

DRAFT 2, FOR CONSULTATION, SUBJECT TO REVISIONS

INVESTING IN CHILDREN AND YOUTH

A STRATEGY TO FIGHT POVERTY,
REDUCE INEQUITY AND PROMOTE
HUMAN DEVELOPMENT



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Document for consultation, subject to revisions

Note: Work in progress! The final version will incorporate additional stakeholder inputs, with a structure that separates the strategic directions from the rationale and the operational proposals. More boxes with examples will be included and the references and bibliography will be added to the next version.

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DRAFT

Introduction

“We must rebalance our world to give everyone the chance for life that is secure – with a right to expression: equal rights for women, rights for the disabled and the disadvantaged, the right for health and for a clean environment, the right to learn , the right to development”

James D Wolfensohn

Address to the Board of Governors, Dubai, September 2003

“ We share the vision of President Wolfensohn calling for a more balanced world. We are ready as youth organizations to contribute to this process ”

Young participants, Paris Youth, Peace and Development Dialogue, September 2003

1. Today, Children and Youth¹ constitute a large proportion of the population of developing countries. Even with the rapid growth of the elderly, the bulk of the dependent population worldwide will remain children: projections indicate that, by 2015, there will be over 3 billion people under the age of 25, 2.5 billion living in developing countries. In the less developed regions of Africa, Asia and Latin America, nearly 9 in every 10 people making up the combined dependent age groups are under age 15, and children (0-15) will still account for three fourths of all dependents in these regions in 2025.²
2. Children and Youth represent the largest potential for the human and social capital of their countries. However, many Children and Youth are deprived of the opportunities to grow up healthy, to learn and to become productive and responsible citizens. This not only denies their basic rights now and damages their lifelong prospects, but also hinders their societies' prospects for economic growth and contributes to perpetuation of poverty, inequality and insecurity.
3. At the international level, the increasing attention on children and youth has been manifested in several important steps: the Children's Rights Convention (1989), the World Program for Action for Youth adopted by UN GA (1995, updated by UN Commission for Social Development in

¹ For the purposes of the Bank's work, the age-group 0-24 is regarded as comprising "Children and Youth" (15-24 comprising youth alone). Most definitions extend only to age 18, but since transition to adulthood has implications beyond the age of majority, it is appropriate to consider young adults and include them in the wider age category.

² Dependents are defined as the population less than 15 years and 65 years or older (in contrast to the working age population, aged 15 to 64).

2003), the UN General Assembly Special Session on Children (2002,) the ILO Convention 182 on dangerous and harmful child work (1999), and is reflected in the predominance of children and youth outcomes in the MDGs, established at the Millennium Summit by the UN, OECD, the IMF and the WB in the year 2000.

4. What are the results of this commitment by the world leaders? Most countries are signatories of the Convention on the Rights of the Child, having committed themselves to the respective plans of actions, including periodic progress monitoring reviews; and many developing countries are on track to meet the MDGs on child health and education, and youth employment, but many others are not. For example, only half of Africa' children will complete primary school: one in six will die before reaching the age of five, many from AIDS. In all Regions there are countries where the MDGs for poverty reduction, child health and education will not be met, and inequalities are growing even within countries. Children and youth are the most affected population groups by poverty and conflicts..

5. The WB, in line with the increased attention to Children and Youth by governments and the international community, and recognizing that children and youth are an asset to society, has undertaken substantial work in selected areas such as girls education, early childhood development, child health and child labor.

6. However, progress towards the MDG has to be accelerated and responses to the new challenges that Children and Youth face must be given.

7. Therefore, the World Bank has made a commitment to strengthen and refocus its work on children and youth by a comprehensive strategy.

8. The objectives of the strategy are:

1. To strengthen the case - within the Bank, with client governments and with donors - for investing in Children and Youth as a key strategy for poverty reduction and human development
2. To identify areas of emphasis for Bank intervention with Children and Youth, taking into account the Bank's unique position and capacity to link investments in C&Y to overall development and building on its comparative advantages

3. To suggest modalities for mainstreaming Children and Youth issues within existing strategy instruments (ESW, CAS, PRSP, Operations, etc.).

9. The overall goal of the strategy is to contribute to the Bank's core mandate of poverty reduction and to the achievement of the MDGs.

10. The strategy is primarily aimed at guiding Bank's staff who work on Children and Youth issues of poverty reduction in different countries and regions. It also frames the Bank's interaction with client governments and other international and national partners, including youth associations and organizations, and helps position the Bank as a key partner in the international community's efforts to help build a world fit for children and youth and to achieve the Millennium Development Goals (MDGs).

11. This strategic directions paper³ provides an understanding of the value and the constraints to private investment in children and youth, illustrates the main risks and vulnerabilities along the life cycle and makes the case for public investment in children and youth as key to poverty reduction (Chapter 1); on the basis of this development rationale, it suggests the main strategic directions for Bank involvement, as well as the areas that need increased emphasis (Chapter 2); then it describes how this new vision can be translated into Bank operations and instruments to assist countries that want to increase their investment in C&Y as part of their development programs (Chapter 3); finally, the paper emphasizes multi-stakeholder collaborations, with youth participation and empowerment as a key component of the Bank's Strategy (chapter 4).

