analytical tools are referenced in each section. It is important to note three points about these questions and associated tools:

- **In almost all cases, not all questions need to be answered, indeed maybe only one does.** Depending on where decision makers are on a particular policy, perhaps only one specific question will be relevant to moving things forward (even where earlier questions are unanswered). For example, perhaps the bottleneck is the government focusing on economic growth without seeing the macro benefits to investing in children. Or maybe there is a belief a cash transfer could make a difference without knowing where to get the money. It is important to start from the questions the targeted decision maker would like answered.

- **The need to be flexible in developing real world policy questions.** The exact questions asked and the way tools are applied may need flexibility and interpretation. For example, the question could be about the impact of different amounts of cash transfers on poverty or child poverty (a variation on Question 4), or whether particular groups of children identified in child poverty analysis (say girls in the north) are going to benefit from eliminating school fees (a combination of questions 1 and 4).
- **Any tool can be used for good or bad.** While the tools introduced here generally have helped making pro-poor interventions, they could also be used to argue to cut spending for poverty reduction programmes and policies. For instance, benefit incidence can be used to show coverage gap of services among the poor but also to argue to cut the programme for the middle-class, which may place them at risk of poverty. Thus, the selection of tools and how they are used requires careful attention to the implication of the potential benefits as well as the harm.

Challenging the status quo:

QUESTION 1: ARE THE POLICIES AND PROGRAMMES REACHING THE POOREST CHILDREN?

Many programmes and services are in place with an objective to address poverty and inequality. In reality, how much those in poverty benefit from programmes compared to the richest is an open question. For example, public health services may not be accessed by the poorest due to the cost. Or, inaccurate targeting of social protection programmes may actually end up excluding the ones who need them the most. This could be particularly true if your child poverty analysis showed high deprivation rates in dimensions where there is already a significant amount of investment.

Benefit Incidence Analysis (BIA) can quantitatively demonstrate how much benefit the poorest households and children are receiving from a particular programme, compared to other groups. It can be used for certain sectors – most commonly in health and education – or for a specific programme, such as the benefit incidence of a child grant. The analysis will be simpler when it picks a specific policy and there is already a survey that captures who received what and for how much. In this case, the use of services are aggregated by group, and then compared across different socio-economic groups.

In some areas, there are global databases of benefit incidence, such as the ASPIRE database on social protection. For example, in Fiji, the ASPIRE indicators show that the poorest quintile received 13.7 per cent of the whole benefit while the richest quintile received 33.4 per cent, suggesting that the social assistances are not pro-poor and rather are benefiting the rich.

If the focus is expanded to a sector with multiple services, the analysis will become more complicated as it requires aggregating usage of different services based on the unit cost of each service, before looking at the distribution. For example, if benefit incidence within the health sector is the focus, different types of health services (such as preventative services or in-patient or out-patient care) and their unit costs need to be aggregated.

The results are typically visualized in a bar graph to demonstrate how much of the services are being used by each socio-economic group and where the inequities are. Policy recommendations will build on the results and suggest what actions could be taken to make the distribution more pro-poor. This could include interventions to remove economic and social barriers to access to services, such as user fee abolition, or interventions to strengthen service supplies by building infrastructure for groups where service coverages are low.

Quantitative analysis can be complimented by qualitative methods, such as semi-structured interviews or focus group discussions. Such information could help identify why some of the poorest households were excluded from the programmes or policies, and how an intervention can remove the social or political barriers in accessing the services.



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KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Clarify the scope of the analysis – which programme or sector should be the focus?	<p>What does the policy environment tell you?</p> <p>What information does the child poverty profiling provide?</p> <p>Which sector has little coverage among the poor?</p>
Step 2	Aggregating the service usage by socio-economic group.	<p>What socio-economic groups can be used for the analysis?</p> <p>(If aggregating several different programmes or services within the sector) what is the unit cost of each type of service and how much did each socio-economic group use?</p> <p>Can the analysis build on any global databases for social protection such as ATLAS?</p>
Step 3	Comparing the benefits across different socioeconomic group and analyse equity	<p>What does the bar graph look like? Does it show that the benefits are mostly used by the poor or by the non-poor?</p> <p>Can you compare the results with any political commitment document that tells us about the ideal scenario? Is there a gap between the vision and reality?</p> <p>If you are analysing several programmes within the sector, are there differences across different interventions?</p>
Step 4	Derive policy recommendations to ensure that the services reach the poorest households.	<p>Are there improvements to be made in terms of the distribution?</p> <p>If so, what could be the reasons for poor households not receiving the benefits? Is this by design or by practical reasons related to implementation?</p> <p>What are the roles of supply side (in providing enough quality services) and the demand side interventions (in making sure that there is no barriers to access for the poor)?</p>

TIMELINE:

- Can be as little as a few days if you already have an organized dataset that captures service usages and socio-economic status together. Even shorter if you decide to use a global database.
- One to three months if the analysis looks at a sector with multiple interventions and the unit costs and service use has to be collected for aggregation.
- The timeline may expand as stakeholder involvement and engagement is undertaken, or the recruitment of an external consultant is needed.

DATA:

- Socioeconomic characteristics of the population and information about service usage. For example, in education, this could be the school participation rate. For analysis of a child grant, this will be the annual amount received. For health, this is more likely to be a combination of usage

of different medical services. When combining different services the analysis also requires unit cost of services in order to allow comparability.

- Data sources are likely to include household surveys and administrative data.

KNOWLEDGE AND SKILLS:

- Understanding of the child poverty profile in the country.
- A deep understanding of the services and programmes provided in the sector of focus and available data.
- Ability to conduct basic tabulations on household-level micro data.
- Experience in conducting BIA is not necessary but certainly an advantage, especially for more complicated analysis in the health or education sector.

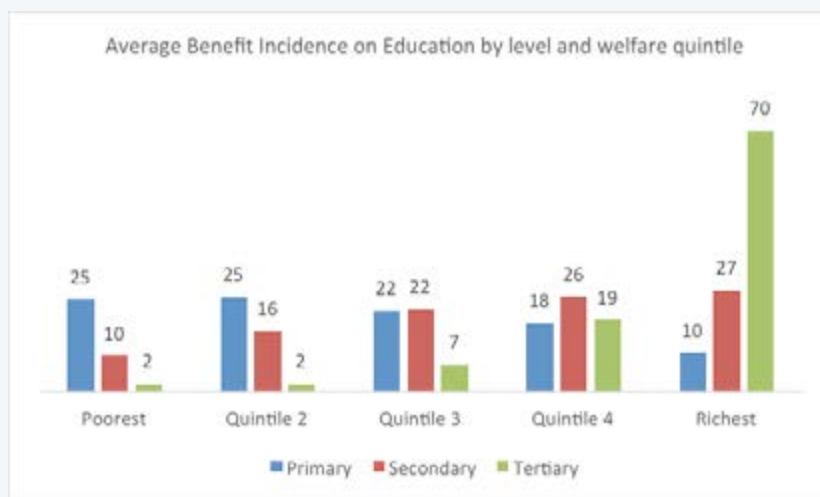


KENYA

Kenya: Benefit Incidence Analysis of access to education

A study in Kenya used BIA to estimate who gains from education services at primary, secondary and tertiary levels. First, the unit cost of education services was derived by dividing government spending on education by the number of enrolled students. Then, in each quintile, the unit cost was multiplied by the number of enrolled children within each quintile to compute how much each quintile benefited from the government budget on education. Finally, the share of spending across quintiles was computed and compared for policy recommendations.

Results revealed that the spending on primary education is benefiting the bottom two quintiles, as there are more children in these two quintiles and the net enrolment rate is high. However, it also shows that the poorest quintile receives very little spending on secondary and less than 2 per cent for tertiary education, due to low enrolment rate. Thus, the analysis advocated for raising secondary enrolments, especially among the poor.



SOURCE: DEMERY, L. & GADDIS, I. (2009) SOCIAL SPENDING, POVERTY AND GENDER EQUALITY IN KENYA: A BENEFIT INCIDENCE ANALYSIS.

Benefit Incidence: a practitioner's guide by the World Bank gives detailed step-by-step instructions to conduct BIA with country examples, covering both the health and education sector.

How Useful are Benefit Incidence Analyses of Public Education and Health Spending? by IMF synthesizes finding from 56 developing countries on BIA in areas education and health.

ASPIRE (The Atlas of Social Protection Indicators of Resilience and Equity) calculates social protection benefit incidence for over 100 countries using household surveys. The indicator on benefit incidence is calculated as (sum of all transfers received by all individuals in the quintile)/(sum of all transfers received by all individuals in the population). The results are available on their website.

How to do, or not to do, benefit incidence analysis in Health Policy and Planning is a comprehensive guide for conducting BIA within the health sector.

DASP software of PEP includes a module to facilitate robust benefit incidence analysis.

QUESTION 2: DOES AN EXISTING PROGRAMME OR POLICY HAVE AN IMPACT ON CHILD POVERTY?

This question complements the previous question but goes deeper. Rather than considering if the poorest children are receiving a service, it asks if **the policy or programme is having an impact on child poverty**. Unlike the case of BIA where a household survey may be enough to conduct a simple analysis, answering this question in most cases requires an independent impact evaluation study with at least baseline and endline surveys, which can be time-consuming and expensive.

Impact evaluations aim to identify causal effect of the programme or policies by comparing the actual outcomes with the counterfactual; in other words, what would have been the result if an intervention hadn't taken place? The main methodological challenge is that in the real world, we cannot observe the counterfactual.

A simple comparison of the outcomes across two groups (the beneficiaries and non-beneficiaries) usually leads to significant biases, since it is very likely that there are existing differences between groups or different events or shocks during the programme that could lead to different outcomes.

