

**CHILD RIGHTS IMPACT ASSESSMENT OF
ECONOMIC POLICIES: A CASE STUDY FROM
BOSNIA AND HERZEGOVINA**

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EXECUTIVE SUMMARY

In 2006-07, UNICEF and Save the Children UK in Bosnia and Herzegovina (BiH) developed a Child Rights Impact Assessment (CRIA) methodology to provide BiH policy makers with the means of assessing the impact of economic reforms on children. This paper assesses the effectiveness of the piloted CRIA methodology and outlines challenges in leveraging research to influence the socio-economic policy reforms in BiH.

The CRIA was developed in response to a failure of the BiH Poverty Reduction Strategy Paper to integrate child rights. In relation to Child Impact Assessments (CIA), only Sweden and the United Kingdom provide recent examples. Existing tools, including Poverty and Social Impact Analysis (PSIA), rarely consider the impacts on children. The CRIA built on the PSIA methodology and used the Convention on the Rights of the Child to develop child-focused methodology and standards.

Key elements of the CRIA methodology include combining sector analysis with quantitative survey (attached to larger-scale Multi Indicator Cluster Survey - MISC3), qualitative participatory research with children and their parents, existing data source analysis (e.g. MICS, Household Budget Surveys - HBS) and econometric analysis. The approach focuses on social service institutions as direct implementers of the children's right to education, health and social protection. CRIA also examines intra-household expenditures to assess the impacts on children within the household.

UNICEF supported the government and NGOs to pilot CRIA on the electricity price increases in the context of the proposal to privatize electricity. CRIA provided insight into the intra-household dynamics of income and consumption for households with children. Most of the household coping strategies would negatively impact on children's health, increase child labour; reduce children's access to information and increase girls and women's workload. The CRIA pilot research results exposed the negative impact of the proposed reforms on children, especially the reduced quality and access to health, education and social protection. The pilot proposed child well-being/rights indicators for monitoring and reinforced the need for mitigation measures. The qualitative research illuminated some of the community-based coping and mitigation strategies. The pilot indicated success in engaging children and households in research and was recognised by the research participants and the BiH government as one of the rare researches with a "human face".

The paper discusses the limitations and potential role that CRIA can play in policy making. For the first time in BiH, the CRIA, in combination with MICS3, created income and consumption baseline on households with children against which impacts of future economic reforms can be monitored. While there are serious institutional and financial constraints to undertake large-scale surveys, including HBS or MICS, small-scale surveys such as CRIA may be more sustainable.

The greatest challenge is to strengthen the research-policy link that would ensure the direct or indirect use of CRIA's outcomes in actual formulation of policies in BiH. Integrating critical elements of CRIA into existing BiH monitoring systems is key strategy as UNICEF, Save the Children UK and traditional social sector partners have little experience or leverage to muscle in on the economic policy reforms largely driven by the International Financial Institutions and the European Union policy prescriptions. To expand CRIA's potential influence beyond the social sector reforms, methodology would need to include impact assessment and comparison of different economic policy options. Furthermore, in the context of existing fiscal restraint in social sectors, fiscal analysis and budgetary projections of mitigation measures have to be incorporated into the CRIA. So far, CRIA findings are being used by the government in the process of preparation of the new Social Inclusion Strategy, a key policy document for the EU accession process. Hence, CRIA is emerging as a potential tool to make visible the impact of economic pressures on children.

1. INTRODUCTION

In 2002, Save the Children UK in BiH published a study arguing that children's rights to education, health care, social security and an adequate standard of living will be jeopardised if the macroeconomic policies promoted by the international community and government in BiH are implemented unamended.¹ The study explored the implications for children of the policies of rapid privatization, particularly of public utilities, foreign direct investment, fiscal restraint, liberalised trade and the simultaneous accumulation of foreign debt, which may have serious consequences for children in BiH, as similar processes in the CEE/CIS regions have resulted in significant increases in child poverty.

Advocacy, official inputs, consultations and technical assistance by UNICEF, Save the Children UK and local child rights organisations did not affect the aims or content of the BiH Mid-Term Development Strategy-Poverty Reduction Strategy Paper for the period 2004-2007 (MTDS-PRSP). Although the government adopted the National Plan of Action (NPA) for Children in 2002, priorities for children were not incorporated into other parallel reform processes in BiH and analysis done by the Save the Children UK did not spark concern among policy makers. Children's well-being was discussed exclusively in relations to the social sector reforms and although government officials involved in the preparation of the MTDS-PRSP were in many instances also the same officials involved in the preparation of the NPA for Children, children's as well as other poverty issues disappeared when it came to macroeconomic and structural reforms. A prime example of this was that while the social sector proposals implied additional resources allocations, Medium Term Expenditure Framework prioritised reduction of public expenditure, especially expenditure on social sectors.²

The revision of the MTDS-PRSP in 2006 indicated that the pro-poor, human rights and sustainable human development discourses are gradually being endorsed into the BiH policy making. Linkage between these conceptual frameworks and macroeconomic and social priorities, however, remained weak. The weakest link is in understanding the interaction between economic and social policies and their combined impact on socio-economic development in BiH.³

Many human rights organizations and non-governmental organisations (NGOs) have voiced strong criticism of the PRSPs, the most fundamental being that the broad macroeconomic objectives of the majority of PRSPs were inconsistent with the poverty reduction goals.⁴ The BiH PRSP was similar to PRSPs prepared in other countries, especially in its economic policy proposals and in disconnect

¹ Save the Children UK, *Diminishing Returns: Macroeconomics, Poverty and Children's Rights in Bosnia and Herzegovina*. 2002.

² See *Bosnia and Herzegovina Medium-Term Development Strategy – MTDS-PRSP 2004-2007* (<http://www.dep.gov.ba/en//content/view/55/86/>)

³ See Revised document of MTDS for 2004-2007 (<http://www.dep.gov.ba/en//content/view/37/86/>).

⁴ See ECOSOC *The Highly Indebted Poor Countries (HIPC) Initiative: a human rights assessment of the Poverty Reduction Strategy Papers (PRSP)*, Report submitted by Mr. Fantu Cheru, independent expert on the effects of structural adjustment policies and foreign debt on the full enjoyment of all human rights, particularly economic, social and cultural rights. E/CN.4/2001/56 18 January 2001. See also Bretton Woods Project (2003) *Poverty Reduction Strategy Papers (PRSPs): A Rough Guide*, Bretton Woods Project, London <http://www.brettonwoodsproject.org>. Other criticisms include the UN Development Fund for Women arguing that women's issues are generally sidelined, and restricted to health and education, rather than broad macroeconomic policy. UNIFEM, *Contribution to the World Bank and IMF PRSP Review*, 26 November 2001 (<http://www.worldbank.org/poverty/strategies/review>). Save the Children argued that analysis of poverty by age should be prioritised, and that the opinions of children themselves should be sought in the context of broad consultations with civil society. Save the Children, *Save the Children UK Submission to the IMF/WB Review of PRSPs*, December 2001 (<http://www.worldbank.org/poverty/strategies/review>)

between the macroeconomic policies/structural reform priorities and poverty reduction. BiH PRSP viewed poverty reduction as dependent on economic growth – and this would happen through e.g. restructuring, downsizing, cost-recovery and private sector growth. The links between macroeconomic scenarios and public spending were not made explicit. BiH government's own assessment of the MTDS-PRSP has echoed many of the same shortcomings.⁵

UNICEF analysis and experience shows that there is a general lack of consideration of children's issues in the debate on poverty. Evidence-based policy analysis is seen as a prerequisite for engaging in policy debate. However, there is little systematically documented evidence on how weaknesses in socio-economic and particularly macroeconomic policies are linked to child poverty and deprivation. Furthermore, knowledge and technical capacity grow weaker as discussions move from micro-level, local child-oriented programmatic interventions towards macro policy making. Much of the existing data focuses on outcome indicators, while little information is available on policies and context-specific evidence of how economic policies impact on children's rights.⁶

Furthermore, monitoring of the progressive realisation of social and economic human rights would require proposed structural reforms and macroeconomic policies to be assessed in light of the state's obligations to ensure these rights. This is especially relevant given the recent experience in Eastern Europe clearly demonstrating that macroeconomic and structural reforms have contributed to an enormous growth in poverty levels and inequality.⁷ Stronger conceptual linkages have to be established between economic and social policy and with the human rights framework in order to understand the impact of specific economic policies on children's rights.

The Committee on the Rights of the Child recommends that state parties undertake child impact studies, so that decision makers can be better advised when formulating policy as to its effect on the rights of the child. With few exceptions, little has been done so far to develop this recommendation into practically applicable models. In relation to Child Impact Assessments (CIA), only Sweden and the United Kingdom provide recent examples. Existing tools, including Poverty and Social Impact Analysis (PSIA), rarely consider the impacts on children.

In 2006-07, UNICEF and Save the Children UK and the Directorate for Economic Planning of BiH (DEP), in cooperation with DFID, developed a Child Rights Impact Assessment (CRIA) model to provide BiH policy makers with the means of assessing the impact of economic reforms on children. The CRIA built on the PSIA methodology and used the Convention on the Rights of the Child to develop child-focused methodology and standards. The aim of the CRIA model and a pilot on the potential electricity price increases in the context of proposed privatisation of electricity under the MTDS-PRSP was to help provide information on groups that could be adversely affected by reform measures, as well as become an instrument that can be used to influence the development and implementation of corresponding policies. CRIA's particular value lies in giving a voice to

⁵ The main shortcomings of the PRSP include poor prioritization of the measures, little connection between macro goals and local planning, ineffective connection with budgets, information related to administrative measures rather than impact on service delivery or people, limited capacity to manage implementation and monitor. See Ljerka Maric, BH Council of Ministers, Department of Economic Planning, presentation to the Fourth Poverty Reduction Strategy Forum in Athens, Greece, 26. June, 2007.

(<http://siteresources.worldbank.org/INTECAREGTOPPOVRED/Resources/Maric.ppt>)

⁶ UNICEF, *Global Study on Child Poverty and Disparities 2007-2008: Guide*. Global Policy Section, Division of Policy and Planning, New York, September 2007. p. 1-6.

⁷ Mihaly Simai, *Poverty and Inequality in Eastern Europe and the CIS Transition Economies*. UN Department of Economic and Social Affairs, DESA Working Paper No. 17, ST/ESA/2006/DWP/17, February 2006 (http://www.un.org/esa/desa/papers/2006/wp17_2006.pdf).

children and their families, an opportunity so seldom given to them in the context of economic and social policies reforms.

This paper assesses the effectiveness of the piloted CRIA methodology and outlines challenges in leveraging research to influence the socio-economic policy reforms in BiH. The CRIA project was planned to be implemented in four phases, including: 1) development of a methodology for CRIA, 2) piloting, together with relevant policy makers, vulnerable communities and children on one aspect of economic policies being considered for application in BiH; 3) examine, together with stakeholders, the means of incorporating the results of the CRIA pilot in the decision making process; and 4) share lessons learned, fine tune the methodology, develop and disseminate a resource pack for CRIA.

To date, the first and the second phase have been completed, and the third is still ongoing. Hence, this paper presents a preliminary analysis of the challenges and lessons in relation to using the CRIA model and pilot-produced evidence to influence the policy reform in BiH.

After brief introduction, the context and background of the political and socio-economic environment in BiH is presented in Section 2. The transition from socialist to market based democracy is complicated by the tense post-conflict environment and has had an overall negative impact on the extensive social policies inherited from the socialist system that were responsible for major progress of BiH in the fulfilment of many rights of children, including universal education and health indicators that compared favourably with other countries with comparable incomes.

Section 3 presents tools and approaches, including CIA/CRIA, to produce evidence with the aim to influence the development of economic policies.

Section 4 summarizes the CRIA methodology and results of the pilot on the potential electricity prices increases in the context of energy sector reforms. The pilot showed that the price increases would result in reduced quality and access to education, health and social protection and most household coping strategies would negatively impact on children. CRIA pilot also proposed mitigating measures and indicator to monitor impact of electricity price increases on children. Methodological limitation and considerations for future CRIAs are outlined.

Section 5 analyses the challenges in leveraging CRIA evidence to influence policy in BiH, including UNICEF's, Save the Children UK's and partners' capacity to engage at political and institutional level in discussions of economic policy alternatives vs. advocating for mitigating measures that take proposed macroeconomic frameworks as given; the issue of local ownership and accountability in the context of the EU accession; and examines the potential role that CRIA can play.

Section 6 concludes with a summary of CRIA pilot lessons learned so far and outlines additional questions for future research.

2. CONTEXT AND BACKGROUND

Some of the development issues facing BiH and other transition countries are broadly similar to those faced by developing countries, including high levels of corruption, difficult relations between the state and civil society, growing levels of poverty, conflict, violence and insecurity, lack of evidence-based policy making, and limited experience of democratic participation, particularly exacerbated by poor governance. However, the transition countries perceive themselves to be

distinct from developing countries in Africa, Asia and Latin America and face specific challenges that are substantially different from those of developing countries.⁸ The BiH context is complicated by the ongoing political, economic and social transition with very specific and rather unique characteristics as a consequence of the 1992-1995 war and the post-war political and reconstruction process, including complex 'hybrid' governance structures, continued ethnic tension, substantially different economic profile from developing countries, and inheritance from the socialist system of extensive social policies.

2.1. Bosnia and Herzegovina – a transitional hybrid

BiH was one of the six republics which comprised the former Socialist Federal Republic of Yugoslavia (SFRY). The current administrative structure was established by the Dayton Peace Accords (DPA) which ended the war in December 1995. This established BiH as a state consisting of two separate and distinct Entities, the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS), and an internationally supervised Brcko District,⁹ each having their own governments and civil structure. Under the DPA, the international community also has leverage and influence unlike any other country in the region, apart from the UN Administered Province of Kosovo. The UN Security Council-appointed High Representative who is also EU Special Representative since 2006 heads the Office of the High Representative (OHR) and has the authority to intervene and pass decisions that are binding by law, appoint and remove government officials,¹⁰ and reports directly to the Peace Implementation Council (PIC).¹¹ The PIC postponed the closure of the OHR until mid-2008, and the EU is developing an office which will remain open following OHR closure.¹²

The BiH political context continues to be dominated by ethnic divisions. During the war, over 60 percent of the 4.38 million population were displaced, including through systematic ethnic cleansing. The DPA was a political compromise that stopped the war, but it is widely recognised that the DPA framework and the establishment of a single BiH state are by and large incongruent. This is evidenced by the inefficiencies of governance and duplication of services on the one hand, the lack of Entity coordination on the other, and the institutional embodiment of ethnic division and

⁸ See Overseas Development Institute (ODI), *PRSP Synthesis Note 6. Experience with PRSPs in transition countries*, PRSP Monitoring and Synthesis Project. www.prspsynthesis.org.

⁹ District Brcko has no representation at the State level, but retains jurisdiction over administration, judicial and legislative affairs.

¹⁰ Under the DPA, the High Representative has the mandate to oversee the implementation of the civilian aspects of the peace agreement. DPA General Framework Agreement Annex 10, www.ohr.int/dpa/default.asp?content_id=366. In a significant reinterpretation of the DPA, the Peace Implementation Council (PIC), meeting in Bonn in December 1997, conferred the authority to impose laws, sack officials and issue executive order of the High Representative. According to the EU Commission report, the High Representative used his powers on 31 occasions during the first nine months of 2007, making actions such as imposing legislation and removing officials. European Commission Staff Working Document, *Bosnia and Herzegovina 2007 Progress Report*. accompanying communication from the Commission to the European Parliament and the Council, Enlargement Strategy and the Main Challenges 2007-2008, Brussels 6 November 2007 (http://ec.europa.eu/enlargement/pdf/key_documents/2007/nov/bosnia_herzegovina_progress_reports_en.pdf).

¹¹ The PIC was formed in December 1995 following DPA. The PIC comprises 55 countries and agencies that support the peace process in different ways: by assisting it financially, providing troops for SFOR/EUFOR, or directly running operations in BiH. There is also a fluctuating number of observers.

¹² At its February 2007 meeting, the Steering Board of the Peace Implementation Council, the international body guiding the peace process, concluded that the OHR should aim to close on 30 June 2008. In the intervening period, the OHR is working towards transition – the point when BiH is able to take full responsibility for its own affairs. At the same time as the OHR is preparing for its closure, the European Union is increasing its commitment to Bosnia and Herzegovina. The EUSR, who has a mandate to promote overall EU political coordination among other things, is currently developing an office that is co-located with the OHR and will remain in Bosnia and Herzegovina after the closure of the OHR. See <http://www.ohr.int/>

discrimination. The DPA established a political system that legitimised ethnic divisions and often contradicts and exacerbates human rights discrimination rather than facilitates its alleviation.¹³

The first presidential and parliamentary elections fully administered by the BiH authorities were held in October 2006 and the government administration and politics continue to be split along ethnic lines, with OHR pushing many of the reforms often provoking government resistance.¹⁴ Combined with the tense regional political environment, the political crises even reach the level of talks of a potential for another war.¹⁵ As of 2007, some 2500 EUFOR troops under the European Union command remain in the country under the DPA mandate.¹⁶

BiH is a lower middle income country. The BiH economy is characterised by the post-war reconstruction, the transition from socialist to market economy, and the dependency on international aid. In 1990, BiH GNP per capita was a respectable US\$ 2,450. Over the past decade it has fallen as low as US\$ 615 in 1995, has risen to US\$ 1,263 in 2000,¹⁷ and is estimated to have reached its pre-war levels in 2006.¹⁸ Before the war, the structure of the BiH economy was dominated by basic industry (mining, metallurgy, energy), which was highly integrated in the economy of the SFRY, and served as a source of raw materials and semi-finished products for the processing industries in other republics. The current structure of BiH economy is characterised by the reserve situation, where the unsophisticated and low-accumulative services (catering, construction, transport) primary orientated towards meeting the needs of local population, dominate the economy. Approximately 62 percent of GDP is created in the service sector, 29 percent in industry and 9 percent in agriculture. Exports currently amount to less than 30 percent of the country's imports.¹⁹

This is largely a result of the war period, which brought a cessation of economic activity, and post-war period neo-liberal reconstruction and transition policies pursued by the International Financial Institutions (IFIs). These policies included opening of trade, lack of protection for domestic goods and unwillingness to support anything that related to the state economy.²⁰ The war and the economic policies and approach taken in the post-war reconstruction and transition process brought about a de-industrialisation of BiH.

¹³ For example, the constitutions of FBiH and RS, with clauses defining the Entities as that of the Bosniac/Croat and Serb peoples exclusively, are in fact unconstitutional under the BiH constitution found under Annex 10 of the DPA, which takes precedent. If a fundamental constitutional right such as this is problematic, it is difficult to stem the flow of other, more material levels of discrimination.

¹⁴ The most recent one being problematic and strategic negotiation regarding the police reform imposed by the OHR which initially provoked the resignation of the Chairman of the Council of Ministers in mid-November 2007.

¹⁵ At the end of 2007, the talk of a declaration of independence by Kosovo had a ripple effect in the RS where some politicians and citizens argued for their right to declare independence as well if Kosovo was to be allowed to do so. There was also fairly serious talk of the potential for a new war as the political rhetoric became quite intense and involved politicians from neighbouring countries.

¹⁶ Under the Annex 1 of the DPA General Framework Agreement. European Union launched a military operation BiH at the end of 2004 following the decision by NATO to conclude its SFOR mission.

¹⁷ UNDP, *Human Development Report: Millennium Development Goals in BiH*, 2003, p. 15 (<http://hdr.undp.org/en/reports/nationalreports/europethecis/bosniahercegovina/name,3253,en.html>).

¹⁸ GDP per capita is estimated to be BAM 4 970 in 2006. BiH Economic Planning Research Unit, *Bosnia and Herzegovina Economic Trends January-June 2007*. BiH Council of Ministers, Directorate for Economic Planning, September 2007 (http://www.dep.gov.ba/dwnld/BIHET_sept_2007_eng.pdf).

¹⁹ BiH Economic Planning Research Unit, *Bosnia and Herzegovina Economic Trends January-June 2007*. BiH Council of Ministers, Directorate for Economic Planning, September 2007 (http://www.dep.gov.ba/dwnld/BIHET_sept_2007_eng.pdf).

²⁰ UNDP, *Human Development Report: Millennium Development Goals in BiH*, 2003, p. 92-93 (<http://hdr.undp.org/en/reports/nationalreports/europethecis/bosniahercegovina/name,3253,en.html>).

Post-war BiH has also been dependent upon the budgetary and humanitarian support from the international community: in the period 1995-2000 BiH received an unprecedented estimated US\$ 22-24 billion of assistance in various forms.²¹ However, despite billions of dollars of donor aid for reconstruction, the BiH economy is uncompetitive. Furthermore, the privatisation process, which started in 1998 when most state-owned companies had already collapsed, as a result of the war or faced with foreign competition in national markets, failed to bring in foreign investment, capital, new technologies, products and strategic partners. It is also acknowledged that privatisation has been generally characterized by corruption and the influence of those in positions of power linked to nationalist parties and organized crime.

2.2. Socio-economic policies and children's rights

As part of the former SFRY, BiH made major progress in the fulfilment of many social and economic rights, notably the achievement of universal education with significant gains in the education standard of both male and female population at all levels of education. Similarly, the health indicators compared favourably with other countries with comparable incomes. This is an important bequest of the previous socialist regime, which had developed an impressive infrastructure to provide health, education and social welfare services.

Hence, as a lower middle-income country in transition, BiH can be described as doing well with regard to the MDGs. However, for many of the MDG targets (education, health and access to services) levels are good, but not good enough for an aspiring member of the EU, and trends show little or no progress over recent years.²² For example, access to water has remained at 97 percent (99 percent - urban, 95 percent - rural) since 1990,²³ infant mortality rates have fallen slowly since the 1990s - UN estimates from 18 per 1,000 in 1990 to 13 per 1,000 in 2006;²⁴ maternal mortality rate reported by national authorities is 3 per 100,000 live births,²⁵ And UNICEF/WHO/UNFPA estimates it to be between 3 and 6 in 2005.²⁶ School net attendance rate is 98.4 percent.²⁷ BiH is on track to meet the goal to combat diseases: HIV infection rates of less than 0.1 percent are low and well below, either regional or EU levels,²⁸ death rates from TB have more than halved since the early 1990s.²⁹ BiH has met the gender goal with regards primary school enrolment, but the gender disparities in the economy and the political sphere are dramatic.³⁰

²¹ *Ibid.*, p. 87.

²² UNDP, *Human Development Report: Millennium Development Goals in BiH*, 2003 (<http://hdr.undp.org/en/reports/nationalreports/eurothecis/bosniahercegovina/name,3253,en.html>), plus more recent MDG data as well as comparisons between 2000 and 2006 MICS data indicate stagnation in many areas.

²³ UNICEF/WHO, *Meeting the MDG Drinking Water and Sanitation Target, the Urban and Rural Challenge of the Decade*. 2006, p. 29 (http://www.wssinfo.org/pdf/JMP_06.pdf).

²⁴ UNICEF, *The State of the World's Children 2008: Child Survival*. December 2007, p. 114 (http://www.unicef.org/publications/files/The_State_of_the_Worlds_Children_2008.pdf).

²⁵ *Ibid.*, p. 142.

²⁶ Childinfo data base <http://www.childinfo.org/areas/maternalmortality/countrydata.php>

²⁷ UNICEF, *Multiple Cluster Indicator Survey*, 2006.

²⁸ *Ibid.*

²⁹ United Nations Statistics Division, MDG goals indicators by country (<http://mdgs.un.org/unsd/mdg/Data.aspx>).

³⁰ Perhaps the starkest example is evident in the low female share of the labour market, which is lowest of all countries in South East Europe. UNDP, *Human Development Report: Millennium Development Goals in BiH*, 2003, p. (<http://hdr.undp.org/en/reports/nationalreports/eurothecis/bosniahercegovina/name,3253,en.html>),

While the reconstruction progress since the end of the conflict in BiH has been impressive with robust economic growth³¹ and macroeconomic stability, there has been limited progress in reducing poverty and unemployment. Almost 18 percent of people live below the general poverty line and another 30 percent are close to it.³² In BiH, children are at highest risk of being poor. While there were fewer households living in poverty in 2004 compared to 2001, 17.8 compared to 19.4 percent,³³ the percent of children living in poverty remained the same: around one third of children under 15 lived in poverty in the RS and around 18 percent in the FBiH.³⁴ The unemployment rate is also high, approximately 29 percent, of which youth unemployment is over 58 percent.³⁵

This pattern is very similar to the other countries in transition where the economic transition has been characterized by the economic growth that has not created new jobs, but rather was accompanied by the increased income inequality and poverty. This income inequality, widespread existence of informal/shadow economy resulting in the evasion of taxes and the decreased state support for as well as the privatisation of social services resulted in a lack of access of the majority of poor population to education, health and social protection. There are lessons to be learned from the other transition countries in terms of consequences of the reduction in public expenditure and breakdown in the provision of basic and social services on inequality and poverty. UNICEF MONEE report's assessment of the 10 years of transition highlighted that the number of children living in poverty has risen drastically in Eastern Europe during 1991-2001.³⁶ The transition from socialism to market-based democracy has been at the expense of children's quality of life and protection and fulfilment of their social and economic rights.