³ This paper presents the second draft of the C&Y approach and was revised according to the comments received on first draft (presented on June 4); it also draws from comments presented by participants during the Paris Youth, Peace and Development Dialogue, September 2003)

Investing in children and youth over the life cycle

12. Investments in children and youth have both intrinsic and instrumental value. Better health, better schooling, a smoother transition into the world of work, and a greater likelihood of becoming active citizens are all outcomes that are of value in themselves and are part of international human rights frameworks. Because improved health, higher schooling attainment, and a more supportive environment for first job seekers lead to higher levels of productivity and incomes, such investments are instrumental in achieving outcomes valued both by individuals and the societies within which they reside.

13. Understanding what interventions are most appropriate, however, requires understanding the timing and nature of investments over the life course, and the factors and constraints that affect decisions to invest in children and youth by parents, family members, communities and young people themselves. This first chapter identifies the main risks and vulnerabilities faced by children and youth over the life cycle, provides a framework for understanding investments by families and communities in children and youth, and outlines the importance of *public* investments in children and youth.

1. 1 Opportunities and risks throughout the life cycle

14. As developing organisms, children are vulnerable beginning as early as conception and continuing through pregnancy, infancy, childhood, and adolescence. Research, particularly new work over the last ten years, has shown that early child development, including prenatal, and preschool development, is far more important than previously realized. For example, biomedical evidence shows that a young child's brain develops through positive stimulation that not only affects the parts of the brain that control vision and other senses but also influences the neural cross-connections to other parts of the brain that deal with arousal, emotional regulation and behavior. Because this developmental stage is so critical, adverse outcomes are more likely to occur and are more likely to be severe, long lasting and irreversible in children than in adults. In many instances, the damage is produced *very rapidly*, so that the time available for prevention or mitigation is limited.

15. More generally, human development during childhood and youth is not a uniform process; *critical periods* exist during the life cycle when important, long lasting, and often irreversible damage can result

from exposure to risk. Any significant harm that occurs during these critical periods (also known as *sensitive periods* or *windows of vulnerability*) is likely to produce particularly severe, irreversible and life-long adverse effects. Further, as table 1.1 illustrates, different risks manifest themselves at different ages. At the same time, these periods also present windows of opportunity for investing in children and youth, through interventions in health, nutrition, education, social inclusion, and social and legal protection.

16. In utero & early childhood. Protecting children from risk begins *in utero* where exposure to maternal infections or nutritional deficiencies increases the risk of infant mortality while increasing the risk of premature birth, birth defects or low birth weight. In the first months and years of life, rapid physical and neurological development takes place. This is a stage where different risks cumulate and where consequences are more likely to be severe and irreversible. For example, the risk of death and permanent disability are much higher during the first months of life, while the risk of irreversible cognitive impairment is higher in the first years. Child abuse may have disastrous long-term psychological effect on children and youth.

17. School age children. During the ages 6-12 years, the principal risk relates to the failure to enroll, continue or perform well in school as the result of family resource constraints, poor quality of basic infrastructure services and facilities, cultural and social barriers, and poor prior health and nutrition.

18. Adolescence and youth. Adolescence and youth is also an especially vulnerable period. Youths experience body transformation, become independent and themselves have to take decisions for the first time on a variety of risky behaviors such as those relating to sex, alcohol and narcotics while being exposed to violence, including sexual harassment and domestic violence, and crime, and also while attempting to continue in school or join the labor force. Body transformation create anxieties and expose youth to a difficult psychological transition that increase the risk of engaging in risky behaviors, especially in the absence of any comprehensive parental, peer or community support to assist their difficult transition. During this process, youth are also increasingly influenced by youth group models. They question parental roles, do not trust adults, and often reject traditional values and rules, thus becoming a more difficult target group that parents and society have difficulties to reach.

19. Adolescence is also a critical age when decisions have to be taken regarding the choice of a particular curriculum or a career path. These decisions may not be optimal because of imperfect information on university courses, job opportunities, or because of the lack of resources or inadequate secondary or vocational schooling.

20. Youth as young job seekers also experience specific barriers in the labor market. Often employers have reduced incentives to hire first job seekers. Many youth enter the labor market with no prior work experience. In many countries, the education system does not provide much scope for combining initial education and work. The lack of work experience, especially when combined with inadequate skills, is a barrier to access wage employment. Employers are often looking for employees that can be immediately operational and they are not necessarily willing to take over the cost of training young people – or they simply don't have the financial and human resources to do so.

21. Moreover, the lack of work history and employment record of first job seekers make their hiring more risky for employers. Employers have indeed little means to assess whether first job seekers possess the required attitude and skills for the job. For youth, having a first contact with employers and the world of work through internships and on-the-job training is thus crucial. This can give them an opportunity to express their talents, and gain visibility among employers.

22. The risks described above – which affect all children and youth because of their biological, psychological, and social vulnerability – have a greater impact on the poor. *Poor children and youth* are more vulnerable because they are more exposed to various risks and have fewer social safety nets. Premature mortality, disease, disability, and poor cognitive and social development are more prevalent among poor children and youth.

23. *Gender* also affects risks and vulnerability. Depending on the social and cultural context, female children may have fewer chances to be treated when they are ill, or sent to school. Female adolescents face greater reproductive health risks than male adolescents because of factors related not only to reproduction but also to gender discrimination or culturally defined gender roles. Male adolescents are at much higher risk of injuries and violence.