Various evaluation designs and econometric approaches have been developed to establish causality in a more rigorous way. These can be broken broadly into two:

- 1) Experimental designs, such as randomized control trials (RCTs), are considered as the most rigorous design to establish causality, by randomly assigning who receives the intervention or programme and who does not.

It has been particularly effective in producing credible evidence to scale up innovative pilot projects (See Box 4.6). However, RCTs are not always feasible as some policies or programmes such as macroeconomic policy may not be able to assign the beneficiaries randomly, it may not be ethically acceptable to assign the beneficiaries randomly, or the programme implementation has already started without random assignment of beneficiaries.

2) Quasi-experimental designs can be used where experimental designs are not feasible. Three approaches are:

a) Regression Discontinuity Design (RDD) can be ideal for programmes that use a continuous eligibility index and a clear defined cutoff score to determine who is eligible or not. RDD compares the group that is just eligible for the programme with the group who just fell below the criteria to be eligible. As the two groups are likely to have little ex-ante difference in characteristics before the intervention, comparing them can produce information on the impact of the programme.

When neither RCT nor RDD would work, the following two methodologies are commonly used, often in conjunction with other impact evaluation methods.

b) Difference-in-difference uses the information from the baseline and endline survey for both the beneficiaries and non-beneficiaries. It first looks at the change in outcome over time among beneficiaries and then compares it to the change in outcome over time among the non-beneficiaries. This allows the changes that can be attributed to the programmes to be distinguished from other changes that have happened over time. However, the estimates will lead to biases if the two groups have structurally experienced different shocks and changes over the time.

c) Matching (including propensity score matching) is the baseline survey and a statistical technique to create the 'best possible' hypothetical comparison group for a given group of beneficiary, so that the two groups have almost the same characteristics at the baseline (at least for observable characteristics). However, if there are non-observable characteristics that can affect the outcome, the results will be subject to biases.

While the use of rigorous quantitative methods are becoming more widespread, their limitations have also been recognized. For instance, a few quantifiable indicators may not capture the full picture of the influence of a programme in a complex local context. Or, quantitative measures may not be able to explain the whole logic chain of how the change happened.

These caveats can be complemented by qualitative approaches such as focus groups, interviews or observations. Such participatory tools are not only used to evaluate the impact, but can also be used at various stages of the project and evaluation to make the project work in various local contexts (see the resources on page 183 for more guidance on this).

KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Specify intervention, outcomes and methodologies	<p>What are the major programmes that are expected to have positive results on child poverty? Where are the doubts on its effects? What does the child poverty profiling tell you, regarding the deprivation area of focus? Are you looking at outcomes in monetary poverty or multidimensionally? How does the official poverty rate define child poverty? Should you use quantitative, qualitative or mix method? Do budget and time allow you to conduct the most rigorous forms of impact evaluation?</p>
Step 2	Identify the eligible population to the policies and comparison groups	If the policies have not been scaled up fully to cover all children, who should be the policy target for the evaluation and who should not be covered so that they can be compared?
Step 3	Conduct baseline survey and prepare baseline report	What is the situation of child poverty among both treatment and control groups? Are there significant differences already before the intervention takes place?
Step 4	Implementation of the programme	Make sure that only the target group receives the benefit from the programme. Record any unexpected events in implementing the policies for final reports. Consider doing a midline report and survey if the timeline allows.
Step 5	Conduct endline survey, compare the results with baseline survey	<p>Ideally using the same questionnaire as in the baseline survey to capture changes among both groups. What has changed for both groups, and were there any significant changes for the treatment group? If qualitative survey is also included, what have been the opinions from the beneficiaries? How do you explain the result chain, who (amongst the beneficiaries) benefited the most/least and why?</p>
Step 6	Calculate the impact and prepare final reports with policy recommendations	<p>Did the programme achieve the intended results in poverty reduction? What changes have taken place in the causal chain? If this was a pilot programme, is there a reason to believe that similar results could be obtained elsewhere or not? If the impact was weak, what are the lessons learned and recommendation for the future?</p>

TIMELINE:

- Varies greatly depending on methodology. If no additional surveys are required, it could be done in one to two months, while in typical rigorous evaluation, it could take anywhere from one to five years to complete the whole process.
- For any of the methodologies, it is worth stressing that the results and the use of the results can be further enhanced if the methodology is selected prior to the implementation of the programme and in close collaboration with programme administrators and researchers.

DATA:

- Data requirements depends on the methodology used, but in general having a baseline data and endline data of both beneficiaries and non-beneficiaries on child outcomes is critical in conducting rigorous evaluation. Qualitative interviews are used to further understand the mechanisms in which an intervention worked to achieve outcomes.
- In almost all cases, there is a requirement to undertake additional surveys.

BOX 4.6

From evidence to action – the role of impact evaluation in influencing the design and implementation of social cash transfers

The Transfer Project, an innovative multi-country research initiative on the impacts of social cash transfers, was set up with an objective to contribute to the improvement of programme design and implementation. Led by UNICEF, the Food and Agriculture Organization (FAO), Save the Children UK, the University of North Carolina at Chapel Hill and national governments, the project has conducted impact evaluations in nine African countries, as of 2015.

In the evaluations, the national governments and local research organizations were involved in all stages to ensure that research was utilized to inform the design and scale-up of national social cash transfers (SCTs). While other existing evaluations were conducted outside of government or in small-scale experimental interventions, the transfer project only evaluated the national programmes from the onset. The most rigorous methods were utilized, including randomized controlled trial designs, within the constraints of programme operations. The methodology also incorporates a mixed method approach, integrating quantitative, qualitative, and simulation models in evaluation designs and analyses.

The project has seen the important role of impact evaluation and the process of engagement with national governments in shaping policy and programme developments across different countries. For example, in Zambia, the rigorous, timely and accessible evidence played an important role in changing the narrative around social protection and contributed to a tripling in the size of the social cash transfer programme and an eightfold increase in government budget to the programme. In Lesotho, a combination of relationship building, results of the evaluation on programme implementation and favourable political environment led to the expansion of Child Grant Programme from a relatively small-scale, donor-funded pilot into a nationally-owned programme with an expansion of coverage, greater institutional capacity and increased domestic finance.

Recent publication on the project's experience points to a number of factors that played important role in influencing policies and programmes, such as:

- Embedding the impact evaluations in national policy processes, involving international experts and researchers, government counterparts and national research institutes.
- Trust and relationship-building between the researchers and government counterparts.
- Accessibility, packaging and messaging of findings and accompanying presentations through the production of briefs, presentations, media engagement or national events.
- The creation of a regional learning agenda, including the establishment of a regional community of practice.

For more information about the overall project as well as findings from each programme, visit the website of The Transfer Project.

SKILLS AND KNOWLEDGE:

- Impact evaluation is usually conducted by a group of technical experts, with expertise and experience on survey design, data collection, analysis and publication.
- Having a multidisciplinary team is also critical, for example an expert on health on an impact evaluation related to health.
- For quantitative methodologies, in order to select the best method for your context, it is necessary to have an understanding of a range of options as well as experience in applying the methodology of choice. A typical background in economics, statistics or other relevant field is useful.
- Similarly, for qualitative methodologies, it is ideal to have experts (typically with background in sociology, anthropology or similar) who can advise what the best options would be in this situation, and for each method, what the procedures and consideration would be.
- Regardless of the method, having an understanding of the local context is critical in developing hypotheses, managing the survey team, conducting the interviews and interpreting the results.

RESOURCES:

Impact Evaluation in Practice by Paul Gertler is a practical introductory handbook for practitioners and policymakers with real-world examples. The book is available in English, French and Spanish, and the PDF is downloadable from the website. There are presentations and videos available on the website as well.

Impact Evaluation Series by UNICEF Office of Research is a series of methodological briefs and short videos covering a wide range of topics, ranging from theory of change, participatory approaches, data collection and analysis methods.

Abdul Latif Jameel Poverty Action Lab (J-PAL) and Innovation for Poverty Action (IPA) are global networks of researchers who use randomized evaluations to answer critical policy questions in the fight against poverty. On their website, you can find methodological overview of RCTs as well as results and policy lessons from different approaches.

The chapter ***Integrating Qualitative and Quantitative Approaches in Program Evaluation*** in the impact of economic policies on poverty and income distribution by the World Bank describes how to use mix-methods in conducting research and impact evaluation with case studies.

More information and resources are also available at ***Policy Impact Evaluation Research Initiative (PIERI)*** of PEP.

QUESTION 3: ARE THE POOREST HOUSEHOLDS BEARING THE COST OF POLICIES AND PROGRAMMES?

Policies and programmes come with a cost. It is often assumed that such policies are financed by higher tax payers or by international donors. However, this is not always the case. If there is a reason to believe that the poor may be financing the programmes through taxes or out-of-pocket expenditure, undertaking an analysis of the financing structure of the policies and programmes could lead to improved ways to finance the interventions.

Financing Incidence Analysis (FIA) is a tool to assess the progressivity of the financing of certain sectors by understanding which socio-economic group bears the cost of financing. The structure and process is similar to BIA, with the key difference being the indicator of focus: while BIA focuses on who receives what, FIA analyses who pays for what. Given the similar characteristics of the two analyses, combining the two is an effective approach in comprehensively understanding the equity focus of a particular sector or programme (see example of Uganda on page 186).

As in BIA, the first step is to decide the scope of the analysis – which could be a large sector such as health or education, or a specific programme within one sector, such as an ECD programme. The burden to those living in poverty is more likely to be higher in sectors or programmes where households have to pay personal expenditure for the services in addition to paying taxes. For example, households may not have health insurance to cover certain types of medical services or drug prescription; or there could be informal payments required to go to school even where there is a free provision of basic education.