BiH's particular challenge is that it is still dealing with the consequences of war whilst facing demands of transition rather than a long history of poverty as in developing countries. Public spending is higher than regional or sub-regional averages and is considered to be inefficient and financially unsustainable by the government and the IFIs.³⁷ Public expenditure on the military and police are also unreasonably high. Despite the fact that the expenditure on education and social protection is considered to be high, these sectors remain underfunded in terms of structural investments required to improve quality and access. Social protection spending is largely skewed in favour of prioritised groups such demobilised soldiers and war veterans. Allocations for health are inadequate and misdirected, and require large infusions of funds to adequately meet the rights and needs of BiH citizens.³⁸ This requires national policy makers to make informed choices in relation

³¹ In 2006, the real rate of GDP growth was 6.2 percent, which exceeded the growth rates of Serbia, Montenegro, Albania and Croatia. See BiH Directorate for Economic Planning, *BiH Economic Trends January-June 2007*, September 2007, p. 6 (http://www.dep.gov.ba/dwnld/BIHET_sept_2007_eng.pdf).

³² The general poverty line is 2,223 KM (Konvertible Mark) per person per year (approximately EURO 1,110). BiH Poverty profile, 2005. Revised MDTs May 2006, p. 33. (http://www.dep.gov.ba/dwnld/Revised_MTDS+AP_English.pdf)

³³ Revised MDTs May 2006, p. 30. (http://www.dep.gov.ba/dwnld/Revised_MTDS+AP_English.pdf)

³⁴ DFID, *Labour and Social Policy in BiH, the Development of Policies and Measures for Social Mitigation. Living in BiH Panel Study WAVE 4 Report, Draft for Discussion*, May 2005, p. 50. http://www.dep.gov.ba/en/component/option.com_docman/task.doc_view/gid.60/

³⁵ Labour Force Survey in Bosnia and Herzegovina data, 2007.

³⁶ UNICEF, *Decade of Transition*, Innocenti Research Centre MONEE Regional Monitoring Report No.8, 2001 (<http://www.unicef-irc.org/cgi-bin/unicef/Lunga.sql?ProductID=313>).

³⁷ See e.g. *Bosnia and Herzegovina From Aid Dependency to Fiscal Self-Reliance – A Public Expenditure and Institutional Review*, World Bank October 2002, p. 1, *Country Assistance Strategy Progress Report*, World Bank Group Bosnia and Herzegovina, October 15 2002, p.5, *Second Draft Development Strategy of BiH – PRSP (2003-2007)*, Council of Ministers BiH, Ministry of Foreign Trade and Economic Relations, Office of the BiH Coordinator for PRSP, Executive Summary section II.

³⁸ Save the Children, *Diminishing Returns: Macroeconomics, Poverty and Children's Rights in Bosnia and Herzegovina*, 2002, p. 35. See also MTDS-PRSP sections on health, education and social protection. In real terms, the amount spent on education and health care per person has also fallen significantly as the GDP in BiH has dropped

to the trade-offs between public expenditures and political interests, especially when it comes to spending on the military and police as well as IFI's pressure to reduced public spending in social sectors.

3. TOOLS FOR EVIDENCE-BASED POLICY MAKING

There is little explicit recognition in standard economic policy making of children's well-being as an outcome of policy, much less an explicit objective.³⁹ However, there has been recognition, pressure and some theoretical work done in recent years by the child rights organisations to make children more visible in economic policy making.⁴⁰

The recognition for child impact assessment of economic policies has taken place within the context of the general increasing demand for evidence-based policy making. This demand has come from the donor governments, international organisations and NGOs in relation to policy development and reforms in developing and transition countries. Policies in developing countries are often not based on evidence because evidence-based policy making tends to be less well established than in developed ones. Hence, the general view is that evidence-based policy making approaches have the potential to have even greater impact on outcomes in developing countries, where better use of evidence in policy and practice could dramatically help reduce poverty and improve economic performance.⁴¹

3.1 Impact Assessment

Although there are wide range of tools and approaches to promote evidence-based policy making,⁴² one of the most widely used is impact assessment: "the process of identifying the future

significantly from its pre-war level, at about half the level as found in 2000, and only slightly improved in 2001. Furthermore, public expenditure on basic social services has decreased as a percentage of the GDP compared with pre-war levels. Some 4 percent of GDP in the RS and 7.3 percent in the FBiH goes to education, placing 6.4 percent of BiH GDP education expenditures on par with other regional transition countries in SEE and CEE, but lower than its pre-war level of 7.1 percent. Public expenditure on health care was 8.2 percent of GDP in 1991 and in 1997 dropped to less than one third of the 1991 level, but rose to 7.7 percent in 2000. BiH UN Country Team, *Draft Common Country Assessment*, Section 10, Table 1. Selected economic indicators: BiH 1991-2001 (Draft 31 July 2003).

³⁹ John, Micklewright, *Macroeconomics and Data on Children*, UNICEF Innocenti Working Papers, Economic and Social Policy Series no. 73. 2000 (www.unicef-irc.org/publications/pdf/iwp73.pdf).

⁴⁰ See, for example, Save the Children UK, *Diminishing Returns: Macroeconomics, Poverty and Children's Rights in Bosnia and Herzegovina*. 2002. Hugh Waddington, *Linking Economic Policy to Childhood Poverty: A review of evidence on growth trade reform and macroeconomic policy*. CHIP Report No. 7 (<http://www.childhoodpoverty.org/index.php?action=publicationdetails&id=87>). Santosh Mehrotra, *Improving Child Wellbeing in Developing Countries. What do we know? What can be done?* CHIP Report No. 9 (<http://www.childhoodpoverty.org/index.php?action=publicationdetails&id=89>). Child Rights Information Network, *Children and Macroeconomics*, CRIN Newsletter no. 13 November 2000 (<http://www.crin.org/resources/infoDetail.asp?ID=12&flag=report>). Santosh Mehrotra, *Integrating Economic and Social Policy: Good Practices from High-Achieving Countries*. UNICEF Innocenti Working Paper No. 80, October 2000 (www.unicef-irc.org/publications/pdf/iwp80.pdf). John, Micklewright, *Macroeconomics and Data on Children*, UNICEF Innocenti Working Papers, Economic and Social Policy Series no. 73, 2000 (www.unicef-irc.org/publications/pdf/iwp73.pdf).

⁴¹ Sophie Sutcliffe and Julius Court *Evidence-Based Policy Making: What is it? How does it work? What relevance for developing countries*. Overseas Development Institute (ODI), November 2005, p. 2 (www.odi.org.uk/Rapid/Projects/PPA0117/docs/EBP_Synthesis_Tools_Final.pdf).

⁴² For example, the UK Cabinet Office attempted to define its understanding of evidence in its 1999 White Paper, according to which evidence is 'expert knowledge; published research; existing research; stakeholder consultations; previous policy evaluations; the Internet; outcomes from consultations; costings of policy options; output from economic and statistical modeling' Strategic Policy Making Team (SPMT) *Professional policy making for the twenty*

consequences of a current or proposed action.”⁴³ Impact assessment has been alternatively defined as a tool, a method, a process or an approach, but all forms intend to inform and thereby improve decision-making on policies, programmes or projects.⁴⁴

Impact assessments generally include the following components:

- defining the policy, programme or project to assess;
- identifying the people who would be affected by the policy, programme or project;
- gathering and reviewing evidence about the potential effects of the policy, programme, or project on people and / or the environment⁷
- providing decision makers and people who may be affected with information about the potential effects;
- evaluating and proposing alternatives to reduce potential problems and increase potential benefits for people and / or the environment.⁴⁵

There are many well established impact assessment methodologies⁴⁶ and a lot of experience in Participatory Poverty Assessments (PPAs). Most of these methodologies focus on monitoring the impact of policies and programmes after they have been implemented and relate to better understanding of poverty and monitoring of outcomes.⁴⁷

With the adoption of the Millennium Development Goals and the introduction of the PRSPs as a requirement for IFI’s concessional lending, the focus on poverty reduction came to define the approaches to development policies. This focus has generated a demand from various actors – civil society, IFI’s, bilateral donors, international organisation and NGOs, - for poverty and distributional analysis of recommended economic policies and strategies, including the likely effect of public finance, structural reforms and macroeconomic policies.⁴⁸

In response to this demand, researchers in academia, international and civil society organisations developed a variety of tools for *ex-ante* poverty impact assessments that attempt to assess the likely future impact of proposed policies on the well-being of vulnerable groups. These include *ex-ante* Poverty Impact Assessment approaches to assess poverty impacts at programme and project

first century London: Cabinet Office, 1999, p. 33 (<http://www.cabinetoffice.gov.uk/moderngov/policy/index.htm>) cited in Sandra Nutley, Huw Davies and Isabel Walter, *Evidence Based Policy and Practice: Cross Sector lessons from the UK*. ESRC UK Centre for Evidence Based Policy and Practice: Working Paper 9, August 2000, p. 2 (<http://evidencenetwork.org/Documents/wp9b.pdf>).

⁴³ See International Association for Impact Assessment (www.iaia.org)

⁴⁴ International Association for Impact Assessment, *Social Impact Assessment: International Principles*, IAIA Special Publication Series No. 2, at 2 (May 2003) (http://iaia.org/Non_Members/Pubs_Ref_Material/pubs_ref_material_index.htm)

⁴⁵ UNESCO, *Impact Assessments, Poverty and Human Rights: A Case Study Using The Right to the Highest Attainable Standard of Health*, prepared by Paul Hunt and Gillian MacNaughton, 31 May 2006, p. 8. (http://www.humanrightsimpact.org/fileadmin/hria_resources/unesco_hria_paper.pdf)

⁴⁶ The International Association for Impact Assessment lists over fifty topical streams of impact assessments for its 2006 annual conference. International Association for Impact Assessment, 2006 Conference, Submitted Abstracts, available at (http://www.iaia.org/Non_Members/Conference/IAIA06/abstract%20submissions/view_abstracts.asp). These include, among others, environmental impact assessment, gender impact assessment, social impact assessment.

⁴⁷ See Andy Norton, *A Rough Guide to PPAs: Participatory Poverty Assessment, An Introduction to Theory and Practice*. Overseas Development Institute 2001. www.odi.org.uk/pppg/publications/books/ppa.pdf

⁴⁸ See *Annex 1. Recurrent Economic Policy Issues in Developing Countries*.

levels,⁴⁹ as well as Poverty and Social Impact Analysis (PSIA), the most suitable methodology for assessing the impact of macroeconomic and structural reforms.⁵⁰

PSIA is defined as the analysis of the distributional impact of policy reforms on the well-being or welfare of different stakeholder groups, with a particular focus on the poor and vulnerable. PSIA methodology employs a mixed methodology where existing data sources and knowledge were integrated with further quantitative and qualitative research. The PSIA approach was piloted by DFID and the World Bank in 2001-2002. PSIAs are required by the IFI's in the preparation of policy based lending and by 2006 the World Bank conducted 150 PSIAs in 72 countries on sectoral, structural and macro-economic policies. The World Bank has also developed extensive tools and guidelines for PSIAs,⁵¹ including *PSIA User's Guide*,⁵² and other guides focusing on tools and techniques for economic analysis of distributional impacts.⁵³

These most commonly used tools for assessing the social consequences of economic reforms rarely pay attention to the impacts on children. Often they simply consider the impacts on people in the bottom two quintiles, and sometimes disaggregate potential impacts by gender. Age – whether youth or old age - is still rarely a factor considered. For example, the WIDER studies on the impacts of utility privatisation in Latin America look only at the distributional consequences of economic reforms by socio-economic group. They do not look within this to the potential differential impacts by gender or age.⁵⁴ Though PSIAs have in recent years, become more inclusive of a wider range of

⁴⁹ OECD-DAC Network on Poverty Reduction, *Practical Guide to Poverty Impact Assessment*, approved by DAC in May 2007 (http://www.oecd.org/document/12/0,3343,fr_2649_34621_36573452_1_1_1_1,00.html).

⁵⁰ According to the World Bank, PSIA has an important role in the elaboration and implementation of poverty reduction strategies in developing countries. It promotes evidence-based policy choices and fosters debate on policy reform options. PSIA helps to:

- Analyze the link between policy reforms and their poverty and social impacts
- Consider trade-offs among reforms on the basis of their distributional impacts
- Enhance the positive impacts of reforms and minimize their adverse impacts
- Design mitigating measures and risk management systems
- Assess policy reform risks
- Build country ownership and capacity for analysis

See: <http://web.worldbank.org/psia>

⁵¹ PSIA website includes details on country examples, resources on tools and methods, PSIA training materials and an e-learning course on PSIA (<http://www.worldbank.org/psia>)

⁵² The *User's Guide* is intended for practitioners undertaking PSIA in developing countries. It provides analytical guidance and, as a means to undertake a multidisciplinary approach, presents both economic and social analysis tools and methods (<http://go.worldbank.org/IR9SLBWTQ0>)

⁵³ *The Impact of Economic Policies on Poverty and Income Distribution: Evaluation Techniques and Tools* is a compendium of tools and techniques relevant to PSIA, which range from incidence analysis to tools linking microeconomic distribution to macroeconomic frameworks or models. *Evaluating the Impact of Macroeconomic Policies on Poverty and Income Distribution Using Micro-Macro Linkages Models*, presents five approaches through which macro-counterfactual experiments can be modeled and linked to microeconomic data. *Tools for Institutional, Political and Social Analysis (TIPS) in Poverty and Social Impact Analysis*, draws on a range of multidisciplinary tools to complement econometric analysis with what is generically called social analysis. Two additional volumes -*Analyzing the Distributional Impact of Reforms: A Practitioner's Guide to Trade, Monetary and Exchange Rate Policy*, *Utility Provision, Agricultural Markets, Land Policy and Education* and its companion volume *Analyzing the Distributional Impact of Reforms: A Practitioner's Guide to Pension, Health, Labor Market, Public Sector Downsizing, Taxation, Decentralization and Macroeconomic Modeling* - offer guidance on the selection of economic tools and techniques for economic analysis of distributional impacts most appropriate to the reforms under scrutiny as well as examples of applications of these approaches. These guidelines can be found on the World Bank website for PSIA under *Tools and Methods for PSIA* (www.worldbank.org/psia).

⁵⁴ See, for example, Torero and Pasco-Font, *The Social Impact of Privatisation and Utility Regulation in Peru*, WIDER Discussion Paper 2001/17, Helsinki: WIDER, (www.unu.wider.org). Benitez, D. Chisare, O. and Estache, A., *Can the*

social differences, the impacts of reforms on children still command little attention. The Honduras PSIA study on privatisation of electricity does not have an explicit focus on children but considers impacts on children that may lead to reduced human capital formation.⁵⁵ A few studies address, directly or indirectly, potential impacts of water privatisation on children; these suggest potential impacts on children's health, nutrition, education and work.⁵⁶

While PSIA's have been developed to assess the impact on the welfare of vulnerable groups, they are not human rights based in their approach. Human Rights Impact Assessment (HRIA) is a fairly new concept and most HRIA methodologies are designed to be used at the programme and project level by donors, the civil society or corporations/businesses.⁵⁷ A UNESCO-supported initiative in 2006 proposed a HRIA approach to assess proposed policies targeting governments with the intention of helping governments to improve policies before they were adopted or implemented in order to comply with their obligation to progressively realize human rights.⁵⁸

The advocates of the HRIA argue that the value added of the HRIA is that it is:

- based on a framework of international legal obligations to which governments have agreed;
- provides an opportunity to make government policy-making more coherent across departments as the framework applies to all divisions of the government;
- will result in more effective policies because the policies will be more coherent, they will be backed up by legal obligations and they will be adopted through human-rights respecting processes.⁵⁹

Some HRIA proponents advocate that human rights should be integrated into other types of impact assessments. Participation of all stakeholders, especially civil society, in all steps of the impact assessment from choosing policy to assess to debate on alternative options and evaluation would be

Gains from Argentina's Utility Reforms Offset Credit Shocks?, WIDER Discussion Paper 2001/33, Helsinki: WIDER (www.unu.wider.org).

⁵⁵ Gonzalez and J. Cuesta, *Poverty and Social Impact Analysis. The possible privatisation of electricity distribution in Honduras*, London: DFID, 2003 (http://povlibrary.worldbank.org/files/14682_Honduras_Final_Psia.doc).

⁵⁶ For example, E. Gutierrez, B. Calaguas, J. Green, and V. Roaf, *New Rules, New Roles, Does PSP Benefit the Poor?*, London: Wateraid 2003. S. Beedies, H. De Soto, A. Bakllamja, X. Chauvot de Beauchene, *Decentralisation and Water Sector Privatisation in Albania, Part I*, Washington, DC: World Bank, 2004. (http://siteresources.worldbank.org/INTPSIA/Resources/490023-1120841262639/Albania_Psia_13-01-2005.pdf).

⁵⁷ This includes methodologies developed by NORAD for programme/project level, See Norwegian Agency for Development Cooperation, *Handbook in Human Rights Assessment: State Obligations, Awareness & Empowerment*, February 2001 (www.norad.no/files/Handbook.pdf); The Rights & Democracy Initiative on Human Rights Impact Assessment that aims to increase accountability of corporate actors, See International Centre for Human Rights and International Development, Initiative on Human Rights and Impact Assessment, *Human Rights Impact Assessments for Foreign Investment Projects*, 2007 (http://www.dd-rd.ca/site/PDF/publications/globalization/hria/full%20report_may_2007.pdf). See http://www.dd-rd.ca/site/what_we_do/index.php?lang=en&subsection=themes&subsubsection=theme_documents&id=1489 for description of the project. As revised methodology based on lessons learned is forthcoming in 2008. See also, as the International Finance Corporation (IFC/World Bank Group), *Guide to Human Rights Impact Assessment and Management, Road-Testing Draft*, June 2007. ([www.ifc.org/.../p_SocialResponsibility_HRIARoadTesting/\\$FILE/Final+HRIA+road-testing+draft.pdf](http://www.ifc.org/.../p_SocialResponsibility_HRIARoadTesting/$FILE/Final+HRIA+road-testing+draft.pdf)).

⁵⁸ Paul Hunt and Gillian MacNaughton, *Impact Assessments, Poverty and Human Rights: A Case Study Using The Right to the Highest Attainable Standard of Health*, UNESCO, 31 May 2006 (http://www.humanrightsimpact.org/fileadmin/hria_resources/unesco_hria_paper.pdf).

⁵⁹ *Ibid.*, p. 12. "Overall, the human rights framework for impact assessment adds value because human rights (1) are based on legal obligations to which governments have agreed to abide, (2) apply to all parts of the government encouraging coherence to policy-making and ensuring that policies reinforce each other; (3) require participation in policy making by the people affected, enhancing legitimacy and ownership of policy choices; (4) enhance effectiveness through factors such as disaggregation, participation and transparency; and (5) demand mechanisms through which policy makers can be held accountable." *Ibid.*, p. 15.

central to such integration.⁶⁰ One example where there is already such integration, at least in principle and fundamental approach, is the Child Impact Assessment.

3.2. Child Impact Assessment/Child Rights Impact Assessment (CIA/CRIA)

“A child impact assessment involves examining existing and proposed policies, legislation and changes in administrative services to determine their impact on children and whether they effectively protect and implement the rights expressed in the Convention on the Rights of the Child.”⁶¹ The concept of the CIA is human rights-based. In practice, the terms Child Impact Assessment (CIA)⁶² and Child Rights Impact Assessment (CRIA) are interchangeably used, but they essentially refer to the same approach.

The Convention on the Rights of the Child (CRC) Article 3 requires that: "In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration". Governments cannot always put the interests of children first - the word is "a" primary consideration not "the" - but they must always *consider* them. This is where child impact analysis comes in. The Committee on the Rights of the Child has recommended that state parties undertake child impact studies, ‘in the formulation of policy options and proposals there should be an accompanying assessment of its impact on children so that decision makers can be better advised when formulating policy as to its effect on the rights of the child.’⁶³

The examples of child impact assessment, however, are few. Only Flemish Belgium, Sweden and the United Kingdom have developed and applied child impact assessment models. In 1997, the Flemish Belgium Parliament was the first world wide to pass a law "instituting an impact-report with regard to children and the monitoring of government policy in terms of its respect for the rights of the child". The Decree required all proposed legislation affecting the rights of children to be assessed for its impact on children and measures to mitigate or avoid likely damaging effects to children to be identified.⁶⁴

⁶⁰ UNESCO-supported case study proposed six steps for integrating human rights into other impact assessments: 1) preliminary check to consider if proposed policy may have impact on any human right, 2) participatory approach to design of the implementation plan, 3) collect information, 3) rights-based analysis, 4) include stakeholder in policy making process - wide dissemination and debate on alternative options with the civil society, 5) decision and evaluation - rights-based assessment process and the rights-based analysis should provide the government with a rights-based rationale for the policy decisions it makes, 6) evaluation mechanisms should be participatory and information be available to all stakeholders. *Ibid.*

⁶¹ UNICEF, *Fact Sheet: Implementation guidelines for the Convention on the Rights of the Child*, http://www.unicef.org/crc/files/Implementation_guidelines.pdf

⁶² See Annex 2. *Guidelines for Child Impact Assessment*.

⁶³ Committee on the Rights of the Child *Concluding observations of the Committee on the Rights of the Child (Hong Kong): United Kingdom of Great Britain and Northern Ireland*, 30.10.1996, CRC/C/15/Add.63, paragraph 20 [http://www.unhcr.ch/tbs/doc.nsf/\(Symbol\)/CRC.C.15.Add.63.En?Opendocument](http://www.unhcr.ch/tbs/doc.nsf/(Symbol)/CRC.C.15.Add.63.En?Opendocument) See also General Comment No. 5, *General measures of implementation of the Convention on the Rights of the Child (arts. 4, 42 and 44, para. 6)* CRC/GC/2003/5 at para 45.

⁶⁴ Belgium Flemish Parliament’s Decree model. The Decree requires the establishment of an expert Commission, comprising people with expertise in children’s rights and in child impact assessment. This will assist the Government in commissioning the impact reports and assessing which proposed decrees need an impact report. Flemish Government, *Child Impact Reporting (CIR) Methodology*. Flemish Government, Brussels, 2004. Cited in Kirsten Hanna, Ian Hassall and Emma Davies, *Child Impact Reporting*. Social Policy Journal of New Zealand, Issue 29, November 2006 (www.msd.govt.nz/documents/publications/msd/journal/issue29/29-pages-32-42.pdf).

In Sweden, a national strategy for the implementation of the CRC requires that all government decisions affecting children be subject to child impact assessments. In Sweden, the Office of the Children's Ombudsman developed a model for doing CIAs and some national authorities have applied it in practice, including the National Board of Housing, Building and Planning, the National Police Board and the National Road Administration.⁶⁵

In the United Kingdom, several CIA/CRIA models were developed in response to the Joint Committee on Human Rights endorsement of the CRC Committee's recommendation that policies be assessed for their impact on children.⁶⁶ In 2005-06, Scotland's Commissioners for Children and Young People developed a CRIA model.⁶⁷ Northern Ireland Commissioner for Children and Young People also developed a CRIA model.⁶⁸ In England, the National Children's Bureau and the Children's Legal Centre undertook CIA of selected Bills at Westminster to gauge their effects on children and young people during October 2005-September 2007.⁶⁹

There is very little published literature evaluating CIA/CRIA process and outcomes and few models for incorporating CIA into policy processes, as the experience with CIA/CRIA is very recent and the models are still being developed and tested. To date, however, the CIA/CRIA models have not been tested on broader structural and macroeconomic policies. In England, for example, the CIA focused on analysing selected proposed legislation, including Education and Inspections Bill, Equality Bill, Identity Cards Bill and Safeguarding Vulnerable Groups Bill.⁷⁰ In Scotland, the CRIA was carried on the Protection of Vulnerable Groups Bill and School (Nutrition and Health Promotion) Scotland Bill.⁷¹ However, these few examples show the potential value of the CIA/CRIA as a means to increase the visibility of children in policy decision making and encourage further development, testing and use of these tools.

4. BIH CRIA APPROACH AND PILOT RESULTS

BiH CRIA model aimed to develop the set of tools available to PSIA for assessing the potential impact of economic reforms, and a CRIA is best understood as a PSIA which emphasises a nation's commitments under the United Nation's Convention of the Rights of the Child (CRC). More precisely, the analytical focus is on the understanding the impacts of policy interventions on children's well-being and rights, in particular their survival, development and protection. In this context, these broad categories of rights were put into use by examining the impact of proposed economic reform on children's opportunities for health, education, social development and protection.

The following key principles underpin the BiH CRIA model:

⁶⁵ Sylwander, L., *Child Impact Assessments: Swedish Experience of Child Impact Analyses as a tool for implementing the UN Convention on the Rights of the Child*. Ministry of Health and Social Affairs & Ministry of Foreign Affairs, 2001.

⁶⁶ UK Joint Committee on Human Rights, *The Government's Response to the Committee's Tenth Report of Session 2002-03 on the UN Convention on the Rights of the Child*: Eighteenth Report of Session 2002-03 at para 12.

⁶⁷ See SCCYP, *The Children's Rights Impact Assessment: The SCCYP Model*, (http://www.sccyp.org.uk/webpages/pr_single.php?article=Children's%20Rights%20Impact%20Assessment:%20The%20SCCYP%20Model&id=27).