24. Furthermore, some children – due to a particularly unfavorable conjunction of risk factors at the household level (abuse, parental loss, migration), the community level (lack of informal social safety nets, ethnic exclusion, violence), and the macro level (conflict, financial crisis) are at both immediate and long-term risk of adverse outcomes. These children *are critically vulnerable* to all kinds of threats to their physical integrity, cognitive development, and social inclusion see-Box 1.1

Table 1.1: Vulnerabilities and their consequences over the life cycle

Age group	Vulnerabilities	Short term outcomes	Long term outcomes
<i>In utero & at birth</i>	<ul style="list-style-type: none"> • <i>In utero</i> exposure to maternal infections, nutritional deficiencies and environmental toxins. • <i>At birth</i>, the risk of severe and potentially irreversible damage to the brain and other organs is particularly high, especially in the absence of, or inappropriate, delivery and neonatal care. 	<ul style="list-style-type: none"> • Increased risk of premature births, birth defects, low birth weight, and maternal mortality. • Low birth weight is the most important determinant of infant mortality and child growth up to the age of seven. A third of all infant deaths occur in the first few weeks of life. 	<ul style="list-style-type: none"> • Severe, potentially irreversible consequences for physical and cognitive growth and development. • <i>In utero</i> deprivation may be linked to increased susceptibility to chronic disease in adulthood. • The majority of permanent disabilities have their origin in neonatal disease.
<i>Early childhood</i>	<ul style="list-style-type: none"> • Rapid development of the brain and nervous system takes place in the first few years of life. • Physical growth rates are highest in infancy, thus adverse factors especially poor diets and infection (primarily gastrointestinal) have great potential for causing growth retardation. • Lack of cognitive stimulation 	<ul style="list-style-type: none"> • Increased risk of infant and child morbidity and mortality. • Brain development can be irreversibly damaged by early malnutrition such as iodine and iron deficiencies. • Stunting, slow physical growth and other manifestations of early childhood malnutrition • Lack of socialization or acquisition of psychosocial skills. 	<ul style="list-style-type: none"> • Irreversible effects on physical and cognitive growth and development. • Almost all the growth retardation observed in developing countries has its origins in the first two to three years of life. • Increased likelihood of learning disabilities, delayed school entry, poorer school performance, increased likelihood of early drop out and lower grade attainment.
<i>School age children (6-12 years)</i>	<ul style="list-style-type: none"> • Family resource constraints, gender bias, poor infrastructure, poor prior health and nutrition prevent school attendance and may lead to increased child labor. 	<ul style="list-style-type: none"> • Failure to enroll, delayed enrollment, grade repetition, reduced school performance, early drop-out. 	<ul style="list-style-type: none"> • Loss of human capital and capacities. • Persistence of gender inequalities
<i>Adolescence and youth (12 to 24 years)</i>	<ul style="list-style-type: none"> • Body transformation, anxieties, questioning of parental and societal models • Absence of job market opportunities magnified by lack of secondary or vocational schooling. • Increased exposure to violence and crime (gangs, child and youth soldiers, prostitution). • Risky behaviors – sex, alcohol, narcotics – magnified by poor life skills, lack of information, poor access to reproductive health facilities. 	<ul style="list-style-type: none"> • Unemployment • Hazardous or exploitative labor • Victim of crime • Adolescent pregnancies • STDs including HIV/AIDS 	<ul style="list-style-type: none"> • Reduced productivity • Intra- and intergenerational transmission of poor health and its consequences (low birth weight, vertical transmission of HIV/AIDS) • Perpetuation of violent and anti-social behavior.

Box 1.1. Orphans and critically vulnerable children

All children face risks and vulnerabilities over the life cycle. However, compared to the “average” child in their societies, some children are most at risk of facing increased negative outcomes. Such “vulnerable children” are those whose safety, well-being, and development are, for various reasons, threatened. The most important factors that contribute to children’s vulnerability are lack of care and affection, adequate shelter, education, nutrition, and psychological support. Children who lose their parents may be particularly vulnerable because they do not have the emotional and physical maturity to adequately address and bear the psychological trauma associated with parental loss.

Across different socio-cultural, economic, and country contexts, one can include under the rubric of Orphans and Vulnerable Children (OVC) orphans, abandoned children, street children, handicapped children, child soldiers, and those affected by war (the displaced and refugees), children exposed to hazardous work, children who are victims of trafficking and various forms of abuse and neglect, and children living in extremely poor conditions. These groups of children are not mutually exclusive and may, in fact, overlap.

Because risks and vulnerabilities are contextual, the types of orphans and vulnerable children will also vary across countries. For example, in countries facing high prevalence rates of HIV/AIDS, as in Southern Africa, orphans, children whose parents are chronically ill (and who may be HIV positive), children infected by HIV/AIDS, and children living in households that have taken in orphans are particularly vulnerable. In conflict or post-conflict settings, such as Angola, Rwanda, and Sierra Leone, OVC will be found among child-soldiers, internally displaced and refugee children, sexually-harmed children, orphans and abandoned children. In countries facing natural disasters, such as drought, children of families resorting to distress migration (in search of food and fodder for animals) may be particularly vulnerable to nutritional stress and loss of schooling. In some countries, the situation can be mixed: in Ethiopia, Eritrea, Rwanda, Sierra Leone and Burundi, child vulnerability ranges from orphanhood to malnutrition and disability.