The analysis reviews the channels through which people living in poverty pay to finance a certain programme or sector, and then compare the total amount of expenditure by socioeconomic groups. The balance of financing across different groups could be visually and simply shown by a bar graph.

The policy recommendations from FIA will suggest ways to finance a programme or sector in more equitable ways. For a detailed analysis of the tax system and tax incidence, this may include certain ways to improve the tax system for those in poverty. Simpler analysis may shed light on the burden to those in poverty, the importance of eliminating personal expenses, and alternative approaches in financing the sector. Fiscal space analysis may be combined in suggesting alternative sources of financing (see Question 8).

KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Identify the scope of the analysis – which programme or sector should be the focus?	<p>What does the child poverty profiling tells us about the dimensions where the deprivations are high?</p> <p>Which sector or programme is likely to be putting financial burden to the poor through taxes or service fees?</p> <p>What is the availability of data? What kind of expenditure do they cover?</p>
Step 2	Aggregate the expenditure by socioeconomic group	<p>What are the socio-economic group that can be used for the analysis? Can we look at quintiles based on income/expenditure, or assets? If the services are directly related to children, can you compare children in poverty vs non-poor children?</p> <p>What are the formal tax payment (both direct and indirect), the informal personal payment and any contribution to social/private insurance?</p> <p>(If aggregating several different programmes or services within the sector) what are the unit cost of each type of services and how much did each socio-economic group use?</p>
Step 3	Compare the benefits across different socioeconomic group and analyse equity	<p>What does the bar graph look like? Does it show that the costs are borne by the poor?</p> <p>Can you compare the results with any political commitment document that tells us about the ideal scenario? Is there a gap between the vision and reality?</p> <p>If you are analysing several programmes within the sector, are there differences across different interventions?</p>
Step 4	Derive policy recommendations to ensure that the poor households are not bearing the financial burden to finance the programmes/policies	<p>Are there improvements to be made in terms of the financing distribution?</p> <p>If so, what are the channels in which poor households are required to pay? Should it require tax reform or reform of other personal expenses?</p>

DATA:

Most often, expenditures are calculated from household surveys that include the following information:

- Income or expenditure (to compute direct and indirect taxation) from household surveys.
- Out-of-pocket payments.
- Socio-economic status of households.
- The country's macroeconomic data on taxation and expenditure is also helpful in complementing household survey data.

KNOWLEDGE AND SKILLS:

- Knowledge of the public and individual expenditure on services in the sector of focus.
- Basic understanding of the country’s taxation system.
- For in-depth analysis on the taxation system, advanced knowledge of different tax schemes, current status, best practices and international evidence.
- Ability to organize micro datasets.



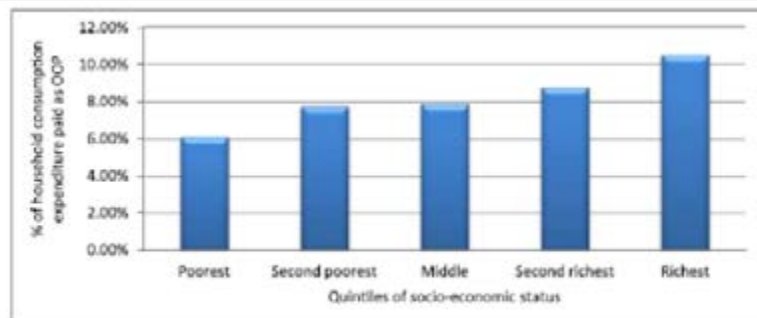
UGAN-

A study by Kwesig et al (2015) assessed equity in the financing and distribution of health care benefits in Uganda using a national household survey.

Financing Incidence Analysis

The FIA considered the equity in taxes and direct out-of-pocket payments. Insurance was not considered given its low contribution to health financing in Uganda. The amount of direct taxes were computed from reported gross income only for those working in the formal sector having income above the taxable threshold. Indirect taxes were calculated based on household

consumption of goods. The out-of-pocket payments were estimated based on the reported value in the survey. The health financing was marginally progressive. Although the taxes were more progressive than out-of-pockets expenditure, they only had a small share of the total financing compared to individual spending.



Distribution of the out-of-pocket payments across socio-economic quintiles

Benefit Incidence Analysis

BIA assessed the distribution of health services for both public and non-public providers across consumption quintiles. The data on utilization of the services were derived from the household survey, complemented by the Demographic and Health Survey. The unit cost of the services were obtained from a separate costing study by the Ministry of Health. The benefits were then computed by multiplying service use and unit cost of specific services.

The results showed that the total health sector services benefited pro-rich, as the richest quintile receives 19 per cent of the total benefits while the poorest received only per cent.

In conclusion, the study argues the need for addressing the health needs of the poor in equitable ways while continuing to ensure that the burden is not disproportionately borne by the poor.

SOURCE: KWESIG, B., ET AL (2015) WHO PAYS FOR AND BENEFITS FROM HEALTH CARE SERVICES IN UGANDA? BMC HEALTH SERVICES RESEARCH.

RESOURCES:

Analysing Health Equity Using Household Survey Data is a comprehensive and detailed guide in conducting equity analysis (including FIA and BIA) for the health sector.

Estimating the Incidence of Indirect Taxes in Developing Countries is a technical guidance and overview of tools used to analyse tax systems in developing countries.

Equity in financing and use of health care in Ghana, South Africa and Tanzania: implications for paths to universal coverage is a study that compares FIA in three countries, pointing to the need to remove physical and financial barriers to accessing health care services in achieving universal health care.



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1. Building a national pathway to end child poverty

2. Measuring child poverty

3. Putting child poverty on the map: child poverty advocacy

4. Reducing child poverty through policy and programme change

5. Ending extreme child poverty and halving it by national definitions

Projecting the potential impact of policy changes – conducting simulations

Recommendations for policy change may be most persuasive when not only outlining the status quo, but looking into the future and outlining scenarios of what the impacts of change could be. The simulation tools outlined below combine data, micro and macroeconomic theories and models to provide approaches to estimate the potential impact of a policy change on child poverty.

The impact of a policy change can happen at two levels. One is the direct impact of the policies on children in poverty, and the other is indirect impacts as policies have effects across multiple channels. For example, a cash transfer to poor households has direct impact on poverty reduction due to increased transfers. It could also have indirect impacts on the local economy because of increased local consumption by households, more participation in the local labour market or even on macro economy in the long run, through increased productivity in the economy due to improved outcomes on health, nutrition or education. Two different models to capture effects at different levels are (Table 4.5):

- **Microsimulation** uses household surveys to predict direct impacts of a policy change on the monetary child poverty rate, multidimensional outcomes or changes in behaviors. The simplest form will look at the direct change in household income by cash, but more sophisticated and structural models could be built to also understand longer-term impacts on other dimensions of child-related outcomes.
- **Macro simulation** models, and their combination with micro models, have the advantage in accounting for impact on different sectors and agents in the economy. This could be important when analysing policies that could have sector-wide or economy-wide impact, such as fuel subsidy reform. However, the analysis can become very technical, requiring large amount of data, expertise on macroeconomic modelling and software packages. It may take much longer to set up the model and conduct the analysis.



TABLE 4.5 MICRO VS MACRO (OR MICRO-MACRO)

	MICROSIMULATION	MACRO SIMULATION (INCLUDING MICRO-MACRO)
Scope	Changes in the child poverty rate directly caused by policy or programmes, without accounting for local economic impact or changes in other sectors. The model is simple to project changes in monetary poverty rate, but more sophisticated models can also make predictions on the multidimensional child poverty rate.	Changes in the child poverty rate and other macroeconomic indicators, such as GDP or unemployment rate, accounting for both direct and indirect impact of policy changes.
Dataset	Range from simple static models to more sophisticated, behavioural partial equilibrium models.	Social Accounting Matrix (SAM) Household Survey.
Models	Simple static model, or partial equilibrium model.	Computable General Equilibrium model, combined with a microsimulation model.
Examples of policies that can be analysed.	Cash transfer Simplified analysis of fuel subsidy reform.	Comprehensive analysis of fuel subsidy reform. Tax reform. Analysis of macroeconomic impact of financial crises.

A simulation could be static or dynamic. Static simulation is a simple form that does not consider changes over time. Dynamic models, in turn, provides estimate on how elements of the model, such as the price, child poverty rate or GDP, change over time. The same trade-offs apply here – the more sophisticated the model becomes, the more assumptions, time and technical expertise they will require.

The rest of this section aims to explain the assumptions, elements and steps of each simulation model, how simulation exercises can contribute to policy changes and if they can, determining the scope of the exercise.

QUESTION 4: HOW MUCH IMPACT WILL A NEW PROGRAMME OR POLICY HAVE ON THE CHILD POVERTY RATE?

Microsimulation is a tool to understand the direct impact of changes (or the introduction of new policies) on child poverty at the household level using household surveys. It is most simply used to analyse the potential impact of transfers or taxes on the income or consumption of households, which then gives a projected poverty rate or index of inequities for comparison.

For example, to project the poverty impact of a new child grant programme, different grant sizes are hypothetically given to all eligible households, and a new child poverty rate is calculated based on the new distribution of income. This helps select the policy design that could have most effect on child poverty and give an evidence-based answer into some key questions in designing the programme, such as: what the age-group of the beneficiaries should be; the transfer amount; and if the scheme should adopt geographical targeting.