⁶⁸ See NICCY, *Child Rights Impact Assessment Model* (http://www.niccy.org/uploaded_docs/NICCY%20CRIA%20-%20web%20version.pdf).

⁶⁹ See National Children's Bureau (http://www.ncb.org.uk/Page.asp?originx8810oi_5686221776484x22g28793956)

⁷⁰ See http://www.ncb.org.uk/Page.asp?originx_9668in_77549510688488b58y_2006728913g

⁷¹ See <http://www.sccyp.org.uk/webpages/policyresearch.php?type=19>

- 1) A human rights-based approach, which implies participation, inclusion, non-discrimination, and accountability;
- 2) Feasibility and simplicity to enable the method to be used as a regular tool in diverse contexts.
- 3) A third key approach taken by the CRIA team was that the process must be documented so as to enable lesson-learning and modification and replication of the tool. Hence, the project aimed to produce a guide for CRIA based on the experience and lessons learned from the pilot process in relation to electricity sector reforms in BiH.

Initially, the CRIA project aimed pilot the approach on the forthcoming privatisation of the energy sector in BiH. The choice of the policy to assess was influenced by considerations of whether the policy proposal is imminent but not yet set in terms of implementation modalities. Sufficient time and flexibility was required to develop a methodology, test research instruments, conduct an *ex-ante* pilot assessment and test advocacy strategies on a specific policy proposal. Hence, privatization of electricity was chosen, in preference to other policies that may have a significant impact on children. For example, Value Added Tax (VAT) was introduced in BiH in January 2006; however, the time frame meant that an *ex-ante* pilot could not have been conducted on this policy. Furthermore, the political context was such that various mitigation measures have already been budgeted and put in place. Hence, CRIA on the VAT would have been useful, but not for the purposes of the developing and testing *ex-ante* impact assessment methodology.

While the relevance of the reform of energy sector for child rights may not have been apparent at the outset of the CRIA pilot, the pilot results clearly showed the magnitude of the impact that electricity costs have on households with children. The direct impact of electricity price increases on households is very significant, as households in BiH depend on electricity for basic things like lighting, heating during the cold seasons (better part of the year), cooking, washing, etc. The energy price increases have an inflationary influence on the commodity market which is passed on to consumers in the form of higher for a variety of goods. Electricity prices also affect the functioning of health, education and social service institutions, and price hikes may lower access as well as quality of service provision to children.

The decision to privatise the electricity industry was taken in 2001 by the BiH Council of Ministers.⁷² There was some early progress towards this goal by voucher offerings which privatised minority holdings in the three electricity companies. Though the decision to privatise has been strongly supported by various parts of the international community in BiH, and was an action to be taken under the MTDS-PRSP (2004-2007), the process has been very slow. This is partly due to the existence of different regulatory frameworks in the RS and BiH.⁷³ Given the slow pace of progress in this area, it is still somewhat unclear when and how electricity sector privatisation will eventually take place. Thus, privatisation scenarios had not been fully elaborated at the time of the CRIA pilot design.

While privatisation is still on hold, deregulation has taken place and the government made the decision to opt for increased investment and stabilisation by regulated private investments through

⁷² BiH Council of Ministers, Decisions, 2002, *Decision on majority privatization of the energy sector in BiH*, Sarajevo, BiH. However, this was not approved by the BiH Federation Parliament, meaning that the decision to privatise may be invalid. Sabina Basic, *An assessment of Bosnia's Precarious Economy and Public Utilities Privatisation*, Save the Children (UK)/UNICEF, Sarajevo 2004, p. 23.

⁷³ There are separate Laws on Electricity that apply in the FBiH and the RS. In addition, there is an obligation to harmonise the legal framework with international treaties which established the Energy Community of South-East Europe.

concessions.⁷⁴ Although more favourable in terms of preventing the major shocks on the economy or livelihood of BiH households and institutions, these decisions do not preclude the imminence of the increases in the electricity prices in the near future.

Currently, the tariffs are proposed by the companies' management and approved by entities' parliament, and are generally meant to cover the fixed cost of electricity provision. Current fiscal arrangements mean that tariffs are held considerably below the true cost of supply - in 2001, the tariffs were some 25 percent below the true cost of service in the FBiH and 39 percent below the true cost of service in the RS.⁷⁵ There have been recent administrative tariff rises across the energy sector which will probably have closed this gap somewhat - in May 2006 for example, electricity prices were raised by around six percent in the FBiH. In spite of these recent administrative price rises, there will need to be considerable further increases to meet the cost of supply. These may be remedied temporarily by the controlled private investment through concessions into increasing the supply and sustainability of the electricity sectors. These, however, seem to be intermediary measures to increase the marketability of the electricity sector given that the electricity sector privatisation still remains the Economic Restructuring goal of the BiH government.

As a result of this, it was decided to focus pilot research and testing of the CRIA methodology on the impact of the increase of prices of electricity on the families and children who will be most adversely affected. This shift in the research target proved beneficial since it re-focused the research to a more general level of the economic impact on households of the increasing commodity prices, including electricity. The reforms and privatisation of the energy sector are a priority for the government in the context of the EU accessions and - much like ongoing reform of the energy sector - are generally associated with the substantive increases in the electricity prices. The research explored the impact of potential price increases of 15 to 50 percent. These price scenarios were suggested in interviews with the Deputy Minister of Energy⁷⁶ as an indication of the range of price increases that may be necessary if the sector is reorganised and prices increased to reflect costs.

4.1. Methodological approach

The CRIA project aimed to integrate insights from both qualitative and quantitative research, and to sequence these so that findings from both kinds of research informed each other.⁷⁷ The research included the following sequence:

- **Mixed approach.** In accordance with PSIA methodology, CRIA employed a mixed methodology where existing data sources and knowledge were integrated with further quantitative and qualitative research to identify vulnerable households and estimate the range of responses and coping strategies that they might use in the light of price increases in electricity.
- **Existing data analysis** involved a review of existing literature on child poverty and disadvantage in BiH and an analysis of existing quantitative data (e.g. Household Budget Survey, Living in BiH Wave 4)⁷⁸ to confirm profiles of households most likely to be adversely affected by electricity price reforms.

⁷⁴ *Final Report on the Implementation of the PRSP-MTDS Action Plan – Draft*, March 2007.

⁷⁵ PA Consulting Group, December 2001 - cited in Sabina Basic, *An assessment of Bosnia's Precarious Economy and Public Utilities Privatisation*, Save the Children (UK)/UNICEF, Sarajevo 2004.

⁷⁶ Meeting of Mr. Mile Srdanovic, BiH Deputy Minister of Energy, with CRIA's consultants, 22 December 2005.

⁷⁷ See *Annex 3. CRIA in BiH Methodology* for more detailed description of the conceptual framework and the research components.

⁷⁸ This data is based on a Living Standards Measurement Survey (LSMS).

- **Qualitative research**, involving focus groups with households and separately with the groups of children, and structured interviews with key informants in public institutions responsible for children's education, leisure or welfare. The sampling of the qualitative research reflecting findings from analysis of existing quantitative data. Focus on immediate impact was balanced with the focus on coping strategies to better inform the dimensions of the long-term consequences or impact on children's well-being.
- **Additional quantitative survey**, drawing on findings of the qualitative research. This survey was tied closely to the MICS survey such that the sample was derived from the MICS survey base and the consistency of the sample could be double checked against the results from the much larger MICS sample.
- **Iterative analysis**, cross-referencing findings of quantitative and qualitative research components, so that econometric modelling, development of indicators and ultimate conclusions were based on insights from both forms of research.
- **Definition of child rights/child well-being indicators' framework**, including preliminary set of essential and optional indicators as a framework for methodology development and testing.

In practice, time constraints meant that the analysis of existing quantitative data and the development of the qualitative research took place in parallel, with the sampling for the latter informed by the literature review. The qualitative component of the research focused on particularly disadvantaged groups – poorer households and various disadvantaged social groups, while the quantitative component aimed to provide a broader picture to contextualise these responses.

4.2. Pilot results

The CRIA examined two routes through which increases in electricity prices might have an impact on children: through institutions which provide services to children and through households. The pilot research results exposed the negative impact of the imminent electricity price increases on children, especially the reduced quality and access to health, education and social protection. Most of the household coping strategies would negatively impact on children's health, increase child labour, reduce children's access to information and increase girls and women's workload. The pilot proposed measures to mitigate the adverse impact and indicators to monitor the effects of the electricity reforms on children.

4.2.1. Reduced quality and access to education, health and social protection

The qualitative research on the institutions and services responsible for child welfare suggests that even modest electricity price increases might lead to cuts in the quality of service, reduced availability of these services, and/or increases in the prices they charge users, and hence reduced accessibility for poorer families.

The research examined existing service utilisation patterns and the potential impacts of electricity price increases among the following service providers:

- Educational institutions: kindergarten, primary, secondary (including technical schools);
- Health care (primary health care clinics);
- Children's residential institutions;
- Centres of social work;
- Children's' leisure activities (e.g. youth centres).

The surveyed institutions pointed out that the electricity is used all the time and that it is essential for normal life. Electricity is used for lighting; hygiene (washing machines in children's homes and kindergartens, vacuum cleaners in most of these institutions); administration (communication – telephone and fax machines, computers, printers, photocopiers); food preparation (cookers, refrigerators, microwaves, coffee machines, deep freezers and refrigerators in the institutions' warehouses), heating and air-conditioning (electric power pumps to power central heating systems, electric heaters for additional heating of premises e.g. in primary schools and organizations where children spend their free and in Centres for Social Work); maintenance (electric power machines, e.g. drills and grinders); educational and entertainment purposes in schools and youth centres to power computers, printers, TV sets, overhead projectors, music players, radio-cassette recorders, DVDs, computer projectors etc.); health care, for operating medical equipment (e.g. ultrasound scanner, electrocardiogram, X-ray machine, instrument sterilization processes, laboratory, inhalation machines, baby incubators and child monitoring systems) or for maintaining cold chains and ensuring safe storage (e.g. fridges for medicines, derivatives, and blood samples); children's activities (e.g. spotlights at the playgrounds and one Children's Home said that they used electricity in the handicraft-and-services centre, disco club and dentist's office).

The electricity consumption is higher during the winter when it is mostly used for heating (central and additional heating systems), and lighting needs are also greater. The prices are also higher during the winter; for example, one secondary school reported spending on electricity twice as much in the winter compared to the summer.

Interviewees discussed both the impacts of electricity price rises on their institutions and the services they were able to provide, and on the people they serve. These impacts would include:

- Cuts in electricity usage;
- Reduced expenditure on other aspects of services to accommodate electricity price increases;
- Cuts in staffing, staff training or lowering staff working conditions (such as heating staff rooms less);
- Increase in service charges (in fee charging institutions);
- Closure of services (in the event of a 50 percent electricity price rise).

The scale of expenditure on electricity among many of the service providers surveyed already has reached 15-40 percent and in one case 67 percent of the institution's material expenditure. Some institutions are already having enormous difficulty in paying their electricity bills and already use other energy sources to reduce electricity bills, including wood, gas, coal and oil. Other institutions, however, stated that they were unable to switch fuels, as alternative fuels were as expensive as electricity or because the costs of changing power sources were prohibitive. Some institutions' representatives stated they did not want to use gas because of children's health concerns. If electricity prices are increased, most of the representatives stated that they could not make any further use of other fuels.

A price increase of 15 percent would lead to declining quality of education due to a reduction in the use of electric-powered teaching aids, in practical/ vocational activities, and extracurricular activities; reduced teaching time and elimination of study trips to reduce heating and lighting costs; increase in prices in fee-charging institutions (kindergartens and secondary boarding school). A 50 percent increase would have similar but more drastic effects, including teaching in morning hours only, and loss of practical and extra-curricular activities. Another common response was to try to minimise the impact on children, though this meant staff working conditions declining. Some institutions, particularly kindergartens, felt that they would have to shed staff or reduce staff

salaries. This would lead to lower staff morale and could also contribute to lower quality teaching. Others feared that they would have to close down completely. A 50 percent price increase would also raise pressure on municipality education budgets and lead to a reallocation of expenditure away from capital projects (e.g. repairs, building gyms) to meet recurrent electricity costs.⁷⁹

The representatives of health care centres felt that it would be impossible to reduce electricity use since medical equipment requires it. They stated that they would have to increase the prices of their services in the event of both a 15 and 50 percent price increase. All health care representatives interviewed believed that this would lead to a reduction in service use. CRIA health sector advisors felt that closure of basic health care facilities would be unlikely, even in the context of significant price increases, but that certain specialised services might well have to close since these are already overstretched. In combination with the cost-saving measures that households would expect to undertake, many of which would have clearly negative health consequences, this reduced accessibility of health care is a real concern. Furthermore, where health care providers would attempt to manage budgets by reducing staff salaries, as some representatives indicated would like to occur in the event of a 50 percent electricity price rise, declining staff morale could lead to a poorer quality of service.

With a 15 percent price increase, the representatives of children's homes interviewed felt it would be impossible to ensure basic living conditions for their children. Other children's home representatives responded that they would have to save on textbooks, transportation of students to and from school, and on extracurricular activities. In the event of a 50 percent increase, children's home representatives considered that they would have to reduce the quality of services and make drastic changes in children's living standards, including cut back on food purchases, and children's pocket money and ending night-time study. In either case, the care and education of this vulnerable group of children would be seriously compromised.

Centres for Social Work indicated that a 15 percent electricity price increase would lead to fewer visits to current and potential clients. This could result in more people being by-passed by services to which they are entitled at a time when the need for financial support is likely to increase. A 50 percent price increase would have more drastic effects, including funding intended for beneficiaries diverted to pay for electricity, closure of smaller offices, and reduced quality of services.

The most common responses to a 15 percent electricity price increase by organizations providing children's leisure activities would be to cancel certain activities (some children's clubs or specialized courses), to shorten opening hours or increase prices charged for those who can afford to pay. One youth centre had already ruled out across-the-board fee increases since most of the beneficiaries are mainly children from disadvantaged and poor families. A 50 percent increase would have similar but more drastic effects, with services closing or operating at greatly reduced provision. It is clear that children's and young people's access to organised leisure activities would diminish, particularly so for disadvantaged children whose families cannot afford to fund their participation in costly extra-curricular activities. Some respondents expressed concern that with a lack of social and educational opportunities, young people would get involved in anti-social activities.

⁷⁹ Interview with officials in Banja Luka municipality. Though education is largely financed by the Entities' Ministries of Education, municipalities have specific responsibilities towards schools, and in some parts of the country, legal responsibilities to contribute to financing.

Although schools expected serious negative consequences, their expenditure at secondary level, at least, is somewhat protected through the legal basis of their financing (a proportion of funds are provided by municipality level in a number of administrative units, based on their legislation). Levels of kindergarten attendance are already very low in BiH (approximately five percent of children attend kindergarten⁸⁰, and these tend to be of higher socio-economic groups), so impacts via this route will not affect a large number of disadvantaged children. However, the issue of reduced quality of education remains, as the CRIA indicated that electricity is one of the largest items of expenditure of educational institutions.

Similarly, though the impacts on children's homes may be significant, a relatively small number of children in BiH live in these institutions. As the level of concern is not only determined by the number of affected but also by the level of their vulnerability, the children in institutions belong among the most vulnerable. Thus, the children's homes must be considered for special tariff mitigation measures.

Of particular concern are the potential impacts on health care institutions, since their financing, availability and quality of services provided affect the whole population, and children are one of the most significant user groups. Furthermore, ill-health can both affect children's future prospects and the current economic status of adults and thus is strongly linked to poverty.

4.2.2. Negative impact on children of household coping strategies

The small household survey⁸¹ which supplemented the existing data sources was amenable to a range of statistical analyses including econometric work on the nature of coping mechanisms envisaged by households in the event of electricity price increases.⁸² It also enabled some cross-checking with the qualitative research into prospective household behaviour in response to electricity price increases of 15 to 50 percent and impacts on children. In addition, the survey focused more clearly on the impacts on children within the household than the existing data sources.

From the survey results, it is clear that households' main response to price increases is to try to *increase household income*.⁸³ The most common way to increase household income would be through adults seeking additional employment (56 percent of survey respondents). This is consistent with the high levels of self-declared unemployed adults in the CRIA survey (almost 20 percent of household heads - mostly men, and almost 50 percent of women in household with children). However, the econometric analyses suggest that this response is less likely for households with children (of any age) than for households without children. CRIA findings therefore suggest that the use of this preferred coping mechanism may be limited by the prevalence of children in the household, leading to the use of other, perhaps suboptimal coping mechanisms.

⁸⁰ The percentage on kindergarten attendance was derived from the CRIA quantitative survey. The percent of children attending preschool derived from MICS3 Survey is at 6.8 percent, which is an acceptable statistical difference given the difference in sizes of the survey samples.

⁸¹ The BiH CRIA was designed with the aim of ensuring cost-effectiveness so that the quantitative survey included 600 households. Such a size of the sample was made possible by selecting it from the MICS3 sample to support validity of data and ensure cross-referencing of data, where possible, with the much larger household survey (MICS3 in this case).

⁸² See *Annex 4. CRIA Quantitative Survey Results* for more detailed description of demographic, poverty and service usage information obtained from the CRIA survey, the main patterns of electricity usage and current electricity expenditure.

⁸³ See *Annex 5. Likely Household Responses to Electricity Price Rises* for statistical distribution of the different response strategies to electricity price increases.

Currently only two to three percent of children in BiH aged 7-14 work for wages and an additional four percent are engaged in unpaid work, with no significant gender or regional differences. CRIA survey indicated that 10 percent of parents felt their children would need to look for work to help make ends meet.

Almost 16 percent of survey respondents said that they would seek help from a Centre for Social Work. This is consistent with the responses of Centre for Social Work and municipality representatives, who expected a substantial increase in demands for their support, particularly if prices rose by 50 percent. Households where the head of the household was female were significantly more likely to suggest this as a coping mechanism.

The second mostly common coping strategy was *reducing the use of electrical appliances*. Most common survey responses involved reducing the use of the housework appliances, such as irons, vacuum cleaners and washing machines (51, 38 and 31 percent of respondents respectively), and sometimes could involve doing housework during weekends when the electricity is cheaper. However, it could also mean shifting to more labour-intensive ways of doing housework, such as washing clothes by hand and using brooms rather than vacuum cleaners. This would be likely to have a disproportionate effect on women and girls, who principally engage in these housework activities.

Another 27 percent of respondents mentioned reducing general use of electrical appliances, and 10 percent said that they would cut down on cooking and refrigeration. Similarly 31 percent of survey respondents said that they would have the lights on less, while 27 percent would watch TV less. A third set of responses involved use of heating and hot water and showed that 23 percent of respondents would reduce the use of hot water, and 18 percent would heat fewer rooms. Reduced hot water use would mean fewer showers.

Related to this, the *use of alternative fuels*, particularly wood, would be increased. Twenty-nine percent of survey respondents would try to use wood more often for heating and cooking, while another five percent would use more coal. There are high levels of ownership of both electric and solid fuel stoves (83 and 87 percent across BiH respectively). Though the proportion of urban households with solid fuel stoves is lower, it is still surprisingly high at 66 percent. Thus the extent to which respondents would attempt to reduce electrical consumption this way is not surprising. The use of the solid fuel stoves could potentially reduce children's sleep time, as they indicated they would have to get up early in order to set the stove and heat the water to wash. This greater use of wood could lead to increased levels of deforestation, as the Gamos reports for Albania, Moldova and Kyrgyzstan also found.⁸⁴

In the econometric analyses, the larger the household, the more likely it was to seek wood from nearby sources. Perhaps unsurprisingly, rural households were more likely to use wood as an alternative fuel than urban households. Households with self-employed income were less likely to use this as a coping strategy.

An increase in the number of incidences of illness that were not treated or investigated by a doctor made a household more likely to seek wood as an alternative fuel. This may suggest that there is a lack of understanding of the link between certain kinds of illness and the use of alternative fuels such as coal or fire wood on one hand. On the other hand, there could be clear linkages with the

⁸⁴ Nigel Scott, Kevin McKemey, and Simon Batchelor, *Impact of the Withdrawal of Modern Energy on the Urban Poor, Final Technical Report*, Gamos, Reading, September 2004 (<http://www.gamos.org.uk/energy/R8147/docs/fttr.pdf>).

poverty level of the household.⁸⁵ There may be a link between the lack of use of professional medical services and the willingness to use alternative sources of energy. Where there are incidents of illness not treated by a doctor, the rate of suggesting this as a strategy increases.

The rate of using coal as alternative fuel source also increased with increased household employment of various types. Thus, where there are children who worked in the past year, or participated in field working, or as the level of household employment (as defined by the ILO) increases, the more likely is the response that the household will use coal as an alternative fuel. This observation may reflect the fact that households that use children as sources of income may be among the most vulnerable groups and would be most likely to substitute other sources for electricity in the face of price increases. Nevertheless, households which draw income from female income earners or from self-employment were less likely to suggest the use of coal as an alternative fuel. This may correlate with the indicated relative high prices of coal that were not documented in the survey.

As the final coping strategy, the households would *reduce other expenditures*. While survey respondents did not expect to cut down on general household expenditures or on their spending on children, the focus groups identified this as one of the most important areas of cost saving in the event of electricity price rises. The difference between the survey and focus groups in this regard may reflect the fact that the survey drew on a sample of all socio-economic groups in BiH while the focus groups concentrated on more disadvantaged groups. The most common areas where respondents expected to reduce expenditure were food, children's pocket money and adults' personal or social needs.

The expected responses involved cutting down on more nutritious food by buying cheaper food instead and making food at home rather than buying it. Although parents in the quantitative survey said they would not cut down on children's extracurricular activities, in the qualitative part of the research, parents identified children's 'luxuries' (non-essential spending such as dancing or karate lessons, instead of using bus to go to school – use bicycle in the summer, ice cream, toys) as an area where they would have to make savings. Reducing children's consumption of nutritious food, or educational expenditures (e.g. extra classes) would be options of last resort. Many families, however, had already made such savings and saw no scope for making further savings.

Reducing children's time spent on a computer was also found to be unpopular but the odds of suggesting this strategy was increased in households with chronically ill members or with households where children had worked in the last week or year. Households with child allowance were more likely to suggest reducing time at a computer than households without. Similar factors influenced whether households suggested reducing time children spend watching television. Factors which increased the odds of suggesting this strategy were: children working in the last week, children paid for work in the last month, children participating in field work, the incidence of illness not seen by a doctor, and the numbers of household members with chronic illness. All factors indicate the interrelatedness of the coping strategy with poverty of the household – this requires further exploration and analysis of the data if adequate conclusions and potential indicators are to be developed.

⁸⁵ Lack of seeking professional medical assistance can be related to the unemployment status, consequent lack of health insurance and the lack of financial resources to pay for the health services. The interaction of the presence of chronic disease, lack of professional medical services and application of coping mechanisms detrimental to health has to be further explored.

Although some parents felt that children's needs were generally de-prioritised and would be first in line for savings, others identified areas where they could cut corners on personal and social spending, including saving on hairdressers, clothes, shoes and food, cutting down on coffee and cigarettes.⁸⁶

The main econometric work involved a range of logistic estimations aimed at assessing the factors influencing the choice of coping strategy. The analysis indicated that choices concerning coping strategies were not specific to the poor but distributed across the population in complex ways. In particular, factors such as the existence of chronic illness, the existence of children's labour in a household, the use of doctors for illnesses had more influence in determining coping strategy than being within the lowest quintile income group. There were also no significant differences found between rural and urban households. However, the poverty-level measurements used were based on asset poverty and not income. Hence, the findings of econometric analysis still have to be further explored since child labour and use of lack of use of medical assistance, for example, are indicative of low economic status and using income instead of asset poverty measurement may yield different results.

These household coping strategies would increase children's engagement in paid and household work, adversely impact children's education and health and reduce access to information, entertainment and organized leisure activities and even put children's safety at risk.

Currently, according to the quantitative survey, children aged 7-18 spend an average of five hours a day in school, two hours studying and over 3.2 hours helping with household chores. Electricity price increases would have several important consequences for children's time use as **children would spend more time working**. In particular, more children would be engaged in paid work (10 percent of survey respondents expected that older children would need to find paid work), and others would take on more household work to enable their parents to earn more income. Girls, in particular, also expected that they would have to do more household work: Boys also noted that they would probably have to spend more time obtaining and cutting wood. As noted above, this work is likely also to become more labour-intensive than it was in the past, as families try to use electrical appliances less. Both boys and girls feared that these extra activities could affect their learning at school.

Negative impact on education as a result of constraints on education expenditures and reduced evening study. As the survey results confirm, most parents stated that they would try to protect spending on children's education above all. Some would buy educational supplies, such as textbooks, second hand. However, some interviews indicated that some particularly disadvantaged families (refugees, single parent families) might not be able to afford the costs of school education and their children might drop out. Another interviewee felt that his disabled son would be particularly affected as it would be impossible to continue to afford hearing aids for him. Reducing the use of electricity for lighting in the evenings was of the most common responses to increased electricity prices, with 31 percent of survey respondents stating that they would do this. Children would therefore have to study in the daytime, meaning reduced opportunities for leisure or socialising, or they would study less, which could affect their education. Furthermore, increased household duties and, for small proportion of children, paid work may also adversely affect children's education.