The magnitude of the OVC problem is growing, particularly due to HIV/AIDS. In Sub-Saharan Africa, estimates suggest that the number of orphans alone was 34 million in 2001, of which 11 million were due to AIDS. In many countries, the HIV/AIDS epidemic has not yet reached its peak, and thus, the number of children rendered vulnerable by the disease is expected to increase. Thus, the adverse impact of HIV/AIDS on children, households, and communities will linger for decades after the epidemic begins to wane.

Although there is much debate regarding the number of children who will be potentially affected by HIV/AIDS, understanding the pattern of risks and vulnerabilities faced by vulnerable children in their specific contexts is more important. Without understanding these risk factors, one cannot identify needy children nor the appropriate interventions to meet their needs.

25. The consequences of these vulnerabilities are cumulative, intergenerational, and large in economic magnitude. Poor nutrition *in utero* and during the first years of life leads to poorer cognitive development. Affected children are less likely to enroll in school, to learn less and to drop out earlier. As poorly educated adolescents and young adults, they are less likely to enter into highly productive, well-paid work, are at greater risk of engaging in risky behaviors which may result, *inter alia*, in pregnancy and adolescent child-birth which perpetuates a “vicious cycle” of deprivation. Conversely, giving adolescents and youth opportunities for social inclusion and employment are important components of a virtuous cycle of human development.

26. For example, recent work has identified seven pathways through which low birth weights (LBW) affects subsequent outcomes: (1) Increased infant and child mortality; (2) The costs of additional neonatal medical attention; (3) The additional costs of subsequent illnesses and related medical care for infants and children; (4) The expected discounted loss of lifetime productivity due to stunting; (5) The expected discounted decrease in lifetime productivity due to reduced cognitive ability; (6) Increased costs of chronic diseases associated with LBW; and (7) The second round impacts of the children born to women who were themselves LBW children. Conservative estimates of the present discounted value of eliminating LBW per infant is about \$580 – an amount greater than the per capita income of the poorest fifty countries in the developing world – with about 40% of this accounted for by losses in lifetime productivity. Other studies, though more partial in their exploration, also show that the economic costs of irreversible shocks to children are high. According to some estimates, poor pre-schooler malnutrition leads to a loss of life time earnings of approximately 12 per cent. In Asia, adult earnings and productivity fall by 10 percent due to stunting, 4 percent owing to childhood anemia, and 4 percent due to being born to a mother with goiter.

1.2 Understanding investments in children and youth by parents families and young people themselves

27. While understanding the intrinsic and instrumental value of investments in children and youth is important, formulating an appropriate and effective strategy requires understanding the processes underlying investments made in children and youth by parents, families, communities and by young people themselves. Understanding these processes requires considering the roles played by parental preferences, parental expectations on returns to investment, constraints faced

by parents, children and youth as well as bargaining processes that can occur within the household and family.

28. Parental preferences. Parents care about the well-being of their children. But not all parents care equally about *all* of their children. Further, parents may treat children differently even though they are equally concerned with all of their children's well-being.

29. In several parts of the world, and particularly in poorer families, parents value an improvement in a boy's well-being more highly than an equal improvement in a girl's well-being. A child's birth order also comes into play, interacting with the child's gender as well as family size. Families may also care more for children with closer genetic links: in Africa, orphans are equally less likely to be enrolled in school relative to both non-orphans as a group and to the non-orphans with whom they reside.

30. The outcomes that parents value also influence the form of investments made in children and youth. Parents may invest more in the human capital of children with more innate ability, 'educability' or with a greater ability to use these investments, as shaped by societal norms and constraints— for example, where there is gender discrimination in the labor market or where norms only permit male offspring, but not female offspring, to inherit assets such as land. Their investments in children and youth will reflect a trade-off between equitable outcomes and the maximization of expected incomes of all children.

31. Parental expectations on returns. Parents take into account the returns of these investments in terms of making both their children and themselves better-off in the future. "Returns" can be realized through future earnings either in the labor market or working on one's own farm or in a non-agricultural enterprise. In making these investments, parents might also be considering their own future well-being. As they age, they will increasingly require assistance – in the form of money, goods, and care - from their adult children. The knowledge that such assistance may be needed partly motivates their choice to have children and make investments in them, the "old age security" motive for fertility.

32. Such a motive reflects two forms of market imperfections: in capital markets and in the market for services such as care for the elderly and companionship. Investing in children and youth provides children with the financial means of caring for their elderly parents but can also

make children more independent of their parents. If potential returns in terms of transfers and care-giving are less from daughters in societies where girls “marry out,” parents may be less inclined to invest in daughters, even if they may care equally for the welfare of daughters and sons. More generally, children may also provide an insurance function. In the absence of well-developed formal private sector insurance markets and governmental safety nets, insurance arrangements with family members may dominate because information is likely to be better for family members than for others.

33. Constraints to investing in children and youth. Parents’ ability to undertake investments in their children is constrained by the resources available to them, the prices they face and the relationship between factors that affect child development and outcomes such as good health, schooling, self-esteem, etc.