The simulation model has also been widely used for policy making in higher-income countries, to understand the potential impact of social transfers or changes in taxation. For example, EUROMOD is a tax-benefit micro static simulation model used to calculate the effects of taxes and benefits on household incomes and work incentives of all 27 EU countries during 2009-2013 (as of December, 2015). The tool allows users to pre-define tax and benefit policies such as social assistance, family benefits or social contributions, and then simulate changes on household income. Accessing EUROMOD requires having secure permissions to the micro-data (mostly EU-SILC) but country reports and statistics are available on the website.

The simple and intuitive concept of this model is a strong advantage in communicating the results to decision makers or to the public. It also does not require advanced knowledge of economics, and by using EUROMOD, Distributive Analysis Stata Package (DASP) or Automated DEC Poverty Tables (see resources list on page 193) it can be done without learning how to use a statistical package.

On the other hand, the results of microsimulations do face some limitations, including:

- **The simulated impact may differ from the actual impact due to implementation challenges.** The model will often assume that all of the targeted households will receive the full transfer. In reality, there are implementation challenges that can challenge this assumption. For example, due to problems of access or lack of knowledge some households may not receive the transfer. Making an estimation about the recipients becomes more complex as different forms of targeting (such as proxy means testing) are adopted. These challenges should be acknowledged in interpreting results.
- **Micromodels will not capture the impact on local economies and beyond.** The basic model is limited to understanding the direct impact on household income. In reality, direct impacts also foster multiplier

effects in the long-run – for example, a positive impact of cash transfers on the rural local economy through local transactions, which can feed back indirectly into household income. To assess such impacts on local economies, or macro impacts of major policies (such as a fiscal reform), macro-micro simulation would be more appropriate to take the macro impacts into account (more details in the next section).

- **Information on income may not be available and may have to be proxied by consumption.** In lower-income countries, information on income is often unavailable and monetary poverty is measured by consumption expenditure. This can be a challenge as the impacts on cash transfers may be only partially reflected as all of the transfer may not be spent (some may be saved). Accordingly an assumption must be made on the relationship between increase in income and consumption (normally, it is assumed that full amount of transfer is spent on consumption).
- **While not impossible, simulating impacts of policies and programmes on multidimensional child poverty, including particular deprivations, is quite complicated.** Most importantly, it requires understanding and predicting of the behavioural changes of households after a policy change (for example, estimating the increase in household income needed for a household to send children to school). Constructing such behavioural models requires additional modelling and assumptions, which can be challenging when information about behavior change over time, for example from panel data, is not available (see Cambodia case study – under resources below – for a methodological approach and example).



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KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Identify the scenarios and options for the policy changes to be simulated.	What are the policies to be considered (for example eligibility and benefit amounts)? And in considering the policy options, what are the government's interests? Are they on-board?
Step 2	Identify the scope of the analysis.	Should it be kept simple (i.e. static and monetary outcomes) or have a dynamic, multidimensional scope? What are the resources you have and the interest of policymakers?
Step 3	Run the simulations using the micro dataset.	What indicators, beside the child poverty rate, should be considered? For multidimensional analysis, two sets of simulations are required. One on how the programme will affect income dimension, and then another set to simulate how the change in income and programme affect other outcomes.
Step 4	Analyse the results and derive policy recommendations.	Which options yield the best impacts on child poverty? Which options have highest impact on the most disadvantaged group? Should the results be combined with a costing analysis (see Question 6) of each option to make an observation on cost-effectiveness?

TIMELINE:

- With an organized dataset or software such as EUROMOD, the analysis could be done in a few days. However, the comprehensive process in agreeing on the scenarios with the government, preparing the dataset and deriving policy recommendations could take a few months.
- If the scope of the simulation is extended to conduct a dynamic model or simulate multidimensional impact, it could also take one to three months for analysis itself.

DATA:

- A household survey that contains information about household income or expenditure is the foundation. If a programme is targeted for specific groups of the population the household survey should also contain the same information used for targeting to allow simulation (for example, the dataset must contain information about ages of children in households if simulating a cash transfer to certain age groups).

SKILLS AND KNOWLEDGE:

- Ability to organize and manage household survey data.
- If looking at dynamic or multidimensional impacts, econometric techniques are also required.
- Full understanding of the scope and limitations of the modelling is also critical in communicating the results.

RESOURCES:

ADePT Social Protection Module is a free software developed by the World Bank to analyse a range of questions around social protection using data from household survey. It not only helps analysing the benefit incidence of social protection but can also perform static simulations.

Toolkit on Simulating the Impact of Conditional Cash Transfer Programs on Children's Behaviour was developed by the World Bank to assess the impact of conditional cash transfers on school choices, poverty and inequity based on a household survey, using STATA. It also offers insights into the potential impact of imposing conditionalities.

Estimation of Rates of Return of Social Protection Instruments in Cambodia: A Case for Non-contributory Social Transfers projects multidimensional impacts of social transfers on education, nutrition and labour in a dynamic model.



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1. Building a national pathway to end child poverty

2. Measuring child poverty

3. Putting child poverty on the map: child poverty advocacy

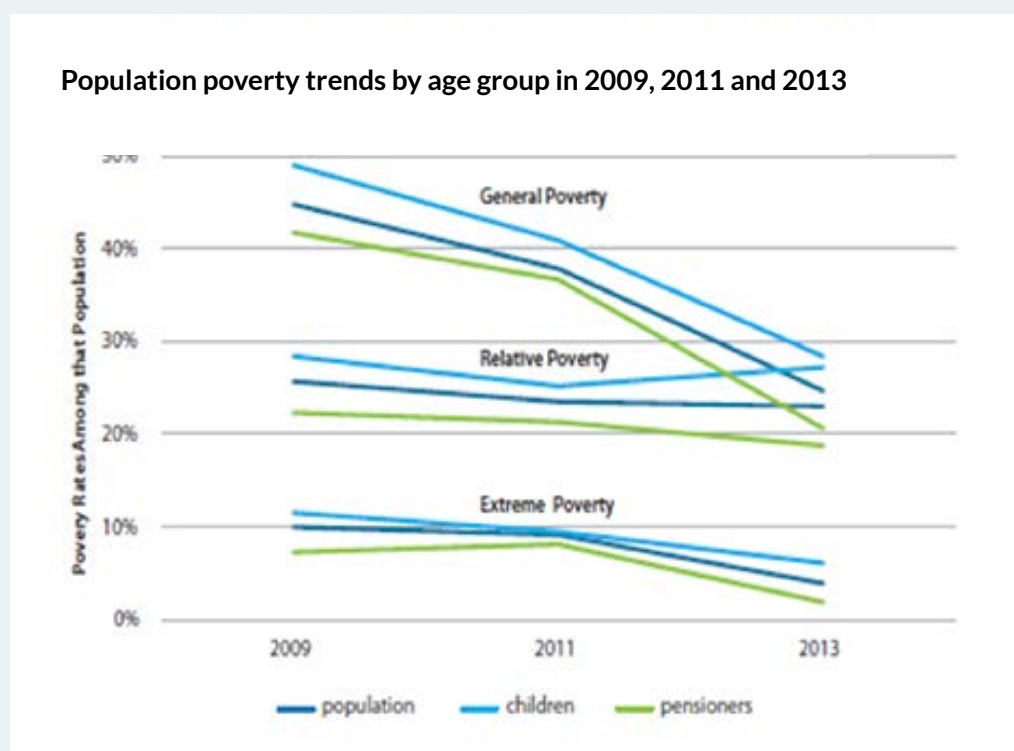
4. Reducing child poverty through policy and programme change

5. Ending extreme child poverty and halving it by national definitions

BOX 4.7

How did benefit incidence and micro simulations in Georgia contribute to establishing a new child grant?

In May 2015, Georgia introduced a remarkable child benefit scheme to its social security protection system, which aimed to reach approximately 260,000 children from the poorest households nationwide. This new social transfer was a much-awaited change for UNICEF, who had been advocating for a reform of the social security system to make it more focused on children. The advocacy efforts were supported by an analysis of child poverty and simulation of various policy options, both based on a unique panel household survey. Here are some of the outstanding features of the analysis and the process that contributed to the change in the social security system:



(1) A national panel survey enabled analysis of trends in income poverty by age group, highlighting higher poverty rates among children.

UNICEF supported the Welfare Monitoring Survey, a panel household survey which captures different dimensions of poverty, including household income, consumption, access to services and goods, health, education and subjective well-being. This data was collected every year from 2009 to 2013, and was used to analyse the trend of poverty by age group, rural-urban difference of child poverty, and poverty rates by number of children in the household.

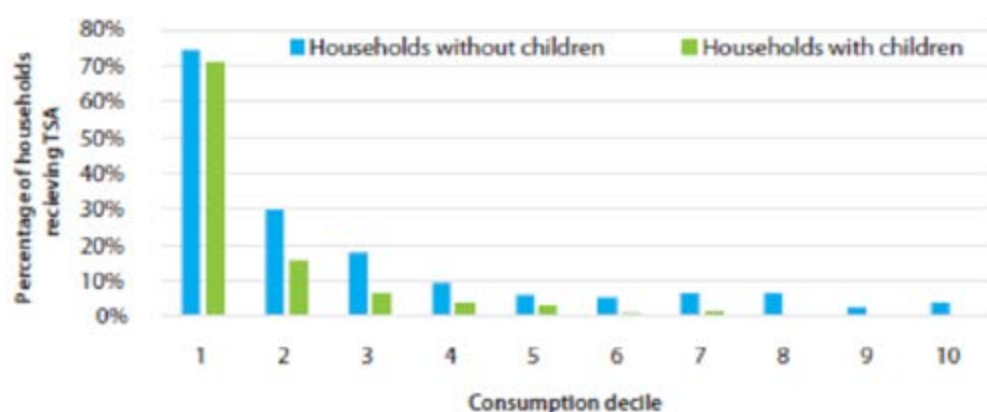
Analysis of the poverty rate by age group showed that child poverty was higher than the population's poverty rate regardless of the poverty thresholds (extreme poverty, general poverty or relative poverty) and highlighted the particularly high extreme poverty rate for children aged 5-14 years old.