A number of the strategies outlined by participants in response to electricity price increases may **negatively affect health**: reduced use of hot water, reduced heating, less frequent washing, greater

⁸⁶ This is a tremendous personal and social sacrifice not to be underestimated in BiH context, where most of social and professional interactions take place around coffee and smoking.

use of solid fuels - particularly wood, and a shift to consuming less nutritious food. Some female respondents also observed that reduced use of electricity for water pumps could lead to toilets not flushing and sanitary problems. Reduced use of hot water for washing and less frequent washing could cause an increase of louse infections, scabies, skin diseases, caries, and parasitic diseases. Reduced heating may lead to increased respiratory infections, as could greater use of wood-burning stoves, particularly if ventilation is limited.

Poorer nutrition can increase children's risk of repeated illness. In addition to reducing children's quality of life, more frequent illness could also impact on their education if they have to miss significant periods of school, and thus their future earning prospects. It could also affect families' budgets if they have to buy additional medicines or pay for other health care costs, or if parents have to take time off work to care for sick children. The extra stress of increased economic pressures on families may also affect both children's and adults' physical and mental health. Since good health and nutrition in childhood may lay the foundations for a healthy future and ill-health in childhood may underlie future health problems, the long-term implications of worsening child or adult health status are significant.

Children's access to information and entertainment would be reduced. Currently, surveyed children aged 7-18 in BiH watch an average of two hours of TV per day, while one third of children use a computer for an hour or more daily, and 10 percent access the Internet every day. 24-27 percent of households would attempt to reduce electricity bills by reducing TV watching. Another seven percent would reduce computer usage. This relatively small percentage reflects the fact that computer ownership is not particularly widespread in BiH (36 percent of households own one). Both adults and children also indicated that reducing the use of mobile phones and landlines, or even cancelling telephone subscriptions would be another way to reduce costs. Furthermore, as noted above, youth centres and other organisations that provide access to computing may reduce their working hours or increase user charges. All of these are likely to reduce children's (and adults') access to information.

The survey of children's time use showed that 7-18 year-olds in BiH have 'free time' (defined as some leisure activity such as reading, playing or listening to music) two to three times per week, and that one third of children participate in a sports activity every week. The combined effect of families needing to reduce spending and children having more household work to do, and less free time may be to ***reduce children's involvement in organised (and paid-for) leisure activities*** (sports, computer classes, attending youth centres, etc). This would particularly affect children in urban areas where such facilities are more common.

Children's safety may be put at risk by two other possible responses to increasing electricity prices: illegal connections and reduced street lighting. Both adults and children taking part in the focus groups had heard of people making illegal electricity connections, but had varied opinions about how common it is and how feasible it is a response to rising prices. Some respondents felt that illegal connections would quickly be detected and would cause the families concerned greater problems than high bills. Many respondents also considered illegal connections very risky because of the technical knowledge required and the inherent dangers of electricity. Although none of the municipality representatives stated that they would reduce street lighting in the event of higher electricity prices, having lived with limited street lighting during the war, this was a common concern of parents and older children. They felt it would lead to increases criminal activity and make life less safe for everybody.

Both adults and children felt that a 50 percent price increase of electricity would be completely unmanageable. Most children and adults felt that they already would have undertaken all possible economising measures and that the only option that remained would be to continue using electricity, but getting increasingly indebted to the electricity companies until they were disconnected. A few said that they would disconnect themselves. The adults interviewed also predicted increased social unrest with people protesting outside the electricity company headquarters and government offices. Some also thought that the number of suicides or suicide attempts would increase. A 50 percent increase in electricity prices, however, is not untenable given that transitional European countries have experienced such magnitudes of energy price increases in recent years.⁸⁷

4.2.3. Mitigating measures and indicators

Two broad recommendations emerged from the CRIA study: reduced tariffs for public service providers and poverty reducing measures to cushion the impact of increase of electricity prices on vulnerable households.

Reduced tariffs for public service providers. The qualitative research suggests some considerable difficulties in public institutions and NGOs working with children ability to meet commercial rate electricity bills. There is also some unease about the seasonal changes to tariffs which mean that costs are higher at times of year when the need is greatest. Given this, CRIA recommended the use of specialised discounted tariffs⁸⁸ directed at institutional bodies that work with children.

Poverty reducing measures to cushion the impact of reforms on vulnerable households. A range of mitigation instruments have been proposed in the literature to date.⁸⁹ Given the particular pattern of vulnerability that the study found, CRIA recommended lifeline tariffs⁹⁰ to help the most vulnerable consumers. Such tariffs have the benefit of relative simplicity in that the information required to provide such tariffs is likely to be less than other income based measures (since consumers of 'essential' electricity effectively select themselves), and they impact on the problem of high electricity prices directly. Moreover, they are likely to have fewer adverse general economic impacts and the measures are easily adjusted to accommodate changing needs since they are based on tariff rate changes. The measures can also be partly funded by increasing the marginal costs to bulk users.

⁸⁷ See, for example, the case of Slovakia where energy prices have risen on average 16.8 percent each year over the period 1997-2005. Anton Javcak, *Energy prices in Slovakia - still a risk factor*, ECFIN Country Focus, vol3, issue 15, December 2006 (http://ec.europa.eu/economy_finance/publications/publication1280_en.pdf).

⁸⁸ *Specialised discounted tariffs* usually involve charging lower tariffs for electricity use at certain non-peak times (e.g. late night). This is already in operation and widely known about in BiH, with many respondents stating that they already try to use electricity at the weekend when it is cheaper. They can also include lower tariffs for customers who agreed to an interrupted service, though this is less relevant for BiH.

⁸⁹ These include 1) subsidies to reduce tariffs faced by poor people, 2) income support measures to facilitate paying their bills, 3) support for energy conservation measures to reduce consumption. See Sarah Voll and Andrej Juris, *Alleviation of Social Impacts of Energy Tariff Rationalisation in Slovakia: identification of suitable consumer assistance programs, prepared for the World Bank and the Slovakia Regulatory Office for Network Industries*. NERA Economic Consulting, November 2002 (<http://www.nera.com/image/5978.pdf>).

⁹⁰ *Lifeline tariffs* involve providing for a block of electricity consumption, calculated to enable people to meet their basic needs, at a discounted rate. Any use of electricity over the 'lifeline' block is charged at a higher rate. World Bank analysis for BiH suggests that 200 kWh per month would enable people to meet basic electricity-related needs, given that average household consumption is 291 kWh per month.

The next best alternatives are likely to be earmarked cash transfers⁹¹ to help vulnerable consumers pay electricity bills or general income support⁹² to help cushion the overall impact of price increases. In addition, it may be useful to consider support for energy conservation measures. These might include grants to help people insulate better, or use more energy efficient appliances.

The qualitative research has also gathered opinions from children, families and service providing institutions and civil society organisations on what the government should do to prevent negative impact on children. These recommendations included both, economic and social protection mitigation measures: disbanding electricity sector monopoly, promoting alternative energy sources, regulating electricity prices, introduction of subsidies for electricity consumption for poor households, introduce subsidies for child care or exempt them from the price increases. In addition to cash transfers for families with children, government should provide additional assistance/investment into children's education.

The CRIA study also proposed a set of *indicators for monitoring the effects of electricity reforms on children* which may be calculated as a baseline.⁹³ Existing data sources provide the means for calculating a number of indicators, and certain indicators may be formed using existing data only. The CRIA's survey research was designed to collect sufficient data to fill gaps in existing regularly-collected data, such as MICS (which contains a large amount of information on health outcomes) and the Household Budget Surveys. With this data various other indicators may be formed, some of which are more closely attuned to assessing the impacts of the changes on children's welfare. Many indicators are 'proxies' – they measure intermediate factors rather than final outcomes for children. However, this may make relating them to electricity price changes easier. It is also substantially less resource-intensive than attempting to collect data on outcome indicators for everyone.

4.3. Value added of CRIA approach

The CRIA's particular value lies in the fact that it gives a voice to the children and their families – an opportunity so seldom given to them in planning of the economic and social policies. CRIA approach was unique in that it:

- Focused on the effect on education, health and child protection service providing institutions;
- Assessed impact on children *within* the household;
- Was conducted with children's participation;
- Provided a set of indicators for monitoring impact of the reform;
- Resulted in creation of an income-consumption baseline against which impact of various reforms, not just electricity price increases, can be monitored.

Focus on effect on education, health and child protection service providing institutions. The CRIA approach and the pilot study is unique in its dual focus on the effects on households and the effects on service providing institutions. Most PSIA studies concentrate strongly on household level effects.

⁹¹ World Bank, *Assessment of the Social Status of the Consumers of Electricity and Corresponding Programmes of Social Protection in Bosnia and Herzegovina*, 2004 (unpublished report). This World Bank report prepared for BiH Elektroprivredas suggested such a mechanism, which would be administered by the Elektroprivredas and take the form of discounts on electricity bills for low-income customers. Centres for Social Work would be responsible for developing and providing lists of eligible customers to the Elektroprivredas.

⁹² This would take the form of increasing the amount of social assistance payments to low income families or increasing the number of people eligible for it. Eligibility would be determined by Centres of Social Work

⁹³ See *Annex 6. Indicators for Monitoring Impact on Children* for the list of proposed indicators.

Focus on impact on children within the household. For the CRIA, the researchers were interested in some aspects of intra-household distribution and expenditures, specifically on impacts on children *within* the household. The data requirements were therefore more exacting than in the case of a standard PSIA (where the unit of analysis is often the household), and the researchers were unable to undertake complex quantitative analysis (although undertook a number of econometric studies to establish patterns of coping with electricity price rises). The researchers had to rely on extending the existing data sources with additional new qualitative and quantitative research which aims to specifically address children within households.

The use of the MICS3 sample base in quantitative survey worked particularly well as it enabled a reliable sample to be constructed relatively quickly and at low cost. In addition, MICS 3 already concentrates on areas which are highly relevant to the concerns of this CRIA, namely the health of individuals within households.

Child participation. On the methodological side, a CRIA approach stresses children's participation in policy formulation and implementation by directly collecting their perceptions and suggestions rather than relying only on other stakeholders' views, such as those of parents, carers or professional providing services to children. The qualitative techniques worked well to get children's views and opinions, in particular, using projective techniques such as scenarios to avoid putting children in an embarrassing position by talking about their individual difficult circumstances. Many did recount these situations, or those of people they knew, voluntarily.

Indicators for monitoring impact on children. Analysing the effects of electricity price increases on children requires using the current situation as a baseline. CRIA provided a set of indicators which may be calculated now as a baseline. If CRIA quantitative survey is repeated after a certain period of time after electricity price increases, by re-calculating the indicators an analysis of changes that have occurred since the price rise would be possible. Further qualitative research would be required to establish which changes occurred because of price rises and which are coincidental.

Income and consumption baseline on families with children. The CRIA quantitative research, in combination with the MICS3 income and consumption module implemented in BiH, provided insights into the intra-household dynamics of income and consumption for households with children. CRIA and MICS3 did not focus on the full investigation and analysis of the intra-household interactions but have aimed at establishing the relationship between the general household consumption and consumption for children. This resulted in the creation of a baseline on families with children in BiH against which the future impact of economic pressures on households, including increases of prices of commodities, utilities and services can be assessed.⁹⁴ The World Bank and MTDS-PRSP poverty profiles developed in BiH indicated that households with children and especially those with two and most critically those with more than three children are those most vulnerable to poverty. However, until CRIA, these poverty profiles did not go in their assessment of vulnerabilities beyond the general household level. Combination of MICS3, including data gathered

⁹⁴ MICS3 Income and Consumption module included approximately 3,000 households with children. The data analysis and report preparation is still ongoing but confirms findings of the CRIA research that the negative impact of economic burdens increase with the number of children. These findings comply with the already established poverty profile in BiH indicating families with 3+ children being amongst those most vulnerable to poverty. CRIA and MICS3, however, provide additional quantitative and qualitative information on the economic (income and employment, social cash benefits), social (education, size and structure of households, etc.) and gender (data on economic and social dimensions desegregated by gender) dimensions of the poverty of households with children.

on health of individuals within the households, and CRIA research allowed elaboration on the intra-household distributions and the specific consumption categories as they relate to children's rights (costs for education, health, etc).

4.4. Methodological limitations and considerations for future CRIAs

There are a number of methodological limitations that have to be noted as well as operational lessons learned that should be taken into account in planning and implementing any future CRIAs.

Unequal representation of different geographical areas in the qualitative research. Sites were ultimately selected based on the activities of partner NGOs. This meant that only one site in southern BiH was covered in the qualitative component, meaning that differences in electricity usage related to geographical/climatic factors in this part of BiH (warmer summer temperatures and greater use of air conditioners) could not be fully explored.

The most vulnerable households not included in quantitative survey. Initially, the quantitative survey was planned to focus on the most vulnerable households with children, including Roma families and the families with more than three children. However, because of the low sample size for the primary survey, it was decided to exclude Roma households and households with more than three children,⁹⁵ due to the difficulties of sampling a sufficiently representative quantity of such households in a random sample. A larger sample would have been much better statistically and would have enabled the inclusion of the Roma population and households with more than three children.

Trade-off between coverage of country and depth of interviews. The research design sought to cover a wide range of situations – both geographical and social and hence 12 locations were selected. However, there was not significant diversity in the answers received, and so covering fewer locations in more depth may have produced even more insightful data.

Advantages/disadvantages of NGOs conducting qualitative fieldwork. For both budgetary reasons, and because of their good access to disadvantaged communities, the qualitative fieldwork was undertaken by four of UNICEF's partner NGOs, with training and support from an experienced qualitative researcher. On the positive side, as known and trusted actors they were able to arrange interviews with both service-providers and families and to ensure that the sample reflected the diverse circumstances of disadvantaged families. They will also play a key role in disseminating study findings to participants. On the negative side, being organisations not principally concerned with undertaking research, they brought less experience to the focus groups and conducting interviews than professional researchers would have done. If NGOs are involved in the fieldwork for other CRIA analyses, more extensive training and supervision of researchers is necessary.

A longer timeframe for the qualitative component. The short time frame (one month) for training and completion of fieldwork meant that some representatives of public services and local authorities were reluctant to participate as they felt that they had not been contacted using proper procedures. Also, a longer period would give more time for more in-depth training and support for researchers and for the follow-up and probing during the initial analysis of data. A minimum two-month period is recommended.

⁹⁵ Data and analysis on households with more than three children will be done through analysis of the MICS3 income and consumption module results, which can be cross-referenced with the CRIA findings, and will also be cross-referenced with the key data selected from comparative analysis of MICS2 and MICS3 data.

Proposed indicators need to be further developed. Additional, more improved set of indicators can be derived on basis of the CRIA baseline in combination with MICS3 baselines. Time use of children in BiH was for the first time investigated within CRIA, for example, and it provided a wealth of information for further analysis and basis for the development of indicators to monitor the impact of economic burdens on the development of human and social capital of children. Coping mechanisms could also be transferred into indicators for monitoring the impact.

Another issue is how to monitor that the government is taking action in compliance with its obligation to progressively realise social-economic rights of children under the CRC, i.e. monitor inputs. Outcome and output indicators are silent as to what measures must be taken by government to secure the realisation of rights and provide no assistance in analysing the efficacy of those measures. It is practically impossible to attribute trends and patterns to specific policy measures using output and outcome indicators. Indicators to monitor policies and processes are needed that can be linked or at least loosely co-correlated to the economic and social indicators of output and outcome. Establishment of stronger conceptual linkages between economic, social and human rights frameworks as well as establishment of a stronger partnership between institutions mandated to pursue development and monitoring of policies and actions within these frameworks is needed in order to develop a solid and practical set of indicators.

Further elaboration of income and consumption baseline. The aspect of intra-household dynamics of income and consumption can be further elaborated in relation to size of the household, household membership and the impact of chronic diseases, disability, or other dimensions that may create additional socio-economic burdens on households (such as intra-household dynamics of single-headed households). The gender dimension of the quantitative survey may need to be further elaborated in relation to children. Modules on time use by children should be further developed and included into larger scale surveys where possible (including MICS4) in order to establish a more reliable baseline.

Further elaboration of mitigation measures is needed. The study proposed a number of standard social protection mitigation measures. Due to limitations in time and resources, CRIA did not elaborate on the mitigation measures, particularly those proposed by the children, families and service providers within the qualitative survey. Future CRIAs may need to ensure allocation of resources and time for further elaboration and analysis of the feasibility of the mitigation measures through additional policy and quantitative/qualitative research. In addition, financial implications for different mitigating measures need to be investigated and elaborated as part of feasibility analysis.

The choice of economic policy to assess. The choice to assess the impact of electricity reform in BiH was more random for the purposes of testing the CRIA methodology and not strategic, although the CRIA pilot results clearly showed what a widespread negative impact electricity price increases have on children. The lesson learned from World Bank-implemented PSIAs, is that the need for PSIA should emerge from the participatory PRSP or similar national development strategy process. PSIA is most effective when applied to specific and well-defined reforms; it cannot address broad strategies, such as the PRSP. Thus, PSIA focus should be on key reforms that are likely to have significant distributional impact, and to prioritize the need for PSIA with other analytic gaps.⁹⁶

⁹⁶ World Bank, *Poverty & Social Impact Analysis of Reforms, Lessons & Example from Implementation*, 2006, p. 10-11 (http://siteresources.worldbank.org/INTPSIA/Resources/490023-1120845825946/PSIACASESTUDIES_BOOK.pdf).

The general question remains: which economic policies potentially would have the largest effect on children in order to prioritise choices of policies for assessment? The little international experience on CIA/CRIA indicates that less obvious child-related policies may benefit from assessments much more than policies in which children are central.⁹⁷

There has been substantial research done on the impact of public finance policies on children,⁹⁸ for example, and a number of tools have been developed, including child budget monitoring;⁹⁹ therefore, this may be an obvious area to focus on. However, critics point out that public finance social sector policies constitute de facto ‘relief’ programmes for the inequitable distributional impact of the macroeconomic policies and insist that social challenges to macroeconomics are not resolved only through flexibility to determine ceilings on public finance expenditure.¹⁰⁰ In particular, there is very limited progress in assessing major macro-adjustments, including fiscal policies, inflation, financial liberalisation, exchange-rate policies and trade liberalisation, and their impact on inequality and poverty.¹⁰¹

Some analysis has been done on linking macroeconomic policy to childhood poverty, including impact of growth without redistribution, trade liberalisation and inflation and fiscal deficit on inequality and child poverty.¹⁰² This provides basis for doing CRIA on different specific macroeconomic policy proposals to deepen our understanding of how macroeconomic policies impact on children.

⁹⁷ Citing example of the British Identity Cards Bill potential negative impact on children, including on unaccompanied asylum-seeking children’s ability to access public services. Kirsten Hanna, Ian Hassall and Emma Davies, *Child Impact Reporting*. Social Policy Journal of New Zealand, Issue 29, November 2006, p. 36-37 (www.msd.govt.nz/documents/publications/msd/journal/issue29/29-pages-32-42.pdf).

⁹⁸ Policies related to public finance include public expenditures, tax policy, management of pension and public insurance system and pricing of publicly provided goods and services. See Edward Anderson and Sarah Hague, *The impact of investing in children: assessing the cross-country econometric evidence*. Working Paper 280, Overseas Development Institute (ODI) and Save the Children UK, June 2007 (http://www.odi.org.uk/publications/working_papers/wp280.pdf); Santosh Mehrotra, *Integrating Economic and Social Policy: Good Practices from High-Achieving Countries*. UNICEF Innocenti Working Paper No. 80, October 2000 (<http://www.unicef-icdc.org/publications/pdf/iwp80.pdf>).

⁹⁹ See The International Budget Project website for resources and links to child-focused budget case studies (<http://www.internationalbudget.org/index.htm>). UNICEF set up intranet page on budgets with resources and case studies accessible only to UNICEF staff (http://www.intranet.unicef.org/PD/Eyesontheworld.nsf/dx/Social_Budget.htm).

¹⁰⁰ See Rafael Gomes and Max Lawson, *Pro-poor Macroeconomic Policies Require Poverty and Social Impact Analysis*. Economic Policy Empowerment Programme (EPEP), May 2003 (http://www.eurodad.org/uploadedFiles/Whats_New/Reports/PSIAandpropoormacropoliciesDDfinal.pdf).

¹⁰¹ See, for example, Isabel Ortiz, *Distribution Analysis Poverty and Social Assessments*. UN Department of Economic and Social Affairs, a presentation at the UN Commission for Social Development, a side event by Oxfam International and UN DESA, New York, 8 February 2008. See also Rafael Gomes and Max Lawson, *Pro-poor Macroeconomic Policies Require Poverty and Social Impact Analysis*. Economic Policy Empowerment Programme (EPEP), May 2003; Bernhard G. Gunter, Marc J. Cohen and Hans Lofgren, *Analysing Macro-Poverty Linkages: An Overview*. Development Policy Review, 2005, 23(3): 243-265. See also Lucy Hayes, *Open on Impact? Slow Progress in World Bank and IMF poverty analysis*. EURODAD/Christian Aid/Save the Children/TroCaire, September 2005.

¹⁰² See Save the Children UK, *Diminishing Returns: Macroeconomics, Poverty and Children’s Rights in Bosnia and Herzegovina*. 2002. See also Hugh Waddington, *Linking Economic Policy to Childhood Poverty: A review of evidence on growth trade reform and macroeconomic policy*. CHIP Report No. 7 (<http://www.childhoodpoverty.org/index.php?action=publicationdetails&id=87>). Child Rights Information Network, *Children and Macroeconomics*, CRIN Newsletter no. 13 November 2000 (<http://www.crin.org/docs/resources/publications/CRINvol14e.pdf>). John, Micklewright, *Macroeconomics and Data on Children*, UNICEF Innocenti Working Papers, Economic and Social Policy Series no. 73, 2000. (www.unicef-irc.org/publications/pdf/iwp73.pdf)

Lack of analysis of CRIA findings against BiH's obligation to progressive realisation of children's rights. While CRIA developed a set of key child rights/well-being indicators against which the impact of an economic policy was assessed, CRIA did not discuss or analyse its findings against the framework of BiH accountabilities towards progressive realisation of children's rights as defined in BiH's statutory obligations, including international conventions ratified by BiH, Constitution and laws. As there is already a lot of analysis done of the nature and status of BiH's successes/failures to meet its human rights obligations, it may be beneficial to analyse CRIA findings within the framework of BiH's obligation toward progressive realisation of social and economic rights. CRIA's omission to provide such an analysis is not surprising given the fact that there still exists a disconnect between the development and human rights frameworks in which human rights obligations as a set of legal obligations for which a state has to be accountable is undermined within the final analysis in favour of socio-economic analysis that does not call for political and moral responsibility of the key decision-makers, state or non-state.

Advocacy and partnership analysis. While CRIA findings were disseminated through public presentations and via media, its use by media and policy-makers remain determined by the relevance or utility of its findings within the day-to-day political or economic debate (e.g. CRIA findings were used by media in their commentary on the recent increase of electricity prices introduced by FBiH Elektroprivreda). However, insufficient resources and time was dedicated to discussing and planning with the CRIA project Steering Committee (consisting of representatives of social sector Ministries, electricity sector institutions and DEP) how CRIA's findings can be used and what kind of support the Steering Committee members may need for advocacy.

While the information about CRIA findings was shared with international development and political institutions, there could have been stronger partnerships established with key institutions such as World Bank and the European Commission in order to achieve larger influence. Whereas these opportunities still remain open, especially given the wider scope of CRIA findings in relation to the potential impact of increase of commodity prices or the general decline in social services quality and access, UNICEF and its partners remain limited by staffing and resources constraints in undertaking a full-fledged advocacy campaign. Future CRIAs from the beginning should ensure a more in-depth analysis of potential partnerships, what is required for these partnerships to be effective, the utility of the CRIA findings for different stakeholders as well as various stakeholders' capacity to advocate for the CRIA recommendations once results are made public.

5. CHALLENGES IN LEVERAGING CRIA EVIDENCE TO INFLUENCE POLICY

Notwithstanding the methodological challenges, CRIA has provided a model for assessing the impact of economic reforms on children and produced concrete evidence of negative impact of planned price increases in the context of the electricity reforms in BiH.

So far, however, the influence of CRIA pilot-produced evidence on ongoing reforms has been limited. The research was well appreciated by the stakeholders/gatekeepers within the energy sector as well as by the policy makers in the social sectors and those tasked with the national development planning. CRIA results and information on income and consumption patterns and household coping strategies are being used by the government in the preparation of the new BiH Social Inclusion Strategy, but have had no influence on the electricity sector reform.

Influencing policies is the ultimate goal of conducting impact assessments, with expectation that assessments contribute to bringing a pro-poor orientation in the country's economic policies with positive impact on poverty and children's well-being. An important requirement for this to happen is the existence of strong research-policy links that would ensure the direct or indirect use of assessment's outcomes in actual formulation of economic policies. Hence, this section will discuss the main challenges in using CRIA and research-produced evidence with focus on the issues of mitigating measures vs. policy alternatives, local ownership and accountability, as well as the potential role that CRIA can play in influencing policy reforms in BiH.

5.1. Mitigating Measures vs. Policy Alternatives

The BiH CRIA pilot recommended for the government to implement measures to mitigate the negative impact of the electricity price increases on children. In this, the BiH CRIA pilot has not been different from most PSIA implemented to date: in its follow up recommendations it does not go beyond proposing measures to mitigate the adverse impact of a proposed reform.