34. Time and budget constraints are obvious factors that affect the ability of parents to invest in their children. Budget constraints reflect both decisions made by the household as well as exogenous factors. Household income and socio-economic status are key determinants of primary school attendance and achievement. Evidence that household income is associated with increased years of completed schooling comes from countries as diverse as Malaysia, Brazil, Indonesia, and Peru. Similarly a number of studies linking child health outcomes to the underlying determinants of child health have found that children from wealthier households, holding other things constant, have better health outcomes. This is true of survival prospects in Bangladesh, Brazil, Egypt, Indonesia and Malaysia.

35. Decisions to work rather than undertake child care, to engage in wage work or agriculture or some form of own-business activity – and decisions regarding the amount of time spent in these activities – will influence household income. These decisions will be affected by household characteristics including education and assets such as land and capital goods. At the same time, returns to time spent in different types of work and the price of goods purchased by the household are typically beyond the control of the household. Wages in the labor market, prices for agricultural commodities, even the exchange rate, will affect household incomes.

36. A second set of constraints arises from the relationship between inputs that affect child development and the outcomes that result from such investments. Child health, schooling and other outcomes reflect the interaction of the following factors: the provision of inputs that directly

affect these outcomes (in the case of health, these would include nutrient intake, health services, etc); time spent on child development related activities; the ability of household members to combine these inputs effectively; household characteristics such as housing features, access to basic amenities such as water and sanitation, location and exposure to idiosyncratic shocks; and community characteristics such as physical environment, access to public and private health facilities, access to schools and local attitudes regarding education.

37. Bargaining within households and families. An increasing body of evidence suggest that the individual *who* controls resources within the household will affect investments made in children and youth, although impacts vary across countries and cultures depending on the nature of old age support systems and production technologies.

38. In Brazil, Ghana and the United States, maternal education has a larger impact on the health of girls than on boys, with the reverse holding true for paternal education. By contrast, in rural Cote d'Ivoire, increases in the share of household income accruing to adult women improves height given age for pre-school boys relative to girls. In Bangladesh, fathers' schooling has a negative effect on girls' schooling for both 6–10 year olds and 11–15 year olds; but fathers' and mothers' assets do not have differential effects on daughters relative to sons. In South Africa it is the opposite: fathers' schooling has a positive effect on girls' schooling while mothers' assets brought to marriage have a negative effect on girls. In Ethiopia, mothers with more assets invest preferentially in boys. In these three countries, the pattern is consistent with patterns of old age support, and thus may reflect the impact of potential returns as well as parental preferences. For youth, outcomes are a consequence of parental and youth resources, constraints and decision-making by both youth and family, but these processes are not yet well understood.

BOX: 1.1

Mexico's PROGRESA program (now called Oportunidades), aims to improve child health and schooling outcomes by conditioning cash transfers to poor households on parental investments in their children. Participation in PROGRESA significantly increased the enrollment of boys and girls, particularly of girls and, above all, at the secondary school level - enrollment of girls in secondary school increased by as much as 14 percent. Children receiving PROGRESA's benefits have a 12 percent lower incidence of illness as a result of the program's benefits, and a lower probability of stunting for children aged 12 to 36 months. Credit constraints is also an important determinant of child labor. (Beegle K., Dehejia R. and Gatti R. (2003) "Child Labor, Income shocks and access to credit" mimeo the World Bank, Columbia University, NBER.)

1.3 The case for public investment in children and youth

39. If parents, children and youth made, from society's point of view, optimal investments in the development and well-being of children and youth, there would be no need for public involvement. However, there are a number of factors that cause these investments to fall below what societies regard as desirable. These factors are especially important for poor households, making public investments in children and youth doubly pro-poor: that is, reaching the currently poor while reducing future poverty.

40. Two forms of market failures have particularly pernicious impacts on investments in children and youth in poor households. The first is *capital market imperfections*. Investments in children and youth require both parents and children to postpone current consumption in favor of future consumption. For poor households, living at or below the poverty line, this postponement carries with it a high opportunity cost. If capital markets functioned perfectly, the poor could borrow to finance investments (for example, in schooling); re-paying these loans out of the higher earnings that such investments produce. However, because human capital is poor collateral, such markets rarely exist. Providing an alternative to such poorly functioning markets can have powerful effects.

41. A second market failure is found in insurance markets. Given the limited ability of the poor to purchase insure against shocks and because they have smaller asset holdings, the poor have less ability to absorb shocks. In rural India, negative rainfall shocks are associated with higher mortality rates for girls, with this effect more pronounced in landless households. In Zimbabwe, the adverse long-term effects of the 1994/95 drought on child health were limited to children residing in households with asset holdings (specifically livestock) below the median.. Children from poor households were significantly more likely to drop out of school in the aftermath of the 1997/98 Indonesian crisis. Income shocks without appropriate insurance mechanisms is also a source of child labor (Beegle and al. 2003 – see ref above)

42. The limited ability of the poor to smooth shocks means that children living in poor households are at greater risk per se and at greater risk of irreversibilities brought about by transitory events. This points to an important role for “forward looking” social protection interventions that mitigate the impacts of shocks.

43. Divergences between private and social costs and returns in investments in children and youth provide a further rationale for investing in children and youth.