2) Analysis of the existing social security programmes identified low coverage rate among households with children.

The largest cash transfer programmes, the old age pension and the Targeted Social Assistance (TSA) scheme, were then assessed on coverage and impact. Using the same panel data, it was revealed that the TSA had higher coverage of households without children than the households with children, and the difference was particularly high in lower consumption deciles. For example, households with children had only half of the coverage rate compared to those without children in the second to fourth consumption decile.

With regards to the impact on the poverty rate, the impact of the TSA was limited and spread across different age groups. The old age pension had a much larger impact on poverty reduction, but only among the population over 50 years of age, with limited impacts on children and youth.

TSA coverage, by pre-TSA consumption decile in 2013

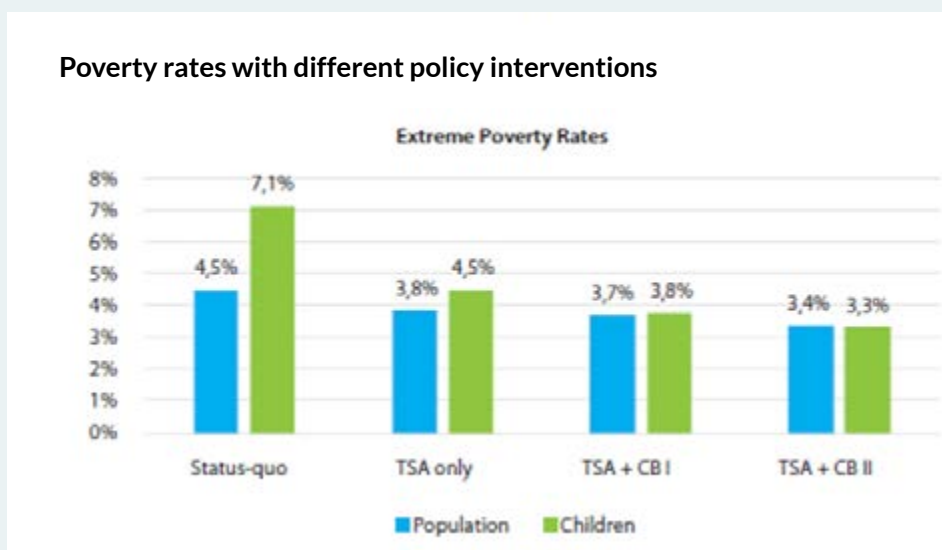


(3) The study modelled the impact on child poverty if a child benefit was introduced and the existing policies were reformed.

The simulation found significant predicted decrease in child poverty rates with a new child benefit and the also argued that the cost could be financed by reforming TSA.

Finally, the study used three scenarios, with different mixed revisions of TSA and child benefit eligibility. One of the findings from the impact simulation was that without the introduction of a child benefit, the difference between extreme poverty rates of the population and the children would remain unchanged, while child benefits could equalize the poverty rate across age groups.

Further, the costing analysis was conducted for each policy option, which was important in proving that the introduction of a new scheme was a feasible option for policymakers.



(4) The process and analysis was undertaken in close consultation with the government and in collaboration with other development partners.

The analysis of child poverty and scenario building were conducted as part of the larger social protection system reform since 2013, carried out by UNICEF in collaboration with the World Bank; the Ministry of Labour; Health and Social Affairs; the Social Service Agency and the Georgian National Statistics office. The scenarios of different policy options were also determined in close consultation with the government, including parliamentarians and the Prime Minister’s Office. Additionally, UNICEF co-hosted a workshop on the social protection system with the World Bank in December 2014, represented by the government, international organizations and research institutes. The collaborative nature of the process was another critical element to bring significant changes in policy over a short time period.

(5) After the establishment of the grant, support to implementation continues to maximize the impact for the most disadvantaged children.

The new child grant was initiated to all socially-vulnerable families with children under the age of 16. The identification of each family’s vulnerability through the TSA was revised, and incorporated into the child grant. Furthermore, precautions were made to ensure that the benefit structure did not include any disincentives for families to explore job opportunities. Finally, efforts were made to ensure that coordination between social workers and agents responsible for providing the benefits were strengthened.

SOURCE: BAUM ET AL (2014) REDUCING CHILD POVERTY IN GEORGIA: A WAY FORWARD. UNICEF

QUESTION 5: WHAT ARE THE MACROECONOMIC IMPACTS OF A MAJOR POLICY CHANGE ON CHILD POVERTY?

With many policy and decision makers focused on the macroeconomy – not least in Ministries of Finance – the ability to show the impacts of a policy change on the macro economy can be crucial in building support. There may be interest in the impact that a social transfer can have on the local economy, the labour supply or economic growth. Major reforms such as fuel subsidy reform or tax reform are likely to have significant impacts on multiple sectors.

Macroeconomic modelling tools are used to understand the impact of policy changes or external shocks that affect the entire economy beyond individual and household impacts. These models include:

- Partial equilibrium models, which are used to model a change of certain factors in a particular sector of the economy.
- Computable general equilibrium models (CGE) models, which are most often used to consider links between all production activities, factors and institutions, including the modelling of markets and predicting how key economic outcomes such as GDP, the fiscal impacts, employment, or poverty, changes over time.
- Macro simulations, which can be combined with micro in a Micro-Macro Framework to project the impact beyond macroeconomic indicators on the situation of households including poverty and child poverty.

Some of the policies or external shocks which have been subject of existing studies using CGE models around child poverty include:

Fiscal Policy: How does increased spending in education increase school participation, reduce child poverty and affect wages, economic growth and the fiscal balance of the country in the long-run? See Burkina Faso example which begins on page 201 of this milestone.

Subsidy Reform: How do energy subsidy cuts impact household and children through changes in wage rates, employment, income and consumer prices?

Trade Policy: How does trade liberalization impact poverty, or how does eliminating tariffs on imported food affect the population in urban and rural areas differently?

Financial Crises: What are the impact of global economic crises on the wage rates, employment, food and non-food prices in West and Central Africa (see example under Resources). A similar approach can be taken to understand the potential impact of climate change, global food price increase, or inflation.

Growth: What is the impact of different types of growth and how will it affect income distribution and poverty?

While these models have the advantage of analysing the impact of policies across multiple sectors and the overall economy, running the simulation requires understanding of sophisticated simulation techniques, understanding of partial/general equilibrium theory, advanced knowledge of computer programming and managing large data linking different sectors. Accordingly, in deciding to run such models, careful consideration should be given to the nature of the problem, existing CGE models, data, capacities and resources, and the potential impact the analysis could have, such as whether there are clear reasons why impacts on the overall economy and linkage with other sectors particularly matter.

When moving forward it is important to bear in mind some considerations and limitations with the approach. Some experts argue that “CGE simulations are not unconditional predictions but rather thought experiments” (Hertel et. al., 2007). Some of the reasons include:

- The simulation model is built on a specification of the past. However, the real world is always changing, meaning that real results will vary.
- The models are theory-based, and thus cannot be tested against empirical evidence.
- The results often depend on various assumptions and some of them may be controversial.



KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Determining the scope of the simulation.	<p>First of all, what are the reasons that requires macro simulations? What datasets and skills do you have to conduct the analysis?</p> <p>Does the government understand the need to conduct macrosimulation, and are the options agreed?</p>
Step 2	Setting up the modelled economy.	<p>Using combined data of national accounts and survey data, what are the assumptions to be made in the model? Some may include:</p> <ul style="list-style-type: none"> - Who are the representative agents in the model and how do they interact with each other? For example, an economy could constitute government, households, firms, etc. - How does each agent behave in the model? (for example, the firm may be assumed to seek profit maximization behaviour) - What are the commodities and factor elements and what markets exist for trade? See an example of the interlinkages below. - Which elements are given exogenously to the model, and which are determined endogenously?
Step 3	Defining what is the shock or policy change and how it can be modelled.	<p>What are the policy options that are being discussed?</p> <p>How can the policy changes be conceptualized and translated into model instruments?</p>
Step 4	Running the simulation and testing the results.	<p>Are the results consistent with your previous hypotheses? How do the results change over time?</p> <p>Should the results from macro model feed into the microsimulation model to analyse the impact on poverty and inequity?</p> <p>What are the policy impacts on both the households and the macroeconomy?</p>

TIMELINE:

- Much of the timeline is dependent on building stakeholder engagement around the project and underlying assumptions as well bringing together the data. Often there is an initial stakeholder workshop, then analysis is undertaken, and three to six months later a follow up workshop presents the final report and results.
- In many cases, work on CGE modelling is combined with training and capacity building of civil servants in these techniques, which can also adjust the timeline.

DATA:

CGE modelling is data intensive, and requires two sets of comprehensive data:

1. Data that represents the economic system – such as national accounts on production, consumption and trade which are most commonly compiled into Social Accounting Matrices (SAM).
2. Data on behavioural relationships to define how the system responds to changes. Such data include elasticities of demand, production and trade, and separate econometric work is required to derive such data.

SKILLS AND KNOWLEDGE:

- Deep understanding of general equilibrium theories with extensive experience in modelling CGE models.
- Ability to handle complex macro data such as social accounting matrix.
- Ability to use software such as GAMS or GEMPACK.
- Ability to communicate complex models to policymakers with little background knowledge on CGE modelling.