The most common general criticism of PSIA carried out by the World Bank has been that PSIA only look at the 'fine-tuning', timing and sequencing of pre-determined policies, and not at macro-level policy alternatives. PSIA done to date take single pre-existing reforms, which are assumed to be going ahead, and focus on sequencing and mitigation measures; they do not question whether a reform is the appropriate or the optimal one for poverty reduction.¹⁰³

However, this approach to PSIA reflects not only an assumption but the general lack of discussions of economic policy options in the context of developing and transition countries. While PSIA and CRIA can be designed to consider and evaluate a number of policy alternatives on the basis of their distributional impacts, there are few examples of this as impact assessment studies are not developed and implemented in a policy vacuum but in the context where no alternatives are discussed to the conventional set of macroeconomic and structural policies.

BiH CRIA remained limited to proposing measures to mitigate the negative impact of economic reforms, and used the evidence of potentially negative impact of electricity sector reform on children to suggest measures to be implemented through the social sector. However, even mitigating measures may be difficult to put in place given the current fiscal and political environment in BiH. While the rhetoric of pro-poor economic policies and sustainable human development is present in the revised BiH MTDS-PRSP and no doubt will also be central to the new BiH Development Strategy for 2008-2013, the content of the economic and social policy prescriptions does not yet live up to the rhetoric. There is a gap and often a conflict between economic reforms and social sector priorities; there is little space to influence economic policies and major financial constraints on implementing needed social protection programmes.

The experience of developing countries who are 'high achievers' with social indicators far higher than might be expected given their national wealth in improving child welfare shows that without integrating macroeconomic and social policy, synergies between economic growth, income poverty

¹⁰³ See Kate Bird, Zaza Curan, Alison Evans, and Sophie Plagerson, *What has DFID learned from the PSIA Process?* Poverty and Public Policy Group, Overseas Development Institute (ODI), June 2005, p. 18-19 (http://www.odi.org.uk/PPPG/poverty_and_inequality/publications/kb_PSIA_Review_Report.pdf). See also EURODAD, *Open on Impact? Slow Progress in World Bank and IMF Poverty Analysis*. September 2005, p. 7-10 (http://www.eurodad.org/uploadedFiles/Whats_New/Reports/PSIA_webFINAL.pdf).

reduction and advances in health and education are unlikely.¹⁰⁴ The question remains how to link the development of policies in the economic and social sectors as to achieve genuine pro-poor policies that would promote child rights in BiH. CRIA can be viewed as a first step in providing such as link by making visible the impact of proposed economic reforms on children.

5.1.1. Policy alternatives

BiH's economic policies are largely influenced by requirements and standard policy prescriptions of the IFIs and are predetermined by the EU accession process. These prescriptions continue to be orthodox or neoliberal in their approach to economic policy. Additionally, implementation of policies is influenced by the OHR executive powers and the strong decentralization of the executive and legislative powers in BiH into three (two entities and the state) with distinct political and economic interests. Such decentralisation actually prevents rather than facilitates development of dialogue and debate on different policy alternatives, as the focus always shifts away from policy content to political/ethnic divisions and interests.

In theory, *ex-ante* impact assessments can compare alternative packages of macroeconomic policies, including complementary policies designed to mitigate undesirable consequences when they are part of the package. Ideally, such assessments should include information relevant to the choice, design and sequencing of alternative policy options. This information should delineate the likely impacts of different policies or policy packages on relevant indicators, including on poverty and inequality.¹⁰⁵ In reality, however, there is little dialogue and debate on alternative economic, and particularly macroeconomic policy options that would provide different scenarios for the design of the *ex-ante* impact assessments.

The criticism of the widely so-called Washington Consensus¹⁰⁶ policies, including evidence of their detrimental impact on poverty and inequality, has led to the development of the Post-Washington Consensus.¹⁰⁷ The Washington Consensus advocated a set of instruments, including macroeconomic stability, liberalized trade, and privatization to achieve a relatively focused goal of economic growth. The Post-Washington Consensus emphasises takes an institutional approach to development and emphasizes not only the content of development policies, but also good governance and process conditionalities. This includes focus on participatory processes with greater involvement of the civil society, as well as concessions to social welfare through targeted social

¹⁰⁴ Santosh Mehrotra, *Improving child well being in developing countries: what do we know? What can be done?* CHIP Report No. 9 (<http://www.childhoodpoverty.org/index.php?action=documentfeed/doctype=pdf/id=89/>).

¹⁰⁵ Bernhard G. Gunder, Marc J. Cohen and Hans Lofgen, *Analysing Macro-Poverty Linkages: An Overview*, Development Policy Review, 2005, 23 (3): 243-265, p. 255.

¹⁰⁶ The "Washington Consensus" was a term coined by John Williamson of the Institute for International Economics in Washington, DC. The Washington Consensus is not a formal document or agreement, but rather a set of free-market or 'neoliberal' principles that appear to have been informally agreed between the World Bank and the IMF in the late 1980s as a framework for development aid, originally in Latin America, but later in other parts of the world. The principles included: fiscal discipline; redirection of public expenditure priorities towards health, education and infrastructure; tax reform; interest rate liberalization; competitive exchange rate; trade and investment liberalization; privatisation, deregulation and secure property rights. See John Williamson, *What should the World Bank think about the Washington Consensus?* World Bank Research Observer, vol.15 no.2, 2000, pages 251-64. Many critics view the term as well as what it came to represent as simplified and even exaggerated, however, few deny that whatever one calls it, the structural adjustment policies failed on all key criteria of development-sustained growth, reduction of poverty and inequality. See, for example, Moises Naim, *Fads and Fashion in Economic Reforms: Washington Consensus or Washington Confusion?* Foreign Policy Magazine, 26 October 1999 (<http://www.imf.org/external/pubs/ft/seminar/1999/reforms/Naim.HTM>)

¹⁰⁷ Joseph Stiglitz, *More Instruments and Broader Goals: Moving Towards the Post-Washington Consensus*. The 1998 WIDER Annual Lecture, Helsinki, January 1998 (<http://www.globalpolicy.org/socecon/bwi-wto/stig.htm>).

safety nets. This approach is embodied in the PRSPs, which became in 1999 the basis for the IMF and the World Bank lending programmes and for Heavily Indebted Poor Countries (HIPC) debt relief and Poverty Reduction and Growth Facility (PRGF) loans.¹⁰⁸

For supporters, the post-Washington consensus is fundamentally different from the original in that it places sustainable democratic development at the centre, includes a more poverty-focused approach that protects and supports the poor and prioritizes social spending on education and health.¹⁰⁹ Many critics note, however, that while it is an improvement, the original neo-liberal agenda still underpins the post-Washington consensus and the social safety net aspects of the new policies are put in place as an add-on to deal with market failures.¹¹⁰

Some critics argue that in fact there is little real diversity of dissent and usually only moderate critiques of the mainstream.¹¹¹ In practice, this is reflected in most of external recommendations on economic policy making supplied to developing and transition countries remaining neoliberal and tied to conditionalities.¹¹² In case of BiH, conditionality of IFI's lending has been upstaged by the prospective EU accession. In fact, the conditionalities have expanded across a wide spectrum of policy making, and now encompass governance and social sector domains.¹¹³

PRSP critics insist that reconciling the neoliberal economic agenda with the poverty and inequality reduction agenda has been difficult and social policies are ill equipped to deal with the negative social impact of neoliberal economic policies, which have led to growing unemployment, increasing inequality and widespread poverty. The fact that economic growth has not reached the poor has led to the international community emphasis on the importance of identifying 'pro-poor growth' policies. Some analysts, however, have argued that 'pro-poor growth' is an unlikely outcome unless

¹⁰⁸ In 1987, IMF introduced an Enhanced Structural Adjustment Facility (ESAF) for poor countries, which enabled them to receive assistance over a period of up to 3 years with reimbursement stretched over 10 years (in contrast to regular credits, which were to be repaid with one to two years). In 1999, the ESAF was replaced by the Poverty Reduction and Growth Facility (PRGF), with the aim to support programmes to strengthen substantially and in a sustainable manner balance of payments positions and to foster durable growth. At the same time, PRSPs replaced the Policy Framework Papers (PFP), which underpinned ESAFs. BiH also has a Stand-By Arrangement with the IMF, which is a short-term loan to address balance-of-payment problems. Further, as a so-called "blend borrower" (a country with a low per capita income, yet creditworthy for some borrowing from the International Bank for Reconstruction and Development/IBRD), BiH receives both international development assistance and IBRD loans from the World Bank.

¹⁰⁹ Joseph Stiglitz, *More Instruments and Broader Goals: Moving Towards the Post-Washington Consensus*. The 1998 WIDER Annual Lecture, Helsinki, January 1998 (<http://www.globalpolicy.org/soecon/bwi-wto/stig.htm>).

¹¹⁰ See Jomo K. S., *Economic Reform for Whom?: Beyond the Washington Consensus*, Post-Autistic Economic Review, issue no. 35, 5 December 2005, article 2, pp. 11--18 (www.paecon.net/PAEReview/issue35/Jomo35.htm). See also Ziya Onis and Fikret Senses, *Rethinking the Emerging Post-Washington Consensus: A Critical Appraisal*. Economic Research Centre Working Paper in Economic 03/09, November 2003, Middle East Technical University, Ankara, Turkey (<http://www.erc.metu.edu.tr/menu/series03/0309.pdf>).

¹¹¹ See Walden Bello, *The Post-Washington Dissensus*. Foreign Policy in Focus, 24 September 2007 (www.fpiif.org). The author argues that, in fact, there is no post-Washington Consensus, but various approaches to economic policy, which aim either mitigate the inequality and poverty, or fairly manage globalization to benefit everyone, but still with neoliberalism remaining at the core.

¹¹² While the PRSPs are necessary to access IMF/World Bank loans and credits, the conditions attached to these loans and credits remain largely unchanged. See Bretton Woods Project (2003) *Poverty Reduction Strategy Papers (PRSPs): A Rough Guide*, Bretton Woods Project, London <http://www.brettonwoodsproject.org>.

¹¹³ See European Commission, *Proposal for a Council Decision on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina and repealing decision 2006/55/EC*. Brussels 6/11/2007, COM(2007)657 (http://www.europa.ba/files/docs/publications/en/COUNCIL_DECISION_on_the_principles_priorities_and_conditions_contained_in_the_European_Partnership_with_Bosnia_and_Herzegovina_and_repealing_Decision_2006_55_EC.pdf).

economic and social policies are mutually consistent, which is unlikely as long as neoliberalism dominates economic policymaking.¹¹⁴

In case of BiH CRIA, during the research design phase, there was not a deep enough assessment of the electricity industry and exploration of various reform alternatives that went beyond proposals discussed in BiH for their impact on children. Hence, BiH CRIA design from the beginning focused on electricity price increases, as this was the inevitable result, at least in the short-term, of the energy sector reform. It can be argued the PSIA and CRIA can be used to put alternative policy options on the table. Such assessment, however, would involve a much deeper engagement at technical and policy level in the particular economic sector under scrutiny and would require additional technical expertise to be mobilised, beyond what was available to UNICEF, Save the Children UK and government partners.

Development of realistic policy alternatives for the electricity sector reform would require in-depth analysis of the sector and potential trade-offs in the application of different reform options within the overall context of the national economic and social development in BiH. Economic policies have led to economic growth in BiH without job creation, led to a rise in the prices of basic commodities and services increasing the burden on the population that may negatively impact the human capital development in BiH. Are such economic policies compatible with the long-term goals of sustainable economic and human development in BiH? Such analysis may provide evidence and arguments that can potentially shift the political will and commitment towards different policy options that would ensure government's compliance with the progressive realisation of social and economic rights human rights. Due to its scale and inter-sectoral approach, such undertaking implies that CRIA is not initiated by an international organisation and supported by a committed and sensitised government institution but is part of the policy development culture that is evidence-based and has already established strong awareness on the interactions of economic and social policies being of equal relevance for sustained economic and human development.

Experience also raises doubts whether using PSIA to generate debate around alternative policy options is realistically possible. While there is a lot of literature on the impact of adjustment and stabilisation policies on poverty, analysis of the impact of specific macroeconomic policies is just emerging.¹¹⁵ IMF has been criticized for not being serious about PSIA¹¹⁶ and the World Bank has acknowledged that macroeconomic policies are still under analysed.¹¹⁷ Furthermore, a central lesson from the World Bank review of its PSIA, is that for PSIA to be effective, it has to be closely aligned with the ongoing policy dialogue. This means that the research design has to be based on the reforms and public actions effectively under consideration, and that results have to be relayed

¹¹⁴ Terry McKinley, Adviser on Macroeconomic Policies and Poverty, UNDP, *Economic Policies for Growth and Poverty Reduction, PRSPs, Neoliberal Conditionalities and "Post-Consensus" Alternatives*. A paper presented at the IDEAs International Conference, JNU, Delhi, 22-24 January 2004, p. 3 (http://www.networkideas.org/feathm/feb2004/terry_mckinley_paper.pdf).

¹¹⁵ The most well known studies include Giovanni Andrea Cornia, Richard Jolly, and Frances Stewart, Editors, *Adjustment with a Human Face*. Clarendon Press, Oxford, 1987; see also World Bank study *Voice of the Poor*.

¹¹⁶ Rafael Gomes and Max Lawson, *Pro-poor Macroeconomic Policies Require Poverty and Social Impact Analysis*. Economic Policy Empowerment Programme (EPEP), May 2003 (http://www.eurodad.org/uploadedFiles/Whats_New/Reports/PSIAandpropoormacropoliciesDDfinal.pdf).

¹¹⁷ Carole Kende-Robbs, *Poverty and Social Impact Analysis, is it working in the World Bank?* Social Development Department, World Bank, presentation to the UN Commission for Social Development, 8 February 2008 (http://www.un.org/esa/socdev/social/documents/side%20events/WorldBank_poverty_and_social_impact.ppt).

back into the policy dialogue. This implies limitation on using PSIA to introduce alternative policy options into the reform debates, if they are already not under consideration.¹¹⁸

One example in which IFI macro-economic prescription has been challenged is that of the Rwanda PSIA on public expenditure reform. The IMF strongly criticised the findings of this PSIA as being insufficiently robust and did not change its policy on the limit for the fiscal deficit of Rwanda.¹¹⁹ This would appear to confirm that there is little room for meaningful dialogue and debate on alternative economic policy options and *ex-ante* impact assessments reflect this by rarely including assessments of different policy alternatives.

In this context, BiH CRIA's focus on the mitigation measures remains a valid contribution to the public debate on the impact of economic policies in as much that it can provide an opportunity to discuss the long-term impacts of increasing poverty and its correlations with the adequacy of economic decisions.

5.1.2. Mitigating measures

Two broad recommendations emerged from the CRIA study: reduced tariffs for public service providers and poverty reducing measures to cushion the impact of the electricity price increases on vulnerable households.

The current fiscal situation in BiH, however, places a considerable constraint on the introduction of any new mitigation measure funded through the government. Moreover, further mitigation measures to offset possible price increases in domestic electricity may be difficult to fund without significant impacts on fiscal deficits. The multiplying demands of specific population groups for social protection measures are already complex and substantial and do not sufficiently target families with children as a specific vulnerable population group.

The exceptional circumstances of BiH, in particular the 1992-1995 war, have meant a large and persisting budget commitment to war veterans and their families. While this has some effect on poverty, evidence suggests that such measures are not well targeted to alleviating the circumstances of the poorest households.¹²⁰ In addition, social security contribution rates are internationally high. This does not leave much scope for further increases in the contributory burden and in itself leads to the informalisation of economic activity. In this context, there may be serious limitations on the government's ability to provide additional mitigation measures in the face of electricity price increases. The government will have to carefully target any such additional measures,¹²¹ to ensure that they reach the most vulnerable households and children and public services.

¹¹⁸ Aline Coudouel, Anis A. Dani and Stefano Paternostro, Editors, *Poverty and Social Impact Analysis of Reforms, Lessons and Examples from Implementation*. World Bank, 2006, p. 13-14 (http://siteresources.worldbank.org/INTPSIA/Resources/490023-1120845825946/PSIACASESTUDIES_BOOK.pdf).

¹¹⁹ Although officially, IMF did not change its policy on the limit for the fiscal deficit of Rwanda, according to DFID it seem to have moderated its approach, at least in terms of rhetoric and shifting emphasis from the size of the fiscal deficit to debates around sustainability and predictability of its financing. Kate Bird, Zaza Curan, Alison Evans, and Sophie Plagerson, *What has DFID learned from the PSIA Process?* Poverty and Public Policy Group, Overseas Development Institute (ODI), June 2005, p. 19 and 45 (http://www.odi.org.uk/PPPG/poverty_and_inequality/publications/kb_PSIA_Review_Report.pdf).

¹²⁰ The World Bank PIER report suggests that social transfers reach only about a quarter of the poor. World Bank, *Report No. 36156-BiH, Bosnia and Herzegovina: Addressing Fiscal Challenges and Enhancing Growth Prospects, A Public Expenditure and Institutional Review*, BiH, 2006, p. 86.

¹²¹ For example, *targeted lifeline tariffs* involve restricting discounted basic needs consumption of electricity to socially vulnerable groups, typically people living on low incomes.

Another limitation in implementing mitigating measures is the political interest in privatisation and potential government revenues from the energy price increases that may tilt the balance against the needs and rights of the vulnerable groups. The 2008-2010 Medium Term Expenditure Framework states that the participation of the electricity sector in the growth of the BiH GDP is substantial - 9 percent. In 2004, an internal World Bank assessment of the electricity sector reform proposed essentially the same mitigation strategies for vulnerable populations as CRIA. However, the report was never made public and it appears that its recommendations were not implemented.¹²²

The RS has recently made a decision to re-introduce subsidies for electricity for poor households. This decision, as well as RS decision to increase public expenditures on education, indicates understanding of development and security implications of increasing poverty. The increased investments were, however, made possible by the influx of income based on privatisation in the recent period and it is questionable whether these expressions of political will can be sustained in the long-term. For example, mitigation measures introduced to address the impact of VAT in the first year after its introduction in 2006 were focused primarily on pensioners without sufficiently targeting families with children as a specific vulnerable group. These measures were discontinued in 2007, showing that the mitigation measures were put in place to serve government's short-term and general security interest rather than ameliorate increasing poverty among the vulnerable populations.

The CRIA approach and results provide evidence that can help to mobilise political will and improve understanding of how economic decisions impact on children. However, the dialogue has so far been limited to discussing the evidence and potential for mitigating measures within the social sector policy formulation.

An important part of the analysis missing from the CRIA is the costing of proposed mitigating measures. Such analysis and subsequent recommendations would have a larger impact and would improve the position of UNICEF, Save the Children UK and their key partner, the BiH Directorate of Economic Planning (DEP) in entering into a public and policy dialogue on the research findings. In addition to the projection of the budgetary implications for mitigating measures, the analysis should include analysis of the Medium Term Expenditure Framework and its proposed macroeconomic measures to support economic growth as well as the public finance framework. Without these important elements, the link between the evidence on negative impact of electricity prices on children and the policy reform processes remain weak.

Such an approach is in line with increasing UNICEF's involvement in the economic and social policy work at the global level, as well as with Save the Children UK's organisational focus on rights and economic justice, but it requires additional solid technical, resources and staffing capacity. Partnership with the BiH DEP represents a unique opportunity to include the CRIA pilot findings into the new National Development and Social Inclusion Strategies. The national partners, however, require additional support to advocate and mobilize support for the inclusion of the mitigation measures.

¹²² The assessment of the Social Status of the Electric Energy Consumers was commissioned by the World Bank in 2004 for the needs of the three main electric power producers and distributors in BiH. The report and its recommendations have never been made public and it remained an internal document of three BiH Elektroprivredas (Public Electric Companies).. The process of reassessment of the measures and the review of the energy sectors in BiH commissioned by the World Bank is currently being undertaken and will provide additional valuable information on the social status of the population and the implementation of the measures as proposed in the 2004 study. However, it remains to be seen whether the study will be made public and widely disseminated.

5.2. Ownership

The overarching aim of impact assessments is to promote evidence-based policy choices. In practice, this means getting senior policy officials to sign up to the ownership of the project and the evidence that goes to support it. The assumption is that this would involve officials making a commitment to use findings and either not to continue with the policy or improve the policy if the evidence reveals that it has negative consequences.

Within the human rights approach, the issue of ownership goes to the heart of the principle of accountability. Local ownership makes it easier to identify policy makers and national authorities that can be held accountable for the impact of socio-economic policies on children's rights.¹²³ Criteria to assess 'ownership' can include: 1) links between CRIA and existing planning processes, 2) official commitment to the CRIA process/results, and 3) the institutional location/capacity.¹²⁴

Some critics, however, argue that local 'ownership' of such strategies as PRSP, for example, is a donor obsession and not a government objective.¹²⁵ In the context where donor agencies set conditionalities and encourage countries to adopt as their "own" policies introduced from the outside, it makes it harder to hold the international donor community to account for their policy prescriptions. IFI's influence on countries' decision making becomes more informal and therefore less transparent. With the introduction of the PRSPs, the attention has been diverted away from the content of the IFI's policies towards processes, especially participation of civil society in national government decision making.¹²⁶ It may be much more useful to assess the political context of policy-making in order to identify local and external partners that could be 'allies' for children rather than the extent of ownership of particular evidence or policy by the national government.

Reviewing the extent of 'ownership' of CRIA methodology and pilot results in BiH using the above-mentioned criteria reveals the extent to which economic and social policy making is externally driven, particularly by the EU accession process. This is actually a positive development from a child rights perspective, as EU has extensive policies on social inclusion and child poverty. CRIA may become important in the context of BiH fulfilling EU conditionality on social inclusion. And while this may do little to promote 'ownership' in its ideal form, it more clearly sets out accountabilities vis-à-vis children in BiH.

¹²³ Accountability can – and probably should – imply justiciability in the courts, but there are many complementary approaches involving monitoring, reporting, public debate, and greater citizen participation in public service delivery. See Overseas Development Institute (ODI), *What can we do with a rights-based approach to development?* Briefing Paper 1999 (3) September (http://www.odi.org.uk/publications/briefing/3_99.html).

¹²⁴ This is loosely based on the ODI's PRSP Monitoring and Synthesis Project proposed criteria to assess 'ownership' of the PRSPs, which includes: the official commitment to the CRIA process/results, the institutional location of the CRIA, including of officials from different parts of government, links between the CRIA and existing planning processes, and links with the budget or other resource allocation procedures ODI, PRSP Synthesis Note 6. *Experience with PRSPs in transition countries*, PRSP Monitoring and Synthesis Project, p.6-7 (www.prspsynthesis.org).

¹²⁵ Terry McKinley, Adviser on Macroeconomic Policies and Poverty, UNDP, *Economic Policies for Growth and Poverty Reduction, PRSPs, Neoliberal Conditionalities and "Post-Consensus" Alternatives*. A paper presented at the IDEAs International Conference, JNU, Delhi, 22-24 January 2004, p. 4-5 (http://www.networkideas.org/feathm/feb2004/terry_mckinley_paper.pdf).

¹²⁶ Charles Abugre, *Still SApping the Poor: A Critique of IMF Poverty Reduction Strategies*. World Development Movement, 2000. www.wdm.org.uk/cambriefs/debt/sappoor.pdf

5.2.1. Links with existing planning processes

Post-war BiH has had two types of policy documents which define strategic development directions at the state level: 1) documents oriented towards World Bank/IMF targeting international donations and loans/credits, in particular MTDS-PRSP, and 2) documents oriented towards the EU targeting the EU accession process, including the EU Accession Strategy.

Currently, the prospect of EU accession is the prime driver of the socio-economic reform in BiH. The EU and BiH initialled the Stabilization and Association Agreement (SAA) in December 2007; this is the first contractual relation between the EU and BiH and a key step towards future membership of the EU. The application of the MTDS-PRSP, which was the main policy document required for the disbursement of the IFI's funds to BiH, terminated at the end of 2007. The successor to the MTDS and the new policy documents and strategies being developed are all oriented towards the EU requirements. The new BiH Development Strategy for 2008-2013 will be a basis for the National Development Plan and an Action Plan by which funds will be drawn from various EU pre-accession and structural funds.

As the BiH National Development Strategy will be focused on economic development, the government is preparing a Social Inclusion Strategy, also a precondition for EU integration which will feed into the Joint Inclusion Memorandum (JIM). As part of the EU pre-accession process, all candidate countries have to prepare a JIM, which has to outline the principle challenges in tackling poverty and social exclusion and identify policy priorities.¹²⁷

The Directorate for Economic Planning (DEP), which has been the main government partner in CRIA development and implementation, has been tasked with the preparation of both strategies. DEP was also involved in planning and implementation of MICS3 in BiH. DEP has already acknowledged that various components of CRIA pilot research provide important inputs for the preparation of the Social Inclusion Strategy. While it remains to be seen how exactly the CRIA model and pilot results will be used, it is clear that there is a strong link with the social sector policy development.