Equity matters and private investments often fail to achieve equity. There are a number of reasons why the marginal social benefits of investing in children and youth might exceed marginal private benefits. If the distribution of income, education and health associated with private or household investments in children and youth diverges from a distribution deemed desirable by society, marginal social benefits of additional investments will exceed marginal private benefits, thus justifying additional public investment. Also, if current decision-makers undervalue the well-being of future generations relative to their own, they may under-invest in the human capital of the young.

44. Imperfections in insurance markets also may cause private and social returns to differ.

The combination of uncertainty, risk aversion and imperfect insurance markets may result in private incentives to under-invest in human, financial and physical assets because from a social point of view the risks are pooled. Further, the social discount rate may be lower than private discount rates because individuals value future outcomes more collectively than they do individually.

45. Such investments may convey benefits to society, or externalities, that are not fully known or accepted by parents.

Immunization and other public health interventions that are designed to stop the spread of infectious diseases are an obvious example. Roundworm, whipworm, hookworm, guinea worm, *schistosomiasis*, and other flukes infect about 400 million school-age children and a number of studies show that heavily infected children are less likely to attend school and perform more poorly on tests of memory and cognitive function. In addition to the positive benefits of de-worming on children's health, several studies have shown that anti-*helminthic* treatments significantly reduce transmission in the population as a whole.

46. Investing in the education of girls provides a second example. The return to an additional year of schooling for women will tend to exceed those for men, especially in countries where women are less educated. It is well documented that increased grades of women's schooling is associated with reduced risk of child mortality, improved child health and increased child schooling, and that the health and schooling of children are more closely related to their mother's education than their father's. However, if parents are unaware of these benefits, or if they do not take benefits to subsequent generations into account, they may invest less in the education of their daughters. More educated women work more hours in the market labor force, broadening the tax base and

potentially reducing tax distortions. All these conditions justify increased allocation of public expenditures towards girl's education.

47. Presence of externalities is another argument for public interventions, on top of market failure. Recent work also points to the possibility that investments in schooling and health contributes to more rapid economic growth at the country, regional and household level. In India, states with higher initial levels of literacy and lower levels of infant mortality experienced more rapid growth in consumption and faster reductions in poverty. Farming experience together with possession of basic education played a role in the initial spread of Green Revolution agricultural technologies. Investments in schooling and literacy training also create spillovers.

48. Such spillover effects extend beyond greater income growth. In rural Peru, women's education affects children's nutrition in other households, indicating that shared knowledge has a significant impact on nutrition. Thus, educating women in rural areas improves all children's nutritional status even for those whose caregivers are themselves not educated. Evidence from India and Papua New Guinea suggests that literacy training benefits not only the individual, but also illiterate family members and individuals who gain from proximity to a literate person. Such learning that occurs through neighbors and social networks is important since school systems may not adequately convey knowledge about health and nutrition to parents. Indeed, redressing under-investment in child nutrition can be viewed as the "ultimate externality" because improvements in pre-school nutritional status are associated with improvements in adult health that in turn improve the health of the next generation.

49. Similar examples can be found in analyses of decisions relating to schooling, health and employment. Youth may not know about contraceptives or about risks associated with STDs. The public good nature of this information leads to under-provision because private providers cannot cover their costs if they price information at the social marginal cost as required for efficiency. A review of 53 studies that assessed the effectiveness of HIV and/or sexual health education investments in preventing HIV infection and related health problems among young people found that 22 studies reported that HIV and/or sexual health education delayed the onset of sexual activity, reduced the number of sexual partners, or reduced unplanned pregnancies and STD rates. In addition, 27 studies reported that HIV/AIDS and sexual health education neither increased nor decreased sexual activity or STD rates.

50. Imperfect information, on top of market failure and presence of externalities, is another

argument: E.g., lack of information on STDs, including on HIV/AIDS, lack of information on university course, on job opportunities... Imperfect information disproportionately affect youth: (i) financial institutions do not have enough credit record information on youth that would make them willing to lend to youth; (ii) employers do not have information on work performance for first job seekers and are thus reluctant to hire first job seekers.

One caveat. While there are many studies documenting associations between a variety of investments in children and youth, there are few full economic analyses of the costs and benefits of these investments. While there are a number of studies that present partial estimates, few carefully assess both private and social costs and returns. It will be important to continue to develop the evidence base on this subject.

51. Key Points

- Children and youth are vulnerable to a variety of risks that vary depending on the stage of the life cycle. They are typically higher during pregnancy, at birth and in the early years, and during adolescence and youth. The effects of risks are cumulative. Failure to address risks at the early stages of life has important long term consequences on later stages of life and on next generations. Vulnerability is even higher among poor children, and particularly high among orphans and children in difficult circumstances. Thus, a strategy of “investing early” has the potential to yield rich returns. The case for early investment in children – and for protecting them against negative shocks - is further enhanced by a growing body of evidence indicating irreversibilities in child development. Such irreversibilities come at high cost.
- Despite the best efforts of many families, children do not receive adequate investments in their nutrition, health, schooling and other dimensions of development. Missed opportunities carry their consequences into adult life and thus serve to perpetuate poverty.
- Youth are an important target group because it is at this point in the life cycle that individuals make decisions such as those relating to sexual behaviors, schooling, jobs that carry consequences for the rest of their lives. Targeting youth is an important component of breaking the inter-generational transmission of poverty. It is also a great challenge, as youth do not trust adults, and question models inherited from their parents and society.