Burkina Faso

Comparing the simulated impacts of increased education spending, school fees subsidy and cash transfer on education outcomes and poverty in Burkina Faso

CONTEXT:

Faced with tight fiscal constraints due to growing budget deficit and stronger intervention to achieve the MDG outcomes, UNICEF and Partnership for Economic Policies (PEP) conducted a simulation analysis to understand the potential impact of the following three policy options:

- (i) increase in education spending.
- (ii) school fees subsidy.
- (iii) cash transfer to households with children under the age of 5.

OUTCOME VARIABLES:

The main outcomes of interest were:

- Monetary child poverty rate.
- School participation rate.
- Economic growth.

DATA USED:

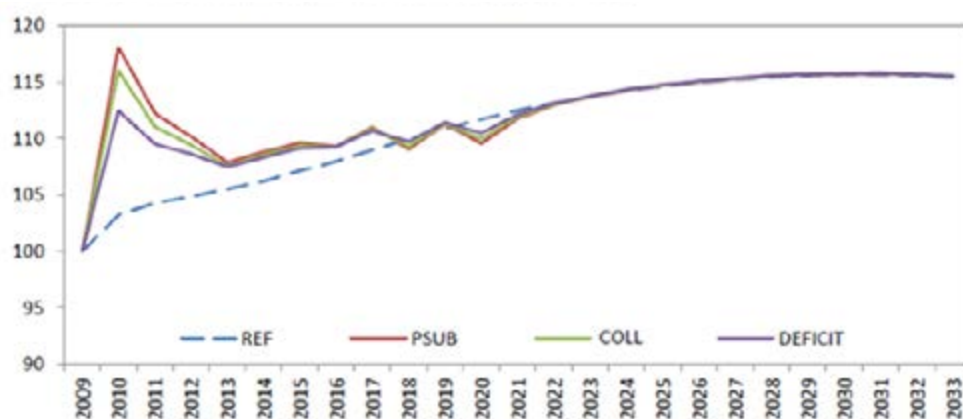
- For macro modelling, SAM for 2009.
- For micro analysis, household living condition survey for 2009.

SIMULATION ANALYSIS:

1. The dynamic CGE produced:

- Estimates on the prices (wages, prices, education fees etc) and the quantities (employment, sectoral value added, number of students etc) which were then used for the micro model
- Impact of various factors on education (entry and participation rates, number of students per cycle) and on the economy (such as growth and fiscal situation).

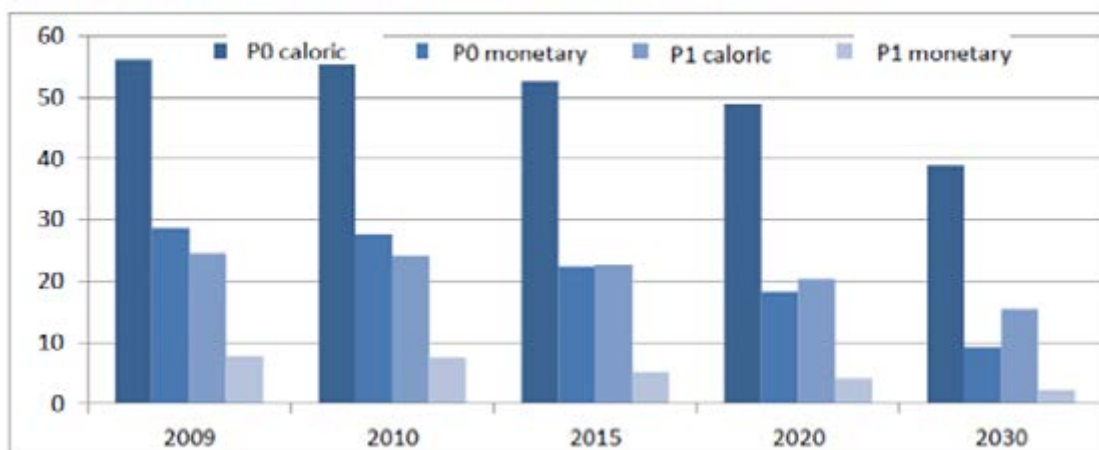
Education quality index, first level of study (2009–2033)



Impact of increased education spending on education quality over time

2. The dynamic micro-simulation model was used to:
- estimate behaviour of households (used in the macro model).
 - estimate the variance in income and consumption for each household.

Evolution of poverty indicators in the reference scenario



Poverty Impact

MAIN RESULTS:

- Increased public education spending would help raise school participation and pass rates, thus increasing the supply and education level of skilled workers, leading to a reduced incidence and depth of monetary poverty.
- School fees subsidies promote children's entry into school to a greater degree, but are less effective at inducing them to pursue their studies. They also have a beneficial impact on poverty, greater than with increased public education spending.
- Cash transfers have a limited impact on educational behaviour, and thus on the supply of skilled workers, but substantially reduce the incidence and depth of poverty.
- Regardless of the interventions considered, the most suitable financing mechanism appears to be a temporary increase in the public deficit, because it is accompanied by a smaller negative effect on the quality of life of the most destitute.

In conclusion, if the objective is to achieve improved education and economic performance, the best intervention appears to be to focus on increased public education spending. However, if reducing child poverty is prioritized, it is cash transfers to families that appear more suitable.

SOURCE: COCKBURN ET AL. (2012) FISCAL SPACE AND PUBLIC SPENDING ON CHILDREN IN BURKINA FASO. PEP AND UNICEF.

RESOURCES:

Introduction to CGE are slides by John Gilbert from ARTNeT Short Course on CGE Modeling at UN ESCAP provide a quick overview of the basic elements of CGE.

General equilibrium models for development policies is an advanced technical guide on how to run general equilibrium models, written for readers to understand the nature of such models and how they link to economic theory.

Combining microsimulation with CGE and Macro Modelling for Distributional Analysis in Developing and Transition Countries provides an overview of recent studies that combine microsimulation and CGE models in developing and transition countries.

Global Trade Analysis Project (GTAP) is a global network of researchers and policy makers conducting quantitative analysis of international policy issues. GTAP is coordinated by the Center for Global Trade Analysis in Purdue University's Department of Agricultural Economics.

Computable General Equilibrium (CGE) Modeling Services on Trade and Integration by IADB provides guidance on how CGE modelling can be used to analyse trade and integration.

PEP supports local CGE researchers by creating a **database of local researchers with expertise in CGE modeling** and also by providing range of training materials on **Modelling and Policy Impact Analysis (MPIA)**.

Methodologies to analyse the local economy impact of Social Cash Transfers (SCTs) provides a comprehensive review of analytical framework in analysing the multiplier effect of social cash transfers through changes in labour supply and productive activities.

SUBSIM project provides a set of Stata modules for rapid distributional analyses of subsidies and simulations of subsidy reforms. The model estimates the impact of subsidies reforms on household welfare, poverty and inequality and the government budget with or without compensatory cash transfers. The model can estimate direct and indirect effects using household budget survey data and input-output matrixes.

Financing the future

Even where there is agreement by decision makers on the impact of particular policies on child poverty, change may not happen without a clear understanding the financial implications of a new or scaled up programme. This section looks at tools that can help answer three frequent policy questions in this area: (1) How much will the change cost? (2) Is it cost-effective compared to other choices? (3) And where can the government find resources?

QUESTION 6: WHAT ARE THE COSTS OF CREATING A NEW PROGRAMME OR SCALING UP AN EXISTING ONE?

Programmes and policies come with a cost. Without having a concrete cost estimate, it is challenging to convince policymakers to adopt a policy change, and impossible to compare the cost-effectiveness with other programmes or to suggest appropriate financing mechanisms. As such, having a cost estimate is often an important starting point in discussing resource mobilization to make change happen.

In calculating the estimated cost it is important to recognize both the direct costs of a programme as well as the indirect (or overhead) costs. For example, in costing a social protection programme, it is important to not only calculate the direct cost (the sum of transfer amount to households/individuals) but also the indirect cost, including the administrative cost to distribute the benefits, targeting and enrolling beneficiaries, monitoring costs and periodic evaluation.

The annual cost for the programme is also likely to change over time, and so having a projection of how costs will change may also be helpful. Some programmes may need fixed investments in the beginning, thus pushing up the cost in the initial years. Or, the programme cost may depend on the number of beneficiaries. The long-term analysis may be particularly useful to relieve any anxiety that costs may increase in the future.

Once the total cost is calculated, it can be a useful exercise to compare the figure with larger macro indicators. For example, how does the cost compare to the total government spending, or the national economy (GDP)? How does it compare with existing programmes in the same area?

It is also important to understand if any of the costs are covered by the beneficiaries. This is more obvious for any contributory scheme where beneficiaries are required to bear some share of the cost. However, even for non-contributory schemes, beneficiaries often bear some of the cost. For example, the beneficiaries may have to spend money on transportation or spend time for registration and trainings. While such costs may not directly affect the programme budget for policymakers, understanding the costs for the beneficiaries is an important component for a programme to succeed and achieve the intended results.

Finally, the actual cost of the programme could be significantly different from the projected cost, due to several risk factors. Such factors may include the change in the fiscal situation of the government, inflation or price changes of materials. While predicting all changes is impossible, accounting for possible future risks and changes helps prepare for sustainable implementation.

KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Decide on policy or programme options to be costed.	What are the policy options that can reduce child poverty and also have buy-in from the government?
Step 2	Collect data sources to conduct cost analysis.	<p>What are the direct costs and the indirect costs? Can we have an estimated number of beneficiaries?</p> <p>What information are available to make a projection over years? Some may include:</p> <ul style="list-style-type: none"> - Labour market data for unemployment scheme - Household characteristics for child grants for orphans - GDP, inflation rate, labour productivity growth rate for simulation assumptions - Information about risk factors for future costs
Step 3	Calculate the cost (for now and for the future).	<p>Are any of the existing tools helpful in calculating the costs? Can the direct and indirect cost be compared to calculate cost efficiency (the ratio of administrative costs to the total amount of output)?</p>
Step 4	Analyse the implications.	<p>How does the cost compare with the government expenditure or with GDP?</p> <p>How does it compare with other international benchmarks?</p> <p>What are the observation on risk factors that may influence the cost in the future?</p>

TIMELINE:

- In a simple case, it could be done in one to three weeks, but for larger programmes or more detailed costing, it may take two to three months.
- Time may be increased depending on involvement of stakeholders.

DATA:

- Programme information from programme documentation or experts such as number of beneficiaries and how they are projected to change; administrative and material costs.
- Projection of population growth, inflation rate, GDP, government expenditure from government data sets and publications.

SKILLS AND KNOWLEDGE:

- Good level of skills and experience in basic computation on Excel or similar software.
- Programme and policy expertise in selected area in the elements of direct costs and indirect costs.

RESOURCES:

Both of these costing tools help calculate the rough cost of social protection programmes:

- [UNICEF-ILO Social Protection Floor Costing Tool](#)
- [Rapid Assessment Protocol \(RAP\): ILO Social Protection Assessment Based National Dialogue - A good practices guide: Step 2, Module 11: Calculating the cost of benefits using RAP model](#)

For both tools, additional national detailed cost estimate exercise should follow the initial results. Among the two tools, the SPF costing tool has pre-defined format and options based on an Excel spreadsheet, which makes it friendly for users without knowledge on modelling. RAP is intended to be used as part of a national dialogue. While the format allows more flexibility, the requirement of time and previous knowledge of modelling is higher than the SPF costing tool.

WHO Guide To Cost-effectiveness Analysis is a practical guide on how to conduct generalized cost-effectiveness analysis in the health sector.

QUESTION 7: IS THE PROGRAMME OR POLICY COST EFFECTIVE?

While simulation exercises can give a sense of policy or programme impact, and costing provides an estimate of resources needed, it can be important for policy makers to understand both aspects together. In other words, how cost effective a programme is compared to other programmes.

There are several ways to undertake this analysis:

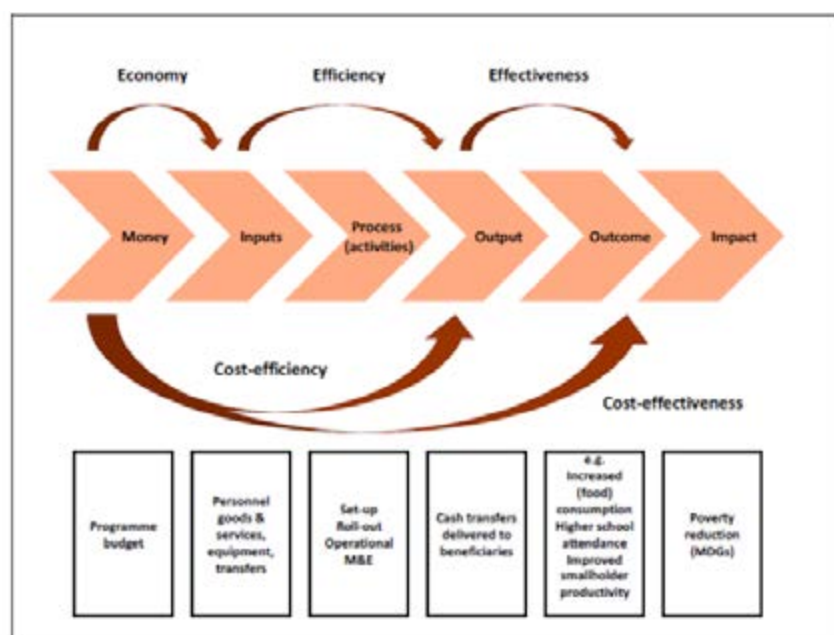
Cost-efficiency analysis examines how well the inputs are converted into outputs. This could be measured by cost per unit of output, or the ratio of total programme cost to value of the outputs. For example: how much did it cost to distribute a livelihood support package?

Cost-effectiveness analysis asks if the outputs are achieving the outcomes. Here, the analysis reveals how much it costs to achieve defined outcomes, for example: how much investment in a livelihood programme can reduce monetary child poverty rate by 1 per cent?

Cost-benefit analysis looks at the total amount of cost as a share of outcome in money terms. It can only be applied when the outcomes can be quantified monetarily. The result will show how much return (in monetary terms) is accrued by spending one dollar on a project.

Combining the cost and impact aspects of programmes and policies is certainly appealing, but the limitations of each approach (as outlined in the sections above) as well as the time and investment required to bring the two together should be recognised. Where such analysis does answer key policy maker questions, some challenges and considerations when undertaking these approaches (building on Hodges et al. 2011) are shown on facing page in Figure 4.9:

Figure 4.9: Applying the 3E framework to analyse VfM in cash transfers



SOURCE: HODGES ET AL. (2011)

Not all impacts are measurable (even in the short-term). When some of the costs or resources are shared with other programmes, it is difficult to attribute the costs to a single intervention and this should be made clear in analysis and recommendations. On the impact side, while some outcomes can be measured quantitatively, others are harder to quantify (for example reduction in discrimination).

Not all mid- and long-term impacts are measurable. Usually, programmes and policies have long-term impact beyond short-term poverty reduction. Some of the dynamic tools outlined above can help give a sense of longer term impact. For an example see 'Making the investment case for social protection' under resources.

The analysis is more complicated for systems rather than individual policies or programmes. There is an increasing focus in supporting system building, including social protection, child protection and health systems. However, the comprehensive nature of the support makes it more difficult to assess the cost-effectiveness or efficiency broad programmes. Some guidance has been developed to adapt existing programme evaluations to systems evaluations – for an example, DFID has published guidance to measure value for money for social transfer programmes and for social protection systems (see Figure 4.9). More details for both are available in resources.

While this combined analysis could effectively be undertaken at the programme design phase, including it as part of regular monitoring and evaluation will allow the updating of the cost effectiveness of programmes over time.

KEY STEPS AND CONSIDERATIONS:

STEPS	ACTIVITIES	CONSIDERATIONS
Step 1	Decide the scope of the analysis and policy options.	<p>What are the policy options of interest? Are the policymakers onboard?</p> <p>What is the theory of change?</p> <p>Which analytical approach is feasible and most relevant to your policy context: cost-efficiency, cost-effectiveness or cost-benefit?</p> <p>Can the outcomes be quantified in general, and also in monetary terms?</p>
Step 2	Calculate the impact side.	<p>For cost-efficiency: what is the output in quantitative terms?</p> <p>For cost-effectiveness: what is the impact in quantitative terms?</p> <p>For cost-benefit: what is the impact in monetary terms? How do you evaluate the outcomes in money terms?</p>
Step 3	Calculate the cost side.	<p>To the extent possible, how much does it cost to finance each policy options? (see the section on costing above). Is it possible to calculate the long-term cost?</p>
Step 4	Analyse the results.	<p>Combining the results from step 2 and 3, what are the policy options that are appealing?</p> <p>Are there any elements that could not be included in the analysis?</p> <p>During implementation – how did the assumptions and actual figures change?</p>

TIMELINE:

- Assuming that the simulation and costing analysis is already done, combining the two with additional analysis could take one to two weeks. The whole process (including costing and simulation) could take anywhere from a month to one year depending on the scope and the political process.

DATA:

- The data will come from the estimation of costs and impacts outlined in earlier questions. In addition to total cost of the programmes, each analysis requires specific information:
 - An analysis of efficiency requires information about outputs (what was provided and to whom?)
 - An analysis of effectiveness requires information about outcomes (what were the impact of the programmes/policies on child poverty reduction?)
 - Measuring benefit requires information about outcomes in monetary terms (how can the impact translate into monetary terms?)

SKILLS AND KNOWLEDGE:

- Skills and experience in basic computation in Excel or similar software.
- In addition to the skills and data that applied for impact simulation and costing, knowledge and experience of different methodologies for combining the two.

RESOURCES:

DFID's Approach to Value for Money explains the essence of the three approaches (cost-efficiency, cost-effectiveness and cost-benefit) in general.

Measuring and maximising value for money in social transfer programmes is a guide to comparing cost and impact on cash transfer programmes. ***Measuring and maximising value for money in social protection systems*** is an accompanying guide to the above for the system.

Comparative Cost-Effectiveness Analysis to Inform Policy in Developing Countries: A General Framework with Applications for Education discusses application of cost-effectiveness analysis using evidence from randomized control trials, with a range of examples from its application in education field.

Making the Investment Case for Social Protection provides an overview of methodologies, findings and challenges in developing evidence for the cost-effectiveness of social transfers.