5.2.2. Official commitment

The extent of the official commitment to the CRIA process and results is not easy to gauge. While CRIA was a UNICEF/Save the Children UK initiative, the discussions with the main government partner, the PRSP implementing team began at the very beginning of the project's conceptual phase in 2004. In 2006, the PRSP team was transformed into the Directorate for Economic Planning (DEP) under the BiH Council of Ministers, which has been committed to the initiative from the beginning. CRIA project Steering Committee consisted of representatives of social sector Ministries, electricity sector institutions and DEP. CRIA methodology was developed in partnership with key government institutions and their representatives and there may be more 'ownership' in the case of CRIA than other types of research conducted in BiH. However, the influence and leverage of DEP is limited within the existing BiH structure.

In general, BiH presents a challenge in terms of 'accountability'. The identification of who is responsible for what exactly is not straight forward and is often confusing. The DPA structure has had repercussions on the ability of the State and the Entities as executory bodies to respond to their

¹²⁷ JIM is supposed to prepare BiH for participation in the Open Method of Coordination of Social Inclusion upon accession. Under this process, member country has to prepare a National Action Plan for Inclusion every two years based on common EU goals. See http://ec.europa.eu/employment_social/spsi/enlargement_en.htm

obligations in implementing the social, economic, civil, and political rights of its citizens. BiH has an overabundance of governance - there are 13 separate ministries of health and education, and an astounding 181 separate institutions for the governance of BiH – the highest level of governance in Europe.

Furthermore, accountability mechanisms are not clear, as the legal framework is still in transition. The DPA delegated to the international institutions in BiH certain powers of the state but without providing for accountability. The highest executive authority in BiH, the High Representative, is accountable to PIC, while the international organizations working in BiH, which have substantial leverage in policy making and legal reform, are not directly accountable to the people of BiH.

The reality of policy making in BiH is that government commitment is not enough, as the socio-economic reform priorities are determined by the EU accession process. The EU programmes focused strongly on rule of law, ethnic reconciliation/stabilisation, and legal reform and state building/strengthening measures. The EU emphasizes foreign direct investment and further privatisation, further reducing unproductive expenditure and downsizing the public sector, especially military, increasing capital investment and protecting essential social expenditure. Until recently, the EU's social sector focus in BiH was almost exclusively on reforms of education and health. EU focus on social and poverty issues has been weak not only in BiH but also in the strategies for the SAP countries considered to be more advanced in the process than BiH.

However, this is changing, with the EU and BiH initialling the SAA at the end of 2007 and BiH commitment to prepare Social Inclusion Strategy as part of the accession process, as outlined in section 5.2.1 above. The focus of the European Commission delegation in BiH has also shifted towards social protection and inclusion within the programmes funded under the Instrument for Pre-accession Assistance¹²⁸ and a range of programmes are planned in support of social protection, inclusion of children and human rights promotion. The EU has extensive policies in place to address child poverty and social exclusion,¹²⁹ and these no doubt will influence the direction and content of the future poverty reduction policies in BiH. Thus, EU conditionality has played a central role in mobilising government commitment to develop a new social policy in which CRIA results may play an important role.

5.2.3. Institutional location/capacity

Since 2000, there has been a slow process of strengthening the functions and capacity of the BiH state level, pushed by the international community and OHR. While the new state bodies are very weak in the current over-decentralised governing structure, it is clear that in the future they will be the main policy setting force in the country. In this context, UNICEF's strategy has been to identify key partners at the state level and mobilise and support them to develop technical capacity to integrate child rights in their work.

The choice of DEP as a key government partner in CRIA development and implementation was strategic, because of its institutional location at the state level and its evolving role in for policy development and monitoring. DEP was created under the BiH Council of Ministers with a direct mandate to monitor existing and develop new national development strategies and documents. Thus, DEP is mandated to develop and monitor both the economic and social sector policies.

¹²⁸ See <http://www.europa.ba/?akcija=clanak&CID=23&jezik=2&LID=33#3>

¹²⁹ See http://ec.europa.eu/employment_social/spci/child_poverty_en.htm

Currently, DEP is responsible for the development of the new National Development (2008-2013) and Social Inclusion Strategies for BiH.

To date, a lot of research in BiH was developed and financed by the international organisations. This includes household budget and other surveys, supported by the World Bank, UNDP and DFID, as well as CRIA. Within the reform of public sectors, there is a lot of emphasis on evidence-based policy making and strengthening of monitoring and evaluation functions in sectoral ministries, as well as the technical capacity of key institutions responsible for planning, monitoring and evaluation such as the DEP. Although CRIA relied on international consultants to develop the methodology, this was done in close cooperation with local researchers and implementation and analysis of data and information gathered by the pilot was done mostly by the local consultants under the auspices of DEP.

But while the technical capacity to design and implement research is improving, there are serious financial constraints and lack of funding for planned monitoring and evaluation activities within budgets of national institutions. With the development of new National Development and Social Inclusion Strategies and their focus on monitoring and evaluation of results, DEP is strongly recommending strengthening of the national monitoring and evaluation functions. These are to be supported by allocations from the state budget. Whereas this may be difficult to achieve in relation to large-scale expensive surveys, such as HBS or MICS, small-scale surveys and research such as CRIA may be more sustainable.

The CRIA has also reinforced the need of mapping and assessing the capacity of national research institutions to support research and policy analysis for children. Whereas CRIA as a methodology was challenging to develop, once it was piloted, given the existing technical capacities in DEP, it will not be difficult to replicate. However, the challenge remains the technical capacity of the sectoral ministries and policy-making institutions to endorse methodology as a working tool and to plan for its outsourcing or to organize implementation without external prodding and financial support.

5.3. Replication and CRIA's potential role

The BiH CRIA pilot raised general questions in relation to what potential role CRIA can play in policy making in BiH, including the extent to which CRIA can influence policy process and institutional capacity to undertake credible CRIAs.

5.3.1. Extent of CRIA's influence

UNICEF's experience¹³⁰ in supporting the research linked to policy development in the areas of health and child protection in BiH indicates that, although externally driven, research findings can influence and trigger the development of national policies. The development of the BiH National Strategy on Iodine Deficiency Disorders and the BiH Entity Strategies on Children in Institutions were very strongly linked with the experience and findings of externally supported research. Whereas the strategy development was supported by UNICEF, it was nationally driven and owned. A major shortcoming with these processes, as is generally the case with BiH policy development, especially in social sectors, is lack of fiscal sustainability, as the policies are developed without taking budgetary implications into consideration.

¹³⁰ UNICEF and the BiH Directorate for Economic Planning, *Joint Country-led Evaluation of Child-focused Policies Within the Social Protection Sector in Bosnia and Herzegovina*, 2007.

UNICEF analysis indicates that creation of evidence-influenced policy is a multi-year process that involves a gradual increase in awareness, political will and technical capacities of the national policy makers. Availability of evidence cannot be expected to immediately influence policy reform. The research and evidence-based discourse is slow in taking root and becoming integral to planning of policies and programmes. The national government partners still willingly rely on the input of external actors, such as international organisations, to undertake research and data collection. This is due to the lack of adequate evidence-based policy making culture as much as due to the lack of human and financial resources. Demands for such processes to be country-led and influenced by national decision makers are increasing within the government and the monitoring and evaluation functions are gradually, although inconsistently because of the administrative decentralisation of the country, being introduced and/or strengthened within the national institutions.

The potential of CRIA to inspire the civil society organisations in BiH to take up with the policy makers issues of the negative impact of economic policies on children is not very promising. Experience with DFID-supported PSIA has shown that civil society organization have had limited opportunities to engage in PSIA processes, and where they have, their influence has been limited because of capacity constraints and lack of awareness of PSIA and their relevance for the civil society organisations.¹³¹ Expectations from the civil society organisation have to be realistic. In BiH, NGOs were involved in the implementation of the quantitative and qualitative components of CRIA as well as in providing feedback on the research results to the communities. However, child rights NGOs in BiH are mostly working at local community level and their capacity to engage in advocacy at policy making level is weak.

In general, the immediate and extensive influence of research findings on policy development seems to be rather limited. ODI's review of DFID-supported PSIA in developing countries, for example, concluded that few aid recipient governments would implement PSIA routinely to identify the likely impact of proposed policy changes mainly due to resource constraints, weak commitment to poverty reduction and, in general, the limited role that evidence plays in many countries in national policy making and reform.¹³² Attributing or measuring the influence of research on policy is difficult. Even World Bank acknowledged that there is little evidence on the extent PSIA results have influence design of World Bank operations and lead to development of different policy options and promote a debate in countries about policy trade offs.¹³³

Review of evidence-based policy and practice in the UK concluded that the relationships between research, knowledge, policy and practice are loose, shifting and contingent. Because use of evidence is just one imperative in policy making and policy making itself is inherently political, evidence does, can or even should play a limited role and 'evidence-influenced' or 'evidence-aware' reflects a more realistic view of what can be achieved. The authors of the review outlined at least four ways in which evidence might influence policy, including instrumental, conceptual, mobilization of

¹³¹ See Kate Bird, Stefanie Busse and Enrique Mendizabal, *Civil Society Engagement in PSIA Processes: A Review*. Overseas Development Institute (ODI), February 2007 (http://www.odi.org.uk/PPPG/poverty_and_inequality/publications/kb_Civil_society_PSIA.pdf).

¹³² Kate Bird, Zaza Curan, Alison Evans, and Sophie Plageron, *What has DFID learned from the PSIA Process?* Poverty and Public Policy Group, Overseas Development Institute, June 2005, p. iii (http://www.odi.org.uk/PPPG/poverty_and_inequality/publications/kb_PSIA_Review_Report.pdf).

¹³³ Carole Kende-Robbs, *Poverty and Social Impact Analysis, is it working in the World Bank?* Social Development Department, World Bank, presentation to the UN Commission for Social Development, 8 February 2008 (http://www.un.org/esa/socdev/social/documents/side%20events/WorldBank_poverty_and_social_impact.ppt).

support and wider influence.¹³⁴ But the instrumental use of research, where findings feed directly into decision making for policy, is rare and most likely when the evidence is non-controversial, requires only limited change and does not upset the status quo.¹³⁵

While CRIA seems to have had little direct or instrumental influence on policy making in BiH at this point, it does have the potential to emerge as a critical tool to establish the effect of economic pressures on children during the process of formulation of the new national strategies required by the EU accession process. Although it is clear that CRIA results will inform the Social Inclusion Strategy, it is not clear whether they will have any effect on the National Development Strategy that will primarily focus on the economic reforms. It is, however, important to note that the development of the two strategies is envisioned as a process in which the two documents will be complementary to each other and that the Social Inclusion Strategy's chapters on labour market, employment and industrial development, employment policies as well as chapters on human development, social development and social protection will be based on and linked with the National Development Strategy. While the economic agenda is not particularly receptive to research outcomes, CRIA could be the first step in linking economic and social policy to promote child well-being in BiH.

One unique feature of the CRIA pilot – the income and consumption baseline for households with children – has the potential for broader application. The income and consumption analysis derived from CRIA and MICS3 created a baseline on the economic status for families with children for the first time in BiH. This will enable future monitoring of impact of inflation and increase in consumer prices on households with children and on children within households.

5.3.2. Institutional capacity for child rights impact monitoring

In addition to the technical constraints outlined above in section 4.4., there are institutional and process issues that need to be addressed, including which body should have the overall responsibility for CRIs and how CRIA process or its components can be institutionalised.

In BiH, the institutional framework for monitoring of child rights has already been established with the state level Ministry of Human Rights and Refugees having the oversight responsibility for the CRC monitoring and reporting and Ombuds Offices for Children responding to individual complaints. In addition, a network of 12 local child rights NGOs is involved in monitoring of child rights indicators at community level. Council for Children was established in 2002 as the advisory policy body for children within the BiH Council of Ministers and has been responsible for the CRC monitoring and reporting as well as for monitoring and reporting on the implementation of the BiH State Plan of Action for Children 2002-2010.

¹³⁴ 1. *Instrumental use*: research feeds directly into decision making for policy and practice. 2. *Conceptual use*: even if policy makers or practitioners are blocked from using findings, research can change their understanding of a situation, provide new ways of thinking and offer insights into the strengths and weaknesses of particular courses of action. 3. *Mobilisation of support*: research becomes an instrument of persuasion where findings – or simply the act of research – can be used as a political tool and can legitimate particular courses of action or inaction. 4. *Wider influence*: research can have an influence beyond the institutions and events being studied. Evidence may be synthesized. It might come into currency through networks of practitioners and researchers, and alter policy paradigms or belief communities. This kind of influence is both rare and hard to achieve, but research adds to the accumulation of knowledge that ultimately contributes to large-scale shifts in thinking, and sometimes action. See Sara Nutley, Huw Davis and Isabel Walter, *Evidence-based policy and practice: cross-sector lessons from the UK*. ESRC UK Centre for Evidence-Based Policy and Practice, Working Paper 9, August 2002, p. 17. (<http://www.st.and.ac.uk/~c ppm/home.htm>)

¹³⁵ *Ibid.* p. 1-2, 6-7.

The experience from Sweden and the UK shows that there needs to be high-level support for the process, with an institutional body to take responsibility within government, an external body acting as a watchdog and a parliamentary body to follow up reports.¹³⁶ In case of BiH, this could translate into the Ministry of Human Rights and Refugees having the primary responsibility for CRIA, with the Council for Children acting as the independent body, and the NGOs could be involved in implementation and dissemination. DEP could serve as a link to Council of Ministers for the follow up. However, a careful consideration has to be made as to who will take the lead in undertaking CRIAs – the human rights institutions or the institution mandated to develop and monitor/evaluate development strategies, such as DEP BiH which has responsibility and for overall socio-economic planning. One strategy could be to support development of a strong partnership between the two institutions for joint monitoring of the socio-economic and child rights indicators and cooperation in policy development.

BiH does not set the statutory or legal obligations to undertake child rights proofing of policies. On the other hand, the existing legal/statutory framework opens the potential to at least monitor key indicators as they relate to realization of child rights by integrating child rights indicators into general assessment/monitoring system. Future National Development and Social Inclusion Strategies are planned to have a strong focus on monitoring and evaluation and provide entry points for child outcome indicators as well as CRIA methodology for impact assessment to be integrated into the DEP and other relevant institutions' monitoring and evaluation systems. Panel or periodic survey approaches that were developed as low-cost methodology within CRIA can complement large-scale surveys such as household budget surveys. For example, since there is a regular production of data on the consumer basket in BiH vs. average income, a child-centeredness of such information and continued focus on households with children can be ensured by production of the consumer basket for children vs. average income.

This strategic approach for integrating CRIA components into BiH monitoring and evaluation systems very much echoes the lessons learned from the World Bank's review of PSIA: integrating the critical elements of the PSIA into monitoring and evaluating the reforms is paramount. The review recommended that such integration is best done by integrating the monitoring of elements underlined by the PSIA within existing domestic monitoring systems— either PRSP or sectoral monitoring systems. In addition, the PSIA might lead to a close monitoring of some elements that are not traditionally the focus of national systems with contribution of civil society.¹³⁷

UNICEF, Save the Children UK and partner's challenge here is to use the existing baselines to determine a strategic approach: 1) to monitor the increase in economic pressures on households with children in general using CRIA pilot-created baseline, 2) monitor trends in policy reforms and identify those reforms that are most likely to impact on households with children and on social service providers, and 3) undertake CRIA on specific economic policies that are likely to have the largest impact on children.

To facilitate such monitoring, development of input as well as output and outcome indicators is necessary. In addition to monitoring child outcome indicators of infant mortality rate, education enrolment rate, etc, and output indicators as proposed by the CRIA pilot, input indicators in relation to macroeconomic and social policies, fiscal frameworks and budgetary allocations for sectors that

¹³⁶ Kirsten Hanna, Ian Hassall and Emma Davies, *Child Impact Reporting*. Social Policy Journal of New Zealand, Issue 29, November 2006, p. 36 (www.msd.govt.nz/documents/publications/msd/journal/issue29/29-pages-32-42.pdf).

¹³⁷ Aline Coudouel, Anis Dani and Stefano Paternostro, Editors, *Poverty and Social Impact Analysis of Reforms, Lessons and Examples from Implementation*, World Bank, 2006, p. 14-15 (http://siteresources.worldbank.org/INTPSIA/Resources/490023-1120845825946/PSIACASESTUDIES_BOOK.pdf).

directly benefit children should be developed and monitored. This is already where UNICEF is heading in terms of developing tools to analyse policy-child well being linkages in the context of the Global Study on Child Poverty and Disparities with its focus on policies and outcomes.¹³⁸

Development of such input indicators would also allow for monitoring of the state's compliance with the progressive realisation obligation under the CRC, which requires 'process monitoring' of inputs and implementation processes and intermediate outputs.¹³⁹ This would require development of indicators to measure the link between targets and interventions intended to bring them about, including the financial inputs (budget allocations to different sectors or activities) as well as non-financial inputs (to what extent funds reach their intended destination) and intermediate processes or elements that would form a monitoring chain that can help direct policymaking.¹⁴⁰

In the BiH context, such an undertaking would mean UNICEF, Save the Children UK and partners' participation in the ongoing public finance sector reform. Preliminary analysis of the public finance sector in relation to realisation of children rights indicates a lack of transparency as well as lack of clear and detailed budgetary specifications that would allow adequate monitoring of the financial inputs for children (across minimum 14 budgeting levels). There is also lack of connection between the financial and non-financial inputs, i.e., reporting of the level of expenditures and reporting on households and children reached is inconsistent and often arbitrary.¹⁴¹ Hence, development of indicators as such may not be as difficult as mobilising awareness and political will to endorse and integrate these indicators into existing monitoring mechanisms.

If such a set of indicators that links interventions and targets can be developed and monitored, CRIA can then be used selectively to assess the impact of key policy proposals that are likely to have major effect on children.

6. CONCLUSIONS

The CRIA pilot demonstrated that it is possible to assess the impact of economic policy on children with their involvement. The research results exposed the negative impact of the proposed reforms on children, especially the reduced quality and access to health, education and social protection, and that most of the household coping strategies would negatively impact on children's health, increase child labour; reduce children's access to information and increase girls and women's workload.

There is a big push in BiH for evidence-based policy making. CRIA is contributing to building capacity to produce evidence on the impact of economic reforms in BiH and can be considered a first step in linking economic and social policy developments for children in BiH.

¹³⁸ UNICEF, *Global Study on Child Poverty and Disparities 2007-2008: Guide*. Global Policy Section, Division of Policy and Planning, New York, September 2007.

¹³⁹ Progressive realisation means 'to the maximum extent of available resource' – focus on inputs and intermediate process, rather than necessarily reaching a set intermediate final outcome benchmark. If the benchmark for a certain indicator of enjoyment of a right is reached, it does not mean that the duty bearer has necessarily met his/her obligations, as it could be due to a number of external factors, which had nothing to do with policy or actions undertaken by the duty-bearer. On the other hand, if a benchmark for a certain indicator of enjoyment of a right is not reached because the duty-bearer did not take action due to lack of capacity, it cannot be said that the duty-bearer has not met his/her obligation.

¹⁴⁰ David Booth and Henry Lucas, (July 2002) *Good Practice in the Development of PRSP Indicators and Monitoring Systems*. Overseas Development Institute, Working Paper 172, p. 26. www.odi.org.uk/pppg/publications/working_papers/172.html

¹⁴¹ UNICEF and BiH Ministry of Human Rights and Refugees, *Situation Analysis of the Budgetary Allocations for Children in BiH, draft*. 2008.

CRIA is well positioned to have influence in social policy development in BiH. The CRIA ownership is externally driven by the EU conditionalities. While CRIA started as UNICEF/Save the Children UK led project, now there is at least one strategically placed institutional in BiH government – DEP - that is using different components of CRIA in addition to the pilot results which are being discussed by the entity Ministries of Social Welfare. The different aspects of CRIA research are informing the ongoing processes in the social sectors, including the preparation of the Social Inclusion Strategy in the context of the EU accession.

However, in order to use CRIA as a tool to influence economic policy and create debates, the methodological approach must include assessing potential impact of different policy options and not just one proposal for which mitigating measures through social sectors have to be created. Any recommendations for mitigation measures must include fiscal and budgetary analysis and projections in order to place them within the reform process. In addition, one strategy may be to focus on strengthening the capacity of the child rights and social sector institutions and NGOs to engage in the economic policy debate through expanding technical understanding and child impact monitoring research skills as well as expanding partnerships beyond the traditional dialogue with the social sector Ministries.

Development of indicators of input and process, in addition to output and child well-being outcome indicators can potentially further facilitate linking economic and social policy development through periodic monitoring of policy processes, decisions and budgetary inputs and their impact on the changing situation of households with children.

UNICEF, Save the Children UK and its traditional social sector government and NGO partners in BiH have no previous experience in engaging in discussion of economic issues and reforms' impact on children. The commitment of DEP to CRIA and its findings, however, has opened the potential for UNICEF and Save the Children UK to have some influence within the process of the National Development and Social Inclusion Strategies preparation. Such an opportunity, however, was created by the institutional leadership of the DEP and is not yet based in the formal institutional commitment to child rights impact monitoring in BiH.

UNICEF and Save the Children UK are traditionally not perceived as organisations participating in the economic policy advocacy. The same applies to their main national partners in BiH. This is to a degree also predetermined by the status of child rights organisations as minor donors in BiH that are respected for their work in social sectors but that still have to become known for the ability to put child well-being on the agenda of the socio-economic reforms. Whereas this situation is changing with UNICEF's increasing capacity to advocate for larger focus on social development and social inclusion, more investment into development of technical capacities and an overall shift at the level of UNICEF country programming towards positioning social sector work within public finance reform needs to be made. To support analysis on economic policies, stronger and broader partnerships with national partners and international actors in the economic sectors need to be forged.

CRIA project opened a number of questions but provided limited answers in relation to the general challenges of political context, especially in relation to the lack of debate and alternative options for economic reforms and marginalisation of social sectors. Experience of evidence-based policy making in practice in the UK underlines that policymaking is inherently political, and the realities of policy decisions are less about projected consequences and more about process and

legitimation. The challenge remains to analyse the conditions that facilitate evidence-informed policymaking and translate these conditions into practical tools.¹⁴²

In particular, a key question remains: how to place child impact monitoring within the framework of the government obligation to progressive realisation of social and economic rights. These include children's rights to education, health and protection and imply the need for the government to scrutinize policy choices to ensure allocation of resources to the maximum extent possible. This also demands not only development of appropriate monitoring mechanisms, but processes for holding governments accountable. While there are many accountability monitoring mechanisms in place already, they seem to have very little impact on government actions in relation to socio-economic rights.

However, this is the first time assessment such as CRIA has been undertaken in BiH and the expectations in relation to impact should be rather modest. While CRIA as a methodology was challenging to develop, once it was piloted, and given the existing technical capacities for economic and social research in BiH, it may not be difficult to replicate. In the short term, the most that can be hoped for is that the government capacity to monitor/analyse impact of economic policy proposals on children will increase to the point where they can assess changes and consider mitigating actions in cases where policies threaten to harm children.

¹⁴² Sara Nutley, Huw Davis and Isabel Walter, *Evidence-based policy and practice: cross-sector lessons from the UK*. ESRC UK Centre for Evidence-Based Policy and Practice, Working Paper 9, August 2002, p. 12. (<http://www.st.and.ac.uk/~cppm/home.htm>)

ANNEX 1. Recurrent Economic Policy Issues in Developing Countries

PUBLIC FINANCE¹⁴³

Public expenditures, such as shifting the allocation of public spending to specific public programs that affect particular sectors or targeted groups through cash and/or in-kind transfer policies, loan guarantees, microfinance, or the provision of various types of infrastructure;

Tax policy, including changing tax bases, bands, or rates of direct and indirect taxes and subsidies;

Management of pension and public insurance systems, including health and unemployment insurance;

Pricing of publicly provided goods and services.

STRUCTURAL REFORMS

Liberalization and/or regulation of specific markets, including labour and basic commodity markets;

Trade liberalization, through the elimination of tariff and nontariff barriers and other preferential agreements; and adherence to WTO rules;

Financial sector reforms, including regulation of the banking sector, openness of the capital account, availability of microcredit, and adherence to international financial codes and standards (such as those of the Bank for International Settlements, or BIS);

Public sector management, including the delivery of services, quality, and targeting of services;

Private and public governance reforms, including adherence to international standards;

Restructuring, privatization, and regulation of public utilities, infrastructure, and other firms;

Decentralization and reforms in intergovernmental institutional relations;

Civil service reforms, including the size and composition of public sector employment;

Land reform, such as negotiated voluntary land transfers;

Environmental regulation, including pollution control and enforcement.

MACRO POLICIES (Alternative Frameworks and Responses to Shocks)

Fiscal policy, including appropriate deficit levels, controlling for cyclicity;

Monetary policy, including Central Bank independence, inflation targeting, and interest rate policies;

Exchange rate regimes (fixed, crawling-peg, or floating), and effects of a real devaluation;

Public debt management, including the size and composition of public sector liabilities.

¹⁴³ François Bourguignon, Luiz A. Pereira da Silva, Editors, *The Impact of Economic Policies on Poverty and income Distribution, Evaluation Techniques and Tools*. World Bank, 2003, p. 3 (http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2003/10/25/000094946_03100904005491/Rendered/PDF/multi0page.pdf).

ANNEX 2. Guidelines for Child Impact Assessment

What is a child impact assessment?¹⁴⁴

A child impact assessment involves the examination of existing and proposed policies, legislation or changes in administrative services for their impact on children and for how they support the implementation of the Convention.