- Many factors affect investments in children and youth: parental preferences regarding equality of outcomes across offspring; expected returns in labor markets, in marriage and in terms of support to parents in their old age; knowledge and skill regarding appropriate child rearing practices; household resources; and relative bargaining power of individual household members. Understanding these factors enables us to focus on areas for intervention and assess the role played in sectors apart from health and education on investment in children and youth.
- Investing in children in youth has desirable distributional effects. These investments are inherently pro-poor given the intimate inter-linkages of poverty and low investments in children and youth. The pro-poor nature of these investments is amplified by the fact that investments designed to rectify market failures will address failures that have a particularly pernicious effect on the poor.
- Private investments by parents are unlikely to provide optimal levels of these investments. Because parents do not internalize the benefits to society of these investments, marginal social returns may differ from marginal private returns and/or if marginal social costs may differ from marginal private costs. Thus, the level of these investments will be sub-optimal from a societal point of view. The existence of such divergences provides a further rationale for public investment in children and youth.

52. Taken together, the case for public investments in children and youth by the World Bank in partnership with governments and others rests on a growing body of evidence indicating the high costs (both intrinsic and instrumental) associated with irreversibilities in child and youth development; the pro-poor nature of these investments; their importance in countering failures in capital and insurance markets; imperfect information, the under-provision of critical ‘public goods investments’ and the existence of a wide variety of important externalities that are lost in the absence of these investments.

Strategic directions for World Bank investments in children and youth

53. The preceding chapter has made the case for public investments in children and youth as key to poverty reduction. The Bank should play a crucial role in promoting these investments. Its privileged dialogue with countries on macroeconomic as well as sectoral policies, its ability to mobilize financial resources, the multi-sector nature of its work and its analytical and knowledge management skills put the Bank in a unique position and stress its key responsibilities in promoting a new focus on children and youth.

54. A comprehensive strategy is required. The preceding chapter has provided an understanding of the factors affecting private investments in children and youth as well as of the key vulnerabilities along the early stages of the life cycle. This understanding points to a few main directions for the Bank strategy :

1. ***Reducing risk in critical periods of the life cycle and in critically vulnerable groups by giving priority to prevention.*** The fact that risks are higher and cumulate during critical periods and in the most vulnerable groups emphasizes the need for concentrating investments in these periods. At the same time, the irreversible nature of some poor outcomes point to the priority status of investments in prevention.
2. ***Enabling families and communities to invest in their children and youth.*** The variety of factors and constraints that affect household and community investments in children indicate the need for addressing these constraints through appropriate macroeconomic as well as sectoral policies
3. ***Using a multi-sectoral approach.*** The multiple and interlinked nature of vulnerabilities and risks that characterize children and youth indicate is necessary to address them simultaneously, taking advantage of the synergies, and thus maximizing the benefits of the investments.

55. This chapter will discuss the conceptual implications of these strategic directions. It will also describe the rationale for Bank's involvement, as well as the diverse role that the Bank can play, in the areas where new emphasis is needed.

2.1 Reducing risk in critical periods of the life cycle and in critically vulnerable groups by giving priority to prevention

56. The social risk management (SRM) framework developed by the World Bank (Holzmann 2002) includes:

- Three strategies to deal with risk: prevention, mitigation, and coping (fig. 2.1)
- Three levels of formality of risk management (informal, market-based, public)
- Many actors (individuals, households, communities, NGOs, governments at various levels, and international organizations)

57. The SRM framework is a tool for diagnosis, analysis, and especially management of risk, which can be particularly useful on children and youth issues.

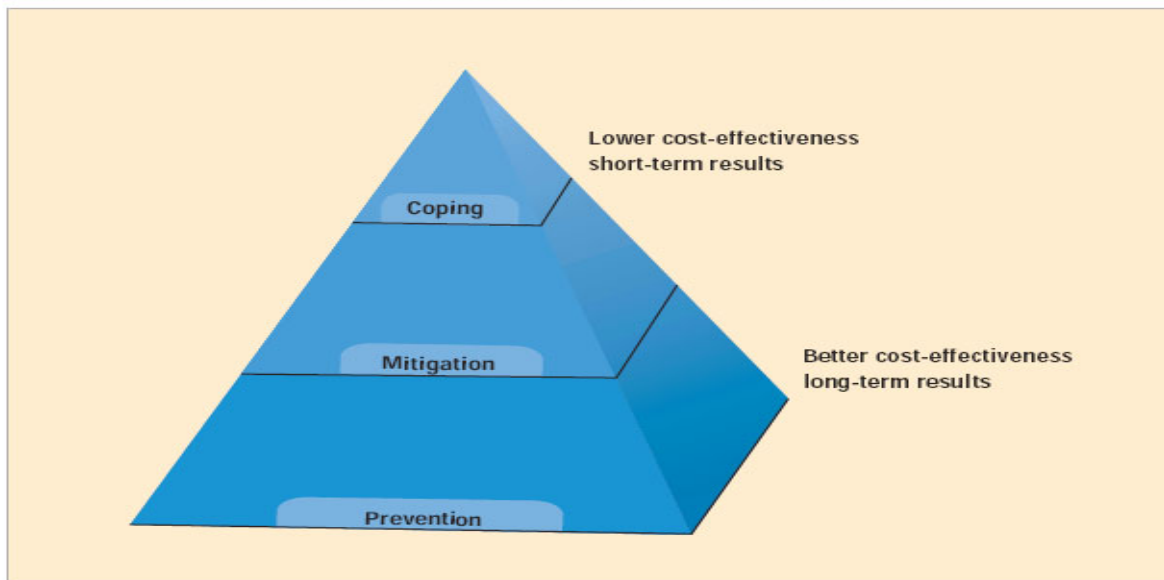
58. The unique vulnerability of children, particularly during the pre-natal and in the first years of life, and the fact that effects of inaction can be long lasting and irreversible, emphasize the role of prevention as the overall guiding principle of a strategy meant to reduce the risks of children and youth.