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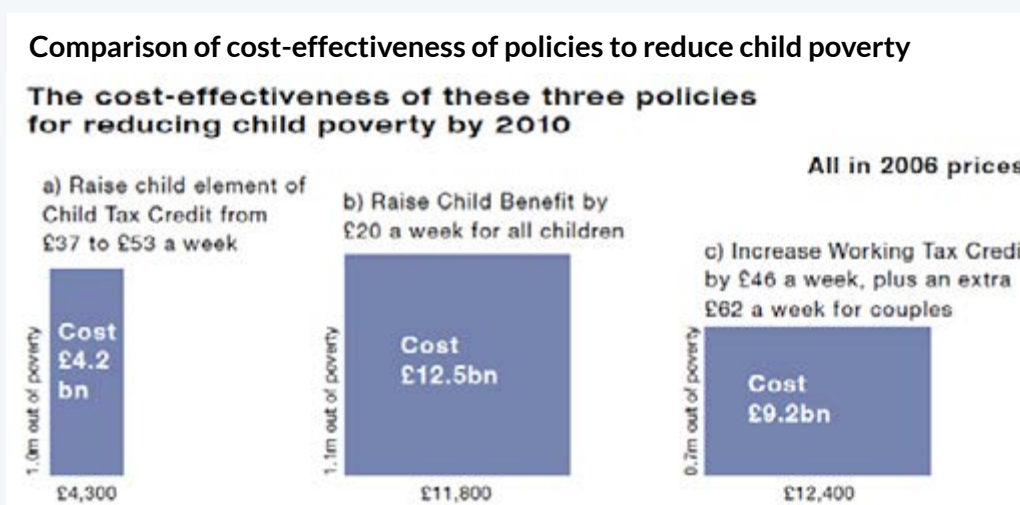


United Kingdom

Comparing the simulated impacts and costs of different policies to reduce child poverty

After the UK government announced its vision of ending child poverty in the UK and created a set of child poverty targets, a group of experts gathered to produce a report to analyse the causes of child poverty and various factors to reduce it. The report conducted a modelling exercise to understand what was needed to meet the targets. The study ran a microsimulation model to first project what current policies could do to reduce future levels of child poverty, then examined how different new policies could accelerate progress.

The simulation model projected the distribution of income, and thus the relative poverty rate, based on forecasts of demographic and economic trends and different design of tax and benefit policies. It was limited to modelling policy changes whose impact on income could be reasonably quantified and thus did not include policies where projections would be more complex, such as raising the education level of the next generation of parents. The model also does not account for dynamic moves of individuals, moving in and out of poverty and rather provides a static snapshot at given time.



The findings from the simulation exercise showed that the present policies (including a tax credit, child benefit and welfare to work policies) would only reduce the child poverty rate to 21.4 per cent by 2010, falling short from the target of 13 per cent in 2010. Changes in three individual policies, namely child tax credit, child benefit and working tax credit, were then compared in both the impact size and the cost. The above figure summarizes the findings, where the width of bar shows cost per child taken out of poverty and the height shows the number of children taken out of poverty.

The comparison indicated that improving the child tax credit was the most cost-effective single mechanism, as the modelled change could almost reach the target at the cost of 4.2 billion pounds, while to achieve the same results would cost three times as much if achieved by raising the child benefit. Similarly, an increase in working tax credit would cost more than double the estimate to increase child tax credit while achieving less. The paper then discusses combining different policies into a package to meet the child poverty targets, as further explained in Milestone 5, page 201 onwards.

It is important to note that the child poverty targets have since been replaced by the new UK government, and the recommendations of the analysis have not been taken up.

SOURCE: HIRSH (2006) WHAT WILL IT TAKE TO END CHILD POVERTY? JOSEPH ROWNTREE FOUNDATION

QUESTION 8: HOW CAN THE GOVERNMENT FINANCE THE COST?

One of the most common reasons why policy changes are difficult, even with solid evidence on impact and cost efficiency, is the argument that there is no fiscal space in the budget. While it is true that many countries are running with scarce resources, cross-country analysis shows that even in the poorest countries, there can be space to fund social programmes and policies.

Fiscal space analysis is useful in examining options to be considered in expanding fiscal space in a national context and can contribute to understanding how policies and programmes can be financed. The results can be applied to any type of intervention and is most effective when combined with costing estimates to concretely show how the projected cost could be budgeted in the fiscal space.

Fiscal space analysis examines the current spending and revenue models to assess if there any space can be transferred or be used more efficiently, as well as exploring external options such as grants or debt.

Existing literature gives a number of recognized indicators in each area to be examined. Some cross-country studies (see resources below) provide a summary of available fiscal space, which could be a good starting point for a country-specific analysis or a cross-country comparison. For a more detailed analysis, it may be necessary to work with and obtain further information from national institutes, such as the Ministry of Finance.

Ideally, the analysis will look into potential options with immediate implications as well as implications for the future, as some options may open up fiscal space for the present but with negative future implications, while others can have the reverse effect.

Examples of options for fiscal space:

1. **Re-allocating public expenditures** by shifting resources to higher priorities and more effective and productive programmes. Child poverty profiling may help in identifying such areas.
2. **Increasing revenues** either by overall GDP growth or by reforming the tax system and structure by introducing new taxes, increasing tax rates and improving tax administration.
3. **Expanding social security coverage and contributory revenues** has occurred in developed countries as a means to sustainably finance social protection and some developing countries are also following for formal workers.
4. **Increased aid and transfers** in the form of grants or concessional loans. This could face less political pushbacks, but may have challenges in predictability or sustainability.
5. **Eliminating illicit financial flows**, which include illegally-earned, transferred traded goods that are mispriced to avoid tariffs, wealth funnelled to offshore accounts or unreported movements of ash.
6. **Using fiscal and foreign exchange reserves.** The former is accumulated through budget surpluses, profit of state-owned companies or other government income, such as export revenues of oil and can be used by government without incurring debt. The latter is accumulated through foreign exchange market interventions by the central banks.
7. **Borrowing** from external or domestic resource or restructuring existing debt by writing off debt stock. The former will free up current fiscal space but limit future spending space, while the latter can free up the fiscal space that would otherwise be spent on future debt service obligations.
8. **Adopting a more accommodative macroeconomic framework**, which refers to expansion of government expenditure and monetary policy to promote growth and social development

SOURCES: HANDLEY (2009); ORTIZ, CUMMINS AND KARUNANETHY (2015)

To be effective, fiscal space analysis (along with many other policy questions considered in this section) need to be integrated into government process including, crucially, the budget cycle. This is considered in more detail in Milestone 5.

TIMELINE:

- For simple analysis that builds on globally available data, it could take two weeks to one month. For detailed analysis, it could take two to six months, depending on scope and data availability.

- The timeline may be lengthened depending on stakeholder processes. Including experts from the Ministry of Finance in the analysis can help its quality and political support. The timing should be integrated as appropriate with the budget cycle.

DATA :

Macroeconomic data including:

- Data on government spending (government expenditure in general to be used in assessments such as expenditure on health, education and the military).
- Data on government revenue (such as total revenue, tax revenue amount and growth and official grants).
- Other macroeconomic indicators (such as overall fiscal balance, external debt stock, debt service, foreign reserves and inflation).

Major global databases that could be useful could include:

- The IMF world economic outlook database, regional economic reports and country analysis.
- The World Bank World Development Indicators and Global Economic Monitor.

SKILLS AND KNOWLEDGE:

- Advanced understanding of macroeconomic theories and concepts.
- Knowledge of fiscal expenditure indicators.
- Understanding of the revenue model of the government.
- Knowledge of data and other information and how to access them.
- Experience of conducting fiscal space analysis in different contexts is an advantage.
- Credibility and support of government and Ministries of Finance is crucial.

RESOURCES:

Fiscal Space in Developing Countries is a concept paper commissioned by the Poverty Group of UNDP, assessing internal revenues for fiscal space for actions against poverty.

Fiscal Space for Social Protection: Options to Expand Social Investments in 187 Countries offers a range of options to generate fiscal space for social protection with an annex that provides a list of fiscal space indicators for 187 countries.

Fiscal Space for Strengthened Social Protection – West and Central Africa introduces a basic framework for policy analysis, estimation of fiscal space required for social protection, accompanied with case study in five western and central African countries.



Additional tools to support policy and programme change

In addition to the tools introduced in this milestone, the following guides may also help in understanding other approaches that are commonly used for policy analysis.

The World Bank's ***Economic and Social Tools for Poverty and Social Impact Analysis*** is an approach to assess the distributional and social impacts of policy reforms with a particular focus on the poor and the vulnerable. The user's guide lays out the conceptual framework and 11 elements of good analysis. The Annex presents summary information of over 25 tools, which can help identifying stakeholders, assessing institutions, analysing impacts, assessing risks, and monitoring and evaluation.

UNICEF & World Bank's ***On Integrating a Child Focus into PSIA*** is a guidance note to understand the potential impacts of policy reforms on children. As such, it discusses potential child well-being outcomes, introduces methods to assess impacts on children and approaches to incorporate children's perspectives. The accompanying Resource Pack provides list of additional resources on a range of issues.

OECD's ***Poverty Impact Assessment*** was developed as a complement to PSIA and is considered as a 'light' version of PSIA given its short time frame and lower level of required resources. Five modules are intended to help ex-ante poverty impact assessment of projects, programmes and policies to reduce poverty.

UNICEF's ***Assessing the Impact of Economic Trends and Policies on Children*** covers analytical tools to identify economic trends and policies and their implications on children, ranging from empirical analysis, micro-macro simulations, social budget tracking and innovative desk reviews.

Conclusion

To achieve the ambitious SDGs on child poverty, measurement and advocacy play a key role, but in many context they may not be enough to expand and strengthen the policies and programmes to reduce child poverty. This milestone outlined a range of policies and programmes, how to decide which one to focus on using child poverty profiling and causality analysis, and introduced eight analytical questions and tools to build evidence that can bring change at policy level. The final milestone will then look at how to bring the policies and programmes together under a comprehensive and budgeted national commitment to accelerate progress towards the SDGs.

MILESTONE 4 CHECKLIST: INDICATORS OF SUCCESS

- ✓ Clear understanding of the child poverty profile – which children are living in poverty, where and why.
- ✓ Clear understanding of policy environment and where engaging makes sense.
- ✓ Policy and programme analysis to support and influence policy makers on approaches to reduce child poverty.
- ✓ A change in a programme or policy, and a reduction in child poverty