When is it conducted?

The assessment should be conducted at all stages of state action:

- when policy is first considered;
- when the budget is approved or bills are drawn up; and
- when evaluating the impact after the measure is finally implemented.

An assessment is also needed when the proposed measure is not directly or obviously concerned with children, such as when it concerns immigration, transportation, social security, taxes or the environment.

What should be included in a child impact assessment?

A child impact assessment of a proposed measure will usually include the following:

- a description of how the measure affects (or might affect) children;
- an account of how the measure promotes or impedes implementation of the Convention;
- an identification of controversial issues and of any gaps in information or expertise;
- guidelines on how the measure should be monitored;
- children's views on the measure; and
- proposed steps to ameliorate or solve any adverse effects that might be anticipated.

Lessons from the environmental movement

Lessons may be drawn from environmental impact assessments, whereby potential consequences to the environment are assessed, are undertaken by governments and academic institutions throughout the world. Governments are now recognising the need for child impact studies; as yet no State has formalised the process (though some are close to doing so).

However most governments do now routinely consult NGOs and professional experts about proposed policies and activities, and some pilot or test proposals before finalising them for national dissemination.

Mandate of some monitoring mechanisms

Independent offices for children (and many NGOs) see impact assessment as a part of their function - indeed it may be a requirement of their mandate. Where there is a close relationship with government these assessments can be influential; in other cases the assessment may lead to lobbying or extra-governmental activities.

Developing a framework for child impact assessment

While official child impact assessment has yet to be carried out by governments, drawing upon the experience of NGOs and independent offices for children in this area, it is possible to identify

¹⁴⁴ This outline is taken from a paper developed by the former UNICEF Evaluation, Planning and Policy Unit in 2000, 'What is child impact assessment.' UNICEF Evaluation, Policy and Planning Division, CD: *Making Children Count*.

elements likely to contribute to their effectiveness - or at least raise the questions that need to be answered.

What should be assessed?

Any proposed government activity that might affect children, whether it is:

- a new policy
- a piece of legislation
- the annual budget, at central, provincial or local levels
- changes to administrative processes
- constitutional structures or whatever.

The difficulty is that almost all government measures *might* affect children, and it is the ones that are not obviously "about" children that are often most in need of child impact assessment - budget allocations, new agricultural proposals, for example, or personal injury laws, or industrial zoning.

More than a rubber stamp

It is important to recognise the danger of the rubber-stamp, of ingenuine efforts where the importance of child impact assessment is not really acknowledged, leading to a process which is perceived as pointless or quietly ignored.

At the same time, compulsory child impact assessment of everything could quickly devalue the exercise and be wasteful of resources.

One solution would be to give responsibility for specifying which measures should be child-assessed to the body within Government charged with responsibility for implementing the Convention. A relatively short consideration - discussions with the relevant civil servants and concerned NGOs or independent experts - should reveal which government actions would most profit from child impact assessment.

At what stage should an assessment occur?

Should the assessment occur early on, when a policy or programme is first being conceived, or in its final stages when it has been fully developed?

The assessment should occur at the earliest possible opportunity, but any subsequent changes - when a Bill is drafted, or when it is amended, for example - should be 'child proofed' as well. Most of the latter stages will in reality just be building on the first assessment. The point is that child impact assessment should be an integral part of the development of policy.

Once policies are implemented the process of assessment transmutes into that of monitoring and evaluation. The assessment will often have identified which aspects of the policy particularly needs monitoring to safeguard the interests of children or made recommendations about evaluating the effects on children.

Components of a child impact assessment

The following list describes some likely components of a child impact assessment:

A description of the proposed measure.

This is particularly important if the assessment is to be publicly available - the responsible department and Minister, of course, do not need to be told what the measure does, but other interested parties probably do.

How the measure affects or might affect children

Although the distinctive impact on children is likely to be the focus of most assessments, this should not be the only criterion for assessment. If, for example, children are going to be adversely affected in exactly the same way as every other population group, this information is still important.

How the proposed measure is affected by, or affects, other current government activities

Often a measure cannot be considered in isolation from other government action - for example changes to financial and social security benefits for children need to be considered as a whole package, rather than in a piecemeal fashion.

How the measure promotes or impedes implementation of the Convention on the Rights of the Child and other relevant human rights treaties or related government strategies.

The Convention is a binding treaty on the 191 States that have ratified it. No measure affecting children should contradict its provisions, (though, as article of the Convention provides, governments can go further with measures that are 'more conducive to the realisation of the rights of the child').

Whether there are any areas of controversy

Identifying where there are disagreements about the impact on children is an essential component of a good assessment. This requirement allows assessors to raise criticisms of the measure which may not fully be guided by the best interests of the child.

Where the assessment predicts that children might be adversely affected by the measure, what steps are suggested to avoid or mitigate this adverse impact.

The assessor may not have any answers to the problems identified, and there would be no obligation on the Government to accept suggestions made in the assessment, but the assessment should be as helpful to Government as possible - which includes proposing solutions to perceived difficulties.

Whether the assessment has identified:

- **gaps in information:** Some assessments will not be able to identify potential impact on children because the necessary information is not available. This may be because the data had not been collected or because certain decisions were still to be taken by Government. The assessment could trigger the collection of this information, or put down a marker for a further assessment in the future.
- **gaps in expertise:** Where a proposed measure does not directly affect children it is likely that an assessment could only be compiled by bringing together experts on children and experts on the issue in question. The assessment may therefore have to be drawn up on a cumulative basis.

Ascertaining the views of children

Article 12 of the Convention on the Rights of the Child requires States to assure children the right to have their views considered in decision-making that affects them. This requirement should not be overlooked in the process of child impact assessment. It is particularly important to ensure that, when a measure is likely to affect specific groups of children (children in schools, child labourers, refugee children, children separated from parents and so forth), steps are taken to hear from these groups

Broadening the scope

Much could be lost if assessments had to focus narrowly on what the measure did, rather than what it might have done - and might still do. Assessments should include proposals for alternative approaches and for extending the approach chosen.

Who should undertake assessments?

The aim of impact analysis is to alert government to likely effects on children of its proposed measures. The assessment may illuminate omissions or potential hazards which need attention; it may conclude that the whole programme of action needs to be re-examined or even changed.

Right mix of expertise

Where the measure is not directly concerned with children, there may be a problem finding people who understand the technicalities of the subject under consideration but who also know about the relevant experiences of children and families.

Those countries which are starting to experiment with child impact assessment will undoubtedly try different methods of solving this conundrum. Sweden, for example, is asking the National Audit Office, in consultation with the Children's Ombudsman, to frame guidelines for government child impact assessment. But it seems to be that collaboration between assessors is needed - between those with expertise in the subject under consideration and those who know about children's affairs, and between those who are internal to the government machine, with a degree of control over the measure, and those who are independent of government, with sufficient independence to be objective.

ANNEX 3. CRIA in BiH – Methodology

1. CRIA Conceptual Framework

CRIA's conceptual framework draws on a broad body of literature aiming to trace the social impacts of economic reforms, particularly energy sector reforms, and a much smaller and more specific body of literature that examines the impacts of economic reforms on children.

Clearly, there is a significant overlap between the welfare of vulnerable groups and families and the welfare of children that belong to these groups. It is not easy to disaggregate these effects at the quantitative level, particularly in reforms such as electricity price rises, because of the prevalence of *public good effects*, whereby the effects on children and adults occur together.

Drawing on previous work examining the likely channels by which economic and sector reforms may affect children (e.g. Waddington, 2004), the CRIA project identified the following areas in which electricity price reforms may affect children:

- 1) **Through household responses to higher prices.** These may include direct effects related to efforts to reduce electricity expenditure (e.g. reduced use of lighting or TVs), the use of alternative fuels, and reductions in other expenditures in order to meet increased electricity prices. Other responses may include seeking additional work.
- 2) **Through service providers' responses to higher prices.** All key children's services, including education, health care, residential care for children, and sport and leisure activities all use electricity to enable service provision. The quality, cost, and availability of all these services may be affected by electricity price increases. Municipal services such as street lighting are highly dependent on electricity; price increases may result in reduced safety through less street lighting.
- 3) **Through general effects on the economy.** Channels of impact might include: effects on parental employment (if employers face dramatically increased electricity costs), inflationary pressures, effects on state revenues and on demands for social assistance.
- 4) **Through impacts on the children of electricity sector employees** (some 10,000 according to Basic, 2004; as of 2006, there were 23391 employees in the production and supply of electricity, gas and water, see EPPU, *BH Economic Trends 2006*), for example, if reorganisation of the sector is accompanied by lay-offs.

The CRIA analysis focuses on the first two of these areas, due to the lack of appropriate data to model general effects on the economy, and because the nature of potential impacts on electricity sector employees was unclear.

The box below summarises the conceptual framework for analysing the impact of reforms on children:

In all contexts, these may be affected by geographical location (part of the country, rural/urban/suburban).

Box 1: Impacts of Electricity Price Increases on Children**Shock/stress:** Electricity price increases**Channels by which impacts are translated to children:**

- Household livelihoods
- Key services used by children

Factors potentially moderating the impact of electricity price increases:**A. For impacts related to the household****Household economy**

- household assets
- household income
- adequacy and diversity of household income sources
- livelihood activities including employment of household members
- receipt of social assistance/pensions
- availability of alternative fuel and lighting sources

Household structure

- composition of household (numbers of children and adults)

Household 'social capital'

- extent of help/support from other family members
- extent of help/support from non-family members e.g. friends, neighbours
- process of social inequality

Type of dwelling

- house, flat etc. (since flats have less control over heating expenditure)

Socio-cultural norms

- gender divisions of labour
- norms concerning time use and leisure activities of children of different ages and genders
- norms concerning boys and girls' material possessions and appearance at different ages
- attitudes and aspirations
- children's own aspirations
- parents' aspirations for their sons and daughters

B. Impacts through public services

- budget holders' room for maneuver in relation to electricity bills and other costs
- institutional cost saving policies, e.g. when to turn lights on
- other cost saving measures (identified through qualitative and quantitative research)

The study and CRIA approach is unique in its dual focus on the effects on households and the effects on service providing institutions. Most PSIA studies concentrate strongly on household level effects.

2. Methodological approach

The PSIA approach (on which the CRIA is based) was piloted by DFID and the World Bank in 2001 and 2002 during which a number of PSIAs were undertaken. The most relevant studies for the case of the Bosnian electricity reforms are Gonzalez and Cuesta (2003) on the electricity privatisation in Honduras and Junge *et al.* (2004) on the electricity privatisation in Moldova.

In accordance with PSIA methodology, both of these studies employed a mixed methodology where existing data sources and knowledge were integrated with further quantitative and qualitative research. In the case of the study on Honduras, a small (60 household) survey was undertaken together with focus group analysis involving 84 households. In addition, a number of interviews were held with key informants. The more complex quantitative analysis undertaken (which involved econometric estimation and subsequent simulations based on estimated parameters) found some surprising and counterintuitive results. The reasons for this were largely to do with the lack of sufficient data and the authors' express caution in applying such techniques to such contexts.

For the current CRIA, we are interested in some aspects of intra-household distribution and expenditures, specifically on impacts on children *within* the household. The data requirements are therefore more exacting than in the case of a standard PSIA (where the unit of analysis is often the household), and we have been unable to undertake complex quantitative analysis (although we have undertaken a number of econometric studies to establish patterns of coping with electricity price rises). We have had to rely on extending the existing data sources with our own qualitative and quantitative research which aims to specifically address children within households.

Furthermore, Honduras is a country in which electricity coverage is a major issue (hence the particular quantitative techniques chosen, namely Heckman estimation). In BiH, as found in the CRIA survey, coverage is virtually complete. Methodological lessons from the Honduras study are therefore of less relevance to BiH.

The Moldova PSIA was an ex-post privatisation study and the researchers were able to make use of some existing price data to examine demand responses. In this respect, it differs considerably from

the current study where the data on electricity tariffs does not have sufficient variability to identify demand relationships. We have therefore focussed more on coping mechanisms since these are most amenable to study using the existing data.

One additional area of research that this CRIA undertook was to specify indicators of children's welfare that may be used as the electricity reforms proceed. Some of these indicators arise from existing work within BiH, mainly the MICS3 survey analyses; others are newly proposed. See section 6.

As noted, the CRIA project aimed to integrate insights from both qualitative and quantitative research, and to sequence these so that findings from both kinds of research informed each other. The following sequence of research was planned:

- Review of existing literature on child poverty and disadvantage in BiH
- Analysis of existing quantitative data (e.g. Household Budget Survey, Living in BiH Wave 4)¹⁴⁵ to confirm profiles of households most likely to be adversely affected by electricity price reforms
- Qualitative research, the sampling reflecting findings from analysis of quantitative data
- Additional survey, drawing on findings of qualitative research. This survey was tied closely to the MICS survey such that the sample was derived from the MICS survey base and the consistency of the sample could be double checked against the results from the much larger MICS sample.
- Iterative analysis, cross-referencing findings of quantitative and qualitative research components, so that econometric modelling, development of indicators and ultimate conclusions were based on insights from both forms of research.

In practice, time constraints meant that the analysis of existing quantitative data and the development of the qualitative research took place in parallel, with the sampling for the latter informed by the literature review.

The qualitative component of the research focused on particularly disadvantaged groups – poorer households and various disadvantaged social groups (see below) – while the quantitative component aimed to provide a broader picture to contextualise these responses.

2. Qualitative Component

The qualitative component aimed to provide insights into current patterns of electricity use and the potential impacts of price rises. It involved:

- Focus groups with children and young people, and parents/carers
- Interviews with key stakeholders, i.e. with budget decision makers in structures and institutions potentially affected by electricity price increases

Research conducted with children and young people focused on the following issues:

- Children's use of their time (including resting, learning and working)
- Children's perception of how families reduce expenditure when there is not enough money
- Children's perception of the manner in which families cope with limited financial resources, and of coping strategies (including illegal connections to electric power supply network)

¹⁴⁵ This data is based on a Living Standards Measurement Survey (LSMS).

- Effects of reduced electric power supply on children (if their families or important services used by children reduce utilisation of power)
- Ways of addressing these problems

To avoid children having to discuss potentially distressing personal circumstances, the research involved projective techniques, whereby the children discussed how hypothetical families might react in the event of electricity price rises. It also involved participatory activities (making timelines) which aimed to stimulate children's interest in the topic.

Research conducted with parents/caretakers focussed on the following issues:

- Seasonal variations in electricity use
- Perceptions of electricity use among different household members
- Strategies used by the family to reduce utilisation of electric power, including the use of alternative fuel sources
- Probable changes in household expenditures in the event of increased electricity prices (comparing reactions to a 15 and 50 percent price increase)
- Perceptions of how changes might affect children
- Potential mechanisms for alleviating the impact on poor families

Research with budget-holders and decision-makers for municipal and children's services, and with representatives of institutions working with children involved interviews with stakeholders (school principals, health institutions' directors, directors of children's homes, community centres, etc.), who would make decisions on electric power utilisation in the event of price increases and with representatives of institutions that might be affected by eventual increases in prices. The interviews examined:

- Current patterns of electricity use
- Possible decisions concerning electricity use in the event of increased prices
- Potential areas of expense reduction aimed at covering increased electricity bills
- Ways of mitigating the effects of electricity reforms

The draft instruments were piloted through four focus groups (two with adults and two with children) and four interviews in two municipalities that were also included in the study later on. These pilots confirmed the viability of the research tools and confirmed that focus groups with both children and adults would be best conducted in single-gender groups.

Sample

The qualitative component of the research was carried out in 12 municipalities, selected in order to reflect the following criteria:

1. Representation of rural, suburban and urban areas – to reflect a concentration of poverty in rural (especially remote rural areas) and suburban areas of BiH, and the specific energy use patterns of urban areas, such as the post-industrial towns of Zenica and Tuzla.
2. Inclusion of marginalized groups, in particular Roma and internally displaced persons, as all previous studies on poverty in BiH emphasize that these groups are vulnerable to poverty and not sufficiently represented in the studies so far carried out.
3. Geographical criteria reflecting different climatic zones, the organisation of the electricity power supply and political arrangements. It was intended that four sites each should be selected in northern, central and southern part of BiH, with half of these in the RS and the other half in the FBiH.

Site selection

In practice, the research was carried out in 12 municipalities in BiH that were selected in cooperation with four of UNICEF's partner NGOs, Zdravo da ste, Nasa Djeca, Budimo aktivni and Svjetionik, and aimed to meet these criteria as closely as possible:

1. Rural municipalities – Teslic, Sanski Most, Bosanski Novi, Lukavac (Puracici), Kakanj (Brnjic), Zavidovici (Vozuca);
2. Suburban areas – Gradiska, Prijedor;
3. Urban municipalities (including post-industrial towns) – Banja Luka, Tuzla, Mostar, Zenica.

Attention was also paid to inclusion of the following disadvantaged groups into the research process:

- refugees (Gradiska, Sanski Most, Vozuca-Zavidovici, Tuzla-refugee settlement)
- returnees (Gradiska, Teslic, Prijedor, Sanski Most)
- inhabitants of underdeveloped and marginalized local communities in rural areas (Bosanski Novi, Kakanj, Lukavac)
- children without parental care (Sanski Most, Lukavac)
- parents of children with special needs (Banja Luka, Mostar)
- Roma families (only in Banja Luka)
- war military invalids (Mostar)
- families from poor post-industrial towns (Zenica).

In practice, Roma families were under-represented, with the exception of Banja Luka, and community members did not respond to the invitation to participate in focus group activities, despite partner NGOs' good cooperation with Roma communities. Southern BiH (where summers are warmer and there is greater use of air conditioners) was also under-represented (research only took place in Mostar). On the other hand, and unlike in many earlier studies, families from (underdeveloped) rural areas were fairly well represented in the sample.

Table 1. summarises the research that took place in each location.

Interviews

Research conducted with children and young people aged 12 and over involved 12 focus groups (six with girls and six with boys). Previous experience of research on economic issues with children in BiH suggested that the issues concerned were easier for teenagers to grasp. Participants were asked to reflect on the issue affecting younger children as well.

Research with parents/carers involved 12 focus groups with 6 to 10 participants (five with fathers and seven with mothers).

Six interviews were conducted in each of the 12 municipalities (72 interviews in total) with key stakeholders (budget-holders and service providers). These included representatives of educational institutions (kindergartens, primary and secondary schools), primary health clinics, residential institutions for children without parental care, centres for social work, and organisations providing leisure activities for children and young people (e.g. youth centres). Municipality budget holders were also interviewed, as were local politicians and community leaders (see table 1 for further details).

Table 1: Summary of qualitative approaches undertaken in each location

Place	FG – children, number of participants		FG- adults, number of participants		Primary schools	Secondary Schools	KINDER gartens	Centres for Social Work	Residential institutions	Prim. health care	Municipality	Local politicians	Community representatives	Leisure activities
	M	F	M	F										
Banja Luka		4		6	✓	✓		✓	✓		✓			✓
Bosanski Novi		6		6	✓	✓		✓	✓	✓	✓			
Gradiška	7		6		✓	✓	✓	✓		✓	✓			
Kakanj	8		6		✓	✓		✓		✓	✓		✓	
Lukavac		5		5	✓	✓	✓	✓	✓	✓				
Mostar	5		6		✓	✓		✓	✓		✓			✓
Prijedor		8		6	✓	✓	✓			✓	✓			✓
Sanski Most	8		4		✓	✓		✓	✓	✓	✓			
Teslić		7		7	✓	✓				✓	✓	✓	✓	
Tuzla	15			7	✓	✓		✓	✓		✓			✓
Zavidovići		10		8	✓	✓				✓	✓	✓		✓
Zenica	9		7		✓	✓	✓		✓	✓	✓			
TOTAL	6 FG 52 partic ipants	6 FG 40 parti cipants	5 FG 29 partic ipants	7 FG 45 partici pants	12	12	4	8	7	9	12	2	2	5

3. Quantitative Component

The quantitative component aimed to provide insights into current patterns of electricity use and the potential impacts of price increases. In addition, it was undertaken to test the robustness of the qualitative analysis. It involved:

- A small primary survey undertaken with a group of households sub-selected from the MICS (2007) sample base. The survey sought to elicit household responses to a moderate and a high electricity price rise scenario.
- Use of existing LSMS, MICS and HBS surveys to identify vulnerable household types.
- Cross-checking of results with the existing survey analyses to ensure the robustness of the results.

The intention behind the methodology was to extend the existing survey frameworks inherited from MICS, LSMS and HBS in a direction that explicitly focuses on impacts on children. The existing surveys (MICS, LSMS, HBS) are focussed on the household as a unit of analysis. While the primary CRIA survey was also household based, the questions in its individual modules were directed explicitly on the effects on children, such as how children use their time, educational and recreational activities, as well as nutritional and health issues.

By using a sub-sample from an existing sample frame (MICS3), it was possible to cross-check the household level results with the larger sample base thus ensuring the consistency and quality of the sampling. By employing the results of the qualitative analysis to inform the questionnaires, it was possible to check the robustness of the qualitative analysis with a larger sample. In addition, the quantitative analysis allowed a further geographical reach than the qualitative analysis which did not adequately cover certain areas of southern BiH (see below).

Sample

The survey sample is made up of over 684 households with children under 18. These are drawn from the MICS 3 conducted by UNICEF in co-operation with the BiH Economic Policy Planning Unit and Ministries of Health at the entity level in BiH.

Out of the 684 total households, 562 households responded, 56 were not found and 51 refused interview. A further nine households were found that were not previously in MICS 3 but living in dwellings previously occupied by MICS 3 households. Of these, three households accepted interviews, two refused and four questionnaires were partially completed. Finally, 427 households contained children under 18.

ANNEX 4. CRIA Quantitative Survey Results

1. Features of the Sample

Demographic information

Of the quantitative sample, 72.8 percent of the households in the FBiH had one or more children. In the RS, the figure was at 26.8 percent. Roughly 31 percent of the sample was urban¹⁴⁶ households and the remainder rural. An average household with children has 4.55 members of which 1.77 are children. In the RS households are bigger with on average 4.77 members and 1.73 children. In rural areas, households with children are larger, having an average 4.74 members and 1.82 children.

Housing Conditions and Access to Energy

About eight percent of the sample declared that they lived in inadequate or bad living conditions, with roughly similar percentages across the entities and urban and rural regions. However, electricity coverage is virtually complete as 99.6 percent of the sample is connected to the public network electricity source and more than 91 percent of the population has a 24-hour continuous electricity supply.

Furthermore, the survey indicated that in the FBiH, 89 percent of the population has running water within the housing unit. In the RS the figure is 81 percent, with about 18 percent of the population using a well or a spring. One fifth of those that do not have running water in house go more than 100 meters to the closest source of drinking water. Most households in BiH (97 percent) have access to water 24 hours a day.

The following table (table 2) shows that for about 72.5 percent of the surveyed population, heating is from private devices such as stoves. Just over 11 percent of the population has their own central heating system and a small percentage (6.6 percent) has district or other centralised heating systems.

Table 2: Main sources of household heating

		District heating by utility or boiler house.	Own central heating system	Separate heating devices (heaters, stoves)	Other	Total
Entity	FBiH	6.0	13.0	67.8	11.3	98.1
	RS	8.3	7.4	84.3	0.0	100.0
Geographical region	Urban	16.0	16.5	52.0	13.0	97.5
	Other	2.3	8.9	81.7	6.2	99.1
Total		6.6	11.2	72.5	8.3	98.6

Solid fuels (mainly wood) remain the main source of heating for almost 90 percent of the population as indicated by the survey. Roughly 70 percent of the population does not have a secondary source of heating but for the 30 percent that does, this is electricity. Homes are adequately heated about six hours daily and generally heated for about seven to eight hours, which suggests that they are often not heated during the night or during working hours. Thus, despite the

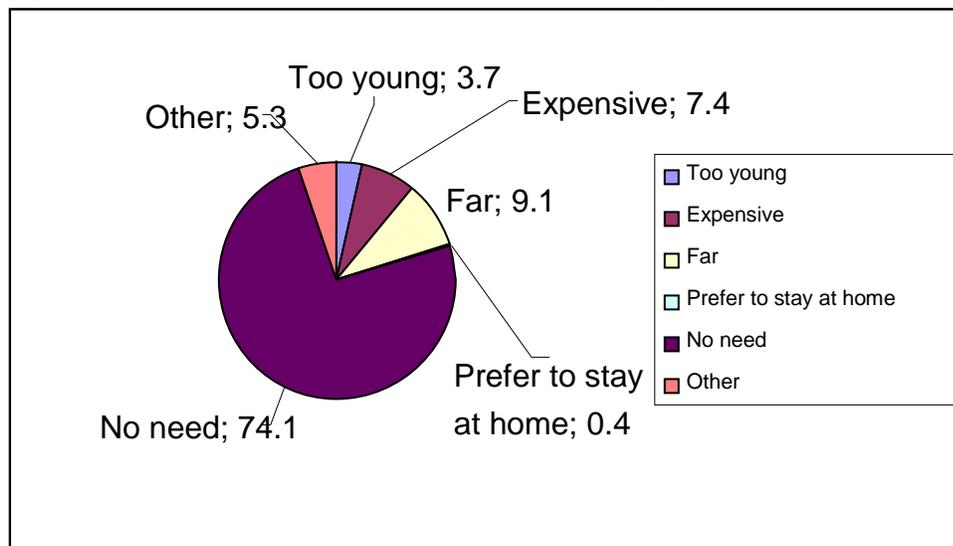
¹⁴⁶ Using the definition from the 1991 Census.

very high coverage of electricity supply, heating remains largely provided by other sources of energy.

Education

Attendance at kindergarten is very low, with some 95 percent of pre-school children not attending at all. The reasons given for not attending are shown in figure 2 below. Most respondents felt that there is no need to use kindergartens. A small percentage felt they were too expensive (7.1 percent) or too far away (9.1 percent). This suggests that the impact on children through the indirect effect on these institutions is likely to be small.

Figure 1: Main reasons for not attending kindergarten



In the econometric analyses below, various household characteristics such as the levels of education of members of the household were considered as possible explanatory variables in assessing the types of coping mechanisms favoured. The sample shows that the majority of citizens in BiH have a secondary school diploma, while about six percent have a university diploma. (See table 3).

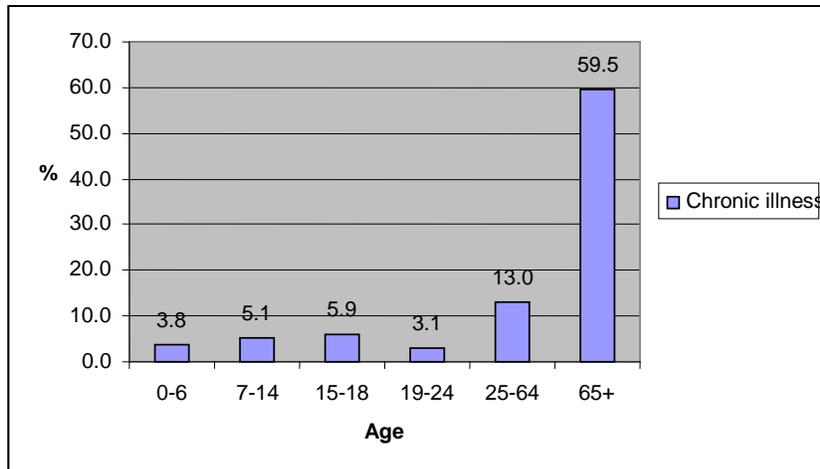
Table 3: Level of education (men and women) by age in BiH

Age group	Ever attended school	Currently in school	Without any diploma	Primary school diploma	Secondary school diploma	University diploma	Willing to continue education
5-6	*	92.6	100.0				96.3
7-14	98.3	97.3	97.7	2.4			97.3
15-18	99.3	85.9	10.4	77.6	12.0		85.3
19-24	98.5	24.6	2.4	19.2	76.0	2.4	27.4
25-64	96.9	1.6	8.3	27.2	58.3	6.1	3.6
65+	60.8	4.2	34.0	52.0	14.0		*

Health

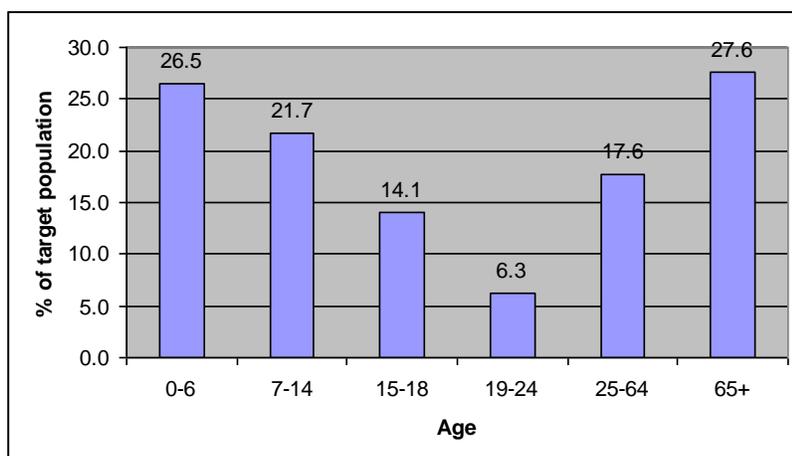
Health insurance covers about 94 percent of people living in the surveyed households with children in BiH (there are no significant disparities between entities or between urban and rural regions). Roughly every tenth citizen has a chronic illness and the proportion in the FBiH (12.5 percent) is higher than in RS (6.9 percent). The most present chronic illnesses are high blood pressure (36 percent of respondents with chronic illness) and respiratory illness (13 percent of cases). Increased costs of electricity may well be associated with higher levels of respiratory illness if fuel use substitutions take the form of moving towards fossil fuels for cooking or heating.

Figure 2: Percentage of chronic illness in households with children in BiH



Children under seven, children aged 7-14 and older people aged 65+ have the highest frequency of visits to health care institutions (see figure 4). Across the population, 21.6 percent of respondents in the FBiH and 13.6 percent in the RS had visited a health care institution in the last month, indicating higher usage levels in the FBiH. Beyond these entity-level differences, regional and urban/rural differences are insignificant. As noted in section 3, and discussed below, these usage patterns mean that impacts on child health are likely to be significant.

Figure 3: Visits to General Practitioner, Primary Basic Health Service Unit or Health Centre in last month



Employment

The survey shows that every fifth head of household in BiH is unemployed by their own definition of employment. Almost every second woman in households with children declared herself as unemployed. About two to three percent of children aged 7 to 14 in BiH worked for a wage and about four percent worked for free, with insignificant regional and gender differences.

Table 4: Employment status of men and women in households sampled

	BiH	Males	Females	Heads of households
Employee	26.1	38.8	14.0	46.9
Self-employed	4.2	6.3	2.2	7.5
Contractual	0.3	0.6	0.0	0.5
Fixed term/seasonal worker	3.2	5.5	1.1	6.0
In family business	1.7	1.9	1.4	0.5
Housewife	21.2	0.2	41.2	2.0
Student	12.4	11.2	13.5	0.7
Pensioner	9.0	10.4	7.7	17.2
Unemployed	19.7	23.2	16.5	17.2
Unable to work	2.1	1.8	2.5	1.5

Time Use

The following table (table 5) summarises responses to the children's time use module in the survey. A school-age child in BiH spends on average five hours in school, travels for about half an hour to reach school and watches television for about two hours. Two to three times weekly they have free time, defined as listening to music, reading or playing. About half of children spend an hour per day in learning activities which are not connected to school or university. One third of children undertake one sport activity weekly. One third of children spend one hour daily on a computer. Roughly one in ten children in BiH spend some time daily on the internet.

Table 5: Children's Time Usage in BiH

			Daily in hours							Humanitarian actions in hours	Helps friends in hours	Daily in hours						Number of times in last 4 weeks									
			In school or university	Travel time to the school or university	Studying	Studying not connected to the school or university	TV	Internet	PC			Cooking	Washing	Helping	In the shop	Arranging house	Keeping brothers and sisters	Cultural events	Sport events	Shopping centre	Café	ZOO	Picnic	Party	Sport activities	Free time	
Entity	FBiH	Mean	5.2	0.9	2.1	1.5	5.3	1.7	1.3	0.7	2.1	0.6	1.8	0.9	0.6	0.5	6.3	2.1	2.3	2.2	3.8	4.1	1.8	2.5	5.3	11.5	
		Median	5.0	0.5	1.8	1.0	2.0	1.0	1.0	0.8	0.0	0.5	0.5	0.5	0.5	0.3	1.0	2.0	2.0	2.0	3.0	3.0	1.0	2.0	4.0	10.0	
		Number	365	364	363	178	397	50	135	38	28	22	23	16	49	51	19	79	94	151	115	11	73	70	126	360	
	RS	Mean	4.7	1.7	1.7	1.2	3.8	1.2	1.3	0.1	0.0	0.3	0.3	0.5	0.3	0.6	1.3	1.9	3.5	2.1	4.2		2.3	4.5	6.2	21.4	
		Median	5.0	0.5	1.8	1.0	3.0	0.5	1.0	0.0	0.0	0.3	0.2	0.5	0.3	0.3	1.0	2.0	2.0	2.0	3.0		1.0	4.0	7.0	15.0	
		Number	84	84	82	43	92	8	22	4	6	1	4	6	7	10	6	21	13	29	16	0	3	20	23	80	
Region	Urban	Mean	5.6	1.1	2.5	2.2	4.3	1.4	1.2	0.2	0.2	0.4	0.6	0.8	0.5	0.5	1.5	2.0	2.5	2.4	4.6	3.5	2.0	2.9	5.6	14.2	
		Median	5.0	0.3	2.0	1.0	2.0	1.0	1.0	0.0	0.0	0.3	0.3	0.5	0.5	0.4	1.5	2.0	2.0	2.0	4.0	2.5	1.0	2.0	6.0	10.0	
		Number	146	146	146	74	156	40	73	13	7	5	6	3	14	14	2	54	46	67	56	6	27	40	61	146	
	Other (or rural)	Mean	4.8	1.0	1.9	1.0	5.4	2.0	1.4	0.8	2.2	0.6	1.9	0.8	0.5	0.5	5.4	2.0	2.5	2.1	3.3	4.8	1.6	3.1	5.3	12.8	
		Median	5.0	0.5	1.5	1.0	2.0	2.0	1.0	1.3	0.0	0.5	0.5	0.5	0.3	0.3	1.0	1.0	2.0	1.0	2.0	4.0	1.0	2.0	5.0	10.0	
		Number	301	300	297	145	332	18	82	29	27	18	21	19	42	47	23	44	61	113	75	5	49	50	86	292	
Total	Mean	5,1	1.0	2.1	1.4	5.0	1.6	1.3	0.6	1.8	0.6	1.6	0.8	0.5	0.5	5.1	2.0	2.5	2.2	3.8	4.1	1.8	3.0	5.4	13.2		
	Median	5,0	0.5	1.8	1.0	2.0	1.0	1.0	0.6	0.0	0.5	0.5	0.5	0.4	0.3	1.0	2.0	2.0	2.0	3.0	3.0	1.0	2.0	5.0	10.0		
	Number	451	450	447	221	491	58	157	42	34	23	27	22	56	61	25	100	107	180	131	11	76	90	149	442		

2. Current Electricity Usage Patterns

Main Uses of Electricity at Household Level:

The main uses of electricity by household were found to be:

- hygiene (boiler, washing machines, irons, vacuum cleaners and hair driers)
- entertainment, information and communication (TV and radio sets, mobile charger, computers, video games for children, video and DVD players in some households)
- cooking (preparing coffee, breakfast, lunch and dinner)
- lighting (including for studying)
- heating and cooling

Some respondents pointed out that electricity is also used for house repairs. The quantitative survey confirms this pattern of usage - table 6 indicates the proportions of households that used a range of electrical appliances.

Table 6. Appliance usage (percent of population)

Appliance	FBiH	RS	Urban	Other	Total
Electric stove	82.6	85.8	82.0	83.7	83.2
Solid fuel stove	86.6	89.6	66.2	97.0	87.4
Electricity and gas combined stove	14.4	13.8	23.7	10.1	14.3
Gas stove	4.5	6.0	3.7	5.6	5.0
Washer	91.8	89.8	96.5	88.2	90.8
Dryer	4.0	5.1	7.3	2.9	4.3
Dishwasher	12.6	8.9	17.7	8.4	11.3
Refrigerator	97.9	98.1	98.5	97.1	97.5
Freezer	71.8	89.6	74.8	76.8	76.2
Microwave	23.9	16.2	33.5	16.7	21.9
Vacuum cleaner	90.4	91.9	97.0	87.3	90.3
Sewing machine	19.6	22.3	20.0	19.9	19.9
Ironing devices other than regular irons (large ironing rollers)	2.2	4.2	2.3	2.9	2.7
Satellite dish	39.2	24.9	30.5	37.1	35.0
TV	97.4	97.5	99.3	96.6	97.5
Video player	69.6	53.4	72.3	61.5	64.9
Video camera	7.5	10.8	11.8	6.9	8.4
Stereo, CD player	55.0	58.1	63.5	51.4	55.2
Radio and cassette player	73.4	70.8	67.8	75.0	72.8
PC	39.6	29.8	51.3	29.6	36.4
Accordion	3.8	1.9	0.8	4.0	3.0
Piano	0.9	0.0	1.2	0.5	0.7
Bicycle	45.1	59.4	45.0	50.2	48.5
Motor cycle	5.0	7.4	6.0	5.6	5.7
Car	64.8	70.6	65.7	66.1	65.9
Van, jeep	6.5	7.9	8.7	5.9	6.7
Mobile phone, cell phone	89.1	87.5	89.5	87.5	88.1
Dial up internet	7.0	8.7	10.4	6.2	7.5
ISDN internet	1.2	0.0	1.3	0.7	0.9
ADSL internet	4.0	3.0	11.2	0.4	3.7
Wireless internet	0.7	0.0	1.2	0.2	0.5

Seasonal and Weekly Differences in Electricity Consumption

Mothers in Banja Luka pointed out that electricity is 50 percent cheaper at weekends. As a result, they leave hygiene-related activities (washing and ironing clothes) for those days.

More generally, electricity consumption is highest in the winter as it is used for heating or supplementary heating of premises. If, for example, families use wood to heat the house, electricity is used to heat bedrooms before they go to bed. In spring and autumn, electricity is also frequently used in towns to heat homes before and after central heating season. In winter, electricity is used more for lighting and various entertainment activities (TV, computer) as families spend more time inside.

In summer, electricity is more used for hygiene. In summer, electricity is used more for cooking because in winter families heat their homes with timber stoves and use the same source of energy for preparation of food.

Differences in Consumption among Household Members

Generally most respondents felt that older people are the most economical in their electricity use, while children use most electricity (for TV watching, using DVDs, videos and music players, computers, or, for having showers before going out or after sports). Younger children tend to use electrical energy more for indoor entertainment, while older children use it principally for hygiene and watching TV (and for making phone calls, for example, when cell phones need re-charging).

Gender differences in electricity usage were less pronounced among younger children but became clearer by teenage, with girls making more use of grooming equipment (irons, hair tongs, etc.), and boys continuing to play computer games and watching DVDs to a greater extent than girls. Though many respondents pointed to girls' greater interest in their appearance, others noted that boys play more sports, spend more time outside and get dirty more, and so need more showers and hot water for washing clothes. Girls also make more use of electrical household appliances such as vacuum cleaners, kitchen appliances etc. Overall, the consensus was that girls use more electricity than boys - though not necessarily for personal use since they are substantively more involved in domestic activities - but that both sexes use electricity substantially.

Among adult household members, women were felt to use more electricity, but for general household wellbeing, such as cooking, cleaning, etc. Focus group participants also identified specific, predominantly 'male' uses of electricity, such as equipment needed for house repairs, and in rural areas, farm and garden-related activities.

3. Current Electricity Expenditure

World Bank research from 2004 found that 72 percent of households in BiH already considered electricity prices too high. This study also found that between 41 and 76 percent of customers, depending on the region, owed debts to the electricity companies with the largest debts and highest proportion of people in debt being in the RS.¹⁴⁷

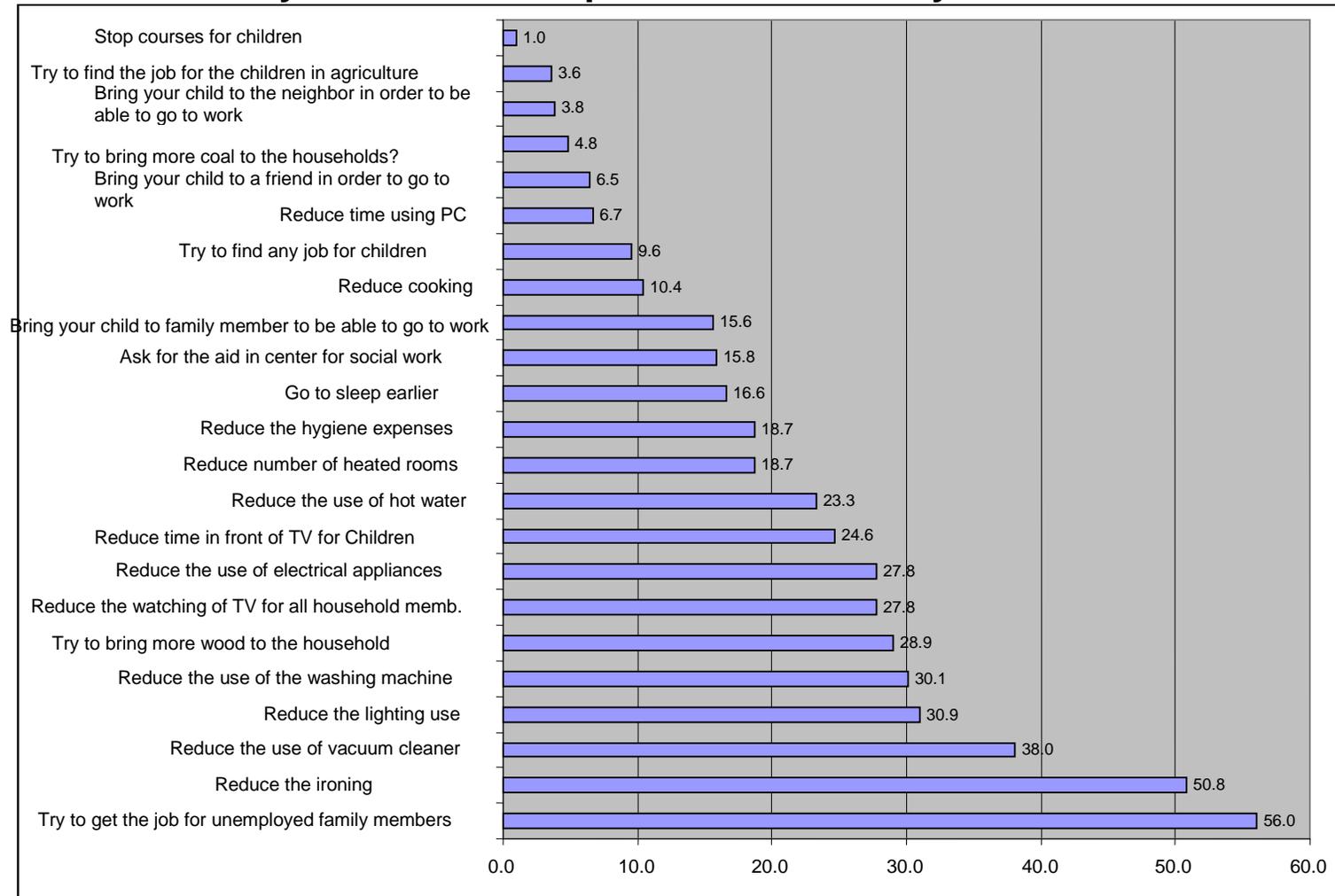
¹⁴⁷ However, particularly in the area covered by EPBiH, these debts represented the time lag between presentation of bills and payment. In the area covered by EPRS, they were longer-term, of several months' standing.

In our survey, monthly spending on electrical energy was found to be in the range 40-50KM throughout BiH. This seems plausible given similar figures from the HBS 2004 survey which found monthly expenditure on electricity to be 41.1KM. The findings are summarised in table 7 below.

Table 7: Monthly spending on electrical energy (1 € = 1.95 KM)

		0-20 KM	21-30 KM	31-40 KM	41-50 KM	51-100 KM	100+ KM	Total %	Median value in KM
Entity	FBiH	4.6	24.5	28.8	18.5	18.5	5.0	100	40.0
	RS	1.0	19.6	9.3	31.4	30.9	7.7	100	50.0
Geographical region	Urban	0.0	16.7	11.4	40.4	16.7	14.9	100	50.0
	Other	4.4	25.3	23.4	19.3	24.0	3.5	100	40.0
Total		3.3	23.3	20.6	24.3	22.2	6.2	100	45.0

ANNEX 5. Likely Household Responses to Electricity Price Rises



ANNEX 6. Indicators for Monitoring Impact on Children

Rationale for Choice of Indicators

The following best-practice principles in the development of child poverty indicators are derived from work on measuring child poverty done for UNICEF¹⁴⁸:

Content of indicators

1. Make use of money-based indicators– the marketised and monetised nature of developed economies, such as BiH, provides a justification for money-based indicators. Also these can be compared based on regular nationally representative (or other surveys).
2. Measure children's material deprivation in relation to key goods and services directly. Indicators should be based in the CRC and, though varying from country to country, will include health, nutrition, housing and other goods and services necessary for children's development and social integration. These indicators should be few in number, rather than exhaustive.
3. Child poverty indicators should reflect established social norms, including children's social engagement.
4. Ensure that issues affecting children of all ages are reflected.
5. Ensure that indicators cover a wide range of areas of well-being, i.e. they do not overly concentrate on one or two areas.
6. Anticipate the future and provide baseline data for future trends.

Data requirements

7. Measure issues where there is complete or very high data coverage of the population; data collection procedures should be rigorous and not change over time.
8. Data should be available for different population subgroups.

Other

9. Indicators need to be monitored and reviewed regularly.
10. They should be readily understood by the public.
11. They should have the same meaning in different contexts and over time.

Additionally, the data needs to be readily available, where possible from surveys that are conducted regularly and, preferably not dependent on international organisations for funding.

The proposed CRIA indicators draw on these principles, the CRIA conceptual framework and the findings of the CRIA survey and qualitative research. Given the importance of these indicators being easily monitored, we suggest a short list of essential indicators and a long list of desirable ones.

Indicators for the Electricity Sector Reforms

It would be usual in the context of electricity sector reforms to include indicators of coverage and reliability of the energy source. However in the case of BiH, coverage (as is confirmed by the quantitative survey) is virtually complete and there is perhaps little to be gained from such an indicator. Similarly, there does not seem to be a problem of discontinuous supply. The proposed indicators below are therefore more directly related to monetary and health issues or are directly related to children's well-being.

¹⁴⁸ Miles Corak, *Principles and Practice in Measuring Child Poverty for the Rich Countries*, Innocenti Working Paper 20006-01, February 2005 (http://www.unicef-irc.org/publications/pdf/iwp_2005_01.pdf), and David Gordon, Shailen Nandy, Christina Pantazis, Simon Pemberton, and Peter Townsend, *The distribution of child poverty in the developing world*, Report to UNICEF, The Policy Press, October 2003 (http://aa.ecn.cz/img_upload/65636e2e7a707261766f64616a737476/Child_poverty.pdf).

The essential indicators in the list below are separated into those which may be formed from existing data sources within BiH and those which cannot. There is then a further list of desirable indicators. Where possible, indicators should be constructed for each income quintile.

Essential Indicators - Existing Data Sources

Issue	Indicators	Comments	Source
Education	<ul style="list-style-type: none"> - Average length of schooling day - School performance - Use of electricity dependent teaching aids (TVs, videos, etc.) 		School records Data from the BiH agencies for education standards and assessment School records
School attendance	<ul style="list-style-type: none"> - Overall enrolment in specified age groups - Absenteeism: rate of non-attendance of school children at school within specified period 	Top age group most relevant as this is when children are most likely to drop out for work	School records, Official statistics School records
Receipt of social assistance/discounted electricity	Proportion of households with children in lowest two quintiles receiving cash benefits/assistance		Centres of Social Work records

Essential Indicators - Other Data Sources

Issue	Indicators	Comments	Source
Child Labour	<ul style="list-style-type: none"> -Proportion of girls/boys in specified age range who have worked outside the family in previous week -Proportion of boys/girls who have spent a certain period of time in unpaid domestic chores in previous week 	May be useful to concentrate on 10-14 and 15-17 age ranges, as CRIA research suggests that mainly older children will be involved in child labour	MICS/BHS and LFS
Free Time Use	<ul style="list-style-type: none"> - Average daily hours of TV usage - Proportion of children aged 6-18 using leisure facilities (e.g. sports clubs, classes) - Average daily time spent studying at home 	Each child is a separate unit for analysis	CRIA free time module for TV use and home-based study. Leisure use could be verified with leisure facilities' own records, though these will

			not be as specific as CRIA survey data.
Exposure to air pollutants/use of alternative energy sources	<ul style="list-style-type: none"> - Proportion of children 0-18 living in households which use coal or wood fuels as the main source of heating or cooking - Average hours of usage of wood and fossil fuel within households 	Derived from WHO project on children's environmental health	MICS, CRIA survey
Children's health	<ul style="list-style-type: none"> - Incidence of short-term infections (colds etc) - Incidence of chronic diseases (respiratory) - Incidence of nutritional problems (e.g. anaemia) - Incidence of fire-related accidents <p>(all among children aged 0-18)</p>	These indicators can be calculated as the proportion of households that are affected by these incidents	MICS. Medical records. CRIA. MoH data.
Energy Affordability	-Proportion of households whose per-capita energy consumption exceeds the subsistence energy needs at current prices		BHS, MICS

Desirable Indicators

Education	<ul style="list-style-type: none"> - Proportion of household budget spent on school/education related items for school age children (of different age groups). - Household budget spent on university/college students 		CRIA/ LSMS/ HBS
Expenditures on Health Care	- Proportion of budget spent on health related items (medicines, health-related travel, and health care payments) for household as a whole and for children.		MICS/ CRIA/HBS
Use of hot water	Average number of hours water heated per day		CRIA survey