59. At the same time, the existence of children and youth in highly vulnerable conditions and of external risk factors such as conflicts, environmental disasters and financial crisis leaves room for mitigation strategies. Households, children and youth may also benefit from coping strategies that help them face particularly difficult periods and situations.

60. The Bank will recognize the priority status of preventive policies in its operations and at the same time will provide support to the efforts of other international and national agencies to mitigate the effects on children and youth of external stress and to help them coping with negative outcomes.

61. The “pyramid of SRM” (Figure 2.1), by highlighting the improved cost-effectiveness and sustainability of early preventative interventions, provides a visual representation of the reason for the particular emphasis on prevention that should characterize Bank’s investments in children and youth.

Figure 2.6: Pyramid of Social Risk Management (SRM): The ideal investment shares.



62. The risks children and youth face vary greatly among regions and countries. Moreover, the local economic and cultural conditions of a country may determine its understanding of issues concerning childhood, adolescence and youth. Thus, there is the need to respond with tailor-made approaches, without predefined packages.

63. Having recognized this need, there are areas that appear key to breaking the cycle of poverty as well as to achieving several MDGs, particularly on health, education and equal opportunities for women, and yet have been not adequately addressed in Bank actions as well as in the efforts of the international community.

64. These areas are: *the early years*, *youth*, and the *critically vulnerable children*.

a) investing in the early years.

65. The *rationale* of investing in the early years is that interventions during pregnancy, around birth and in the early life years not only produce immediate benefits by reducing the risk of adverse outcomes in the short term, but also create the conditions for improved outcomes and more cost effective interventions at subsequent stages, for example by increasing the chances to

enroll to school and to successfully complete primary education, or by reducing the risk of HIV/AIDS. Moreover, since the disparity of vulnerabilities, risks, and adverse outcomes between the poor and the better off is greater among infants and young children than at older ages, early interventions are the most effective in reducing poverty and improve equity.

66. The *role of the Bank* is to maintain and increase its support to strategies, programs and interventions that have been proven effective in preventing and mitigating risks during the earliest years of life. Within these, more attention should be paid to areas that appear key to the achievement of the MDGs (box 2.1) and yet have been relatively neglected: newborn care, nutrition, early child development linked to early support to parenting skills, prevention of domestic violence, and children's environmental health.

67. Recent evidence supports the need for this new focus :

- Newborn deaths represent almost two-thirds of infant deaths and over one third of under five deaths in many countries. Neonatal diseases produce often severe and permanent damage. Effective and low-cost interventions to reduce neonatal deaths and disease exist and need to be integrated into health systems (Bang 1999, Tinker 2002)
- Early support to at-risk parents can improve the health / nutrition outcome for the child as well as for the mother and can prevent child abuse (Olds 1998, Barlow 2001)
- Programs addressing households and communities can contribute to the prevention of domestic violence and its consequences on children (WHO WHR on Violence, 2001)
- A substantial proportion, more than 40 percent, of the global burden of child death and disability is environment related. The proportion is even higher in the poorer countries. Ensuring better water and sanitation and reducing exposure to indoor air pollution and hazardous chemicals would help to prevent many of these deaths, reduce cognitive impairment during the early years and avoid long term adverse outcomes (EEA and WHO 2002, WHO 2002)

68. Increased efforts in the above areas imply complementing various sectoral investments and are consistent with the strategic directions of acting as early as possible along the life cycle. The recommendations of international forums (WB Conference, April 2000, on ECD;

UNICEF\WHO Global Consultation on CADH, March 2002: UN GA SS on children, May 2002; and WSSD, September 2002, also provide support for action in these areas.

Box 2.1. Investing in the early years and the MDGs

Investing in the early years is key to the achievement of :

- MDG 4. Reduce child mortality
- MDG 5. Improve maternal health
- MDG 6. Combat HIV/AIDS malaria and other diseases
- MDG 2. Achieve universal primary education

and contributes to the achievement of

- MDG 1. Eradicate extreme poverty and hunger
- MDG 3. Promote gender equality and empower women

b) investing in youth

69. The *rationale* of investing in youth is to preserve the benefits of investments in children- when these investments have occurred, to counteract lack of earlier investments and to address new risks such as those related with entry into the world of work and an active sexual life. Investing in youth has the added value that it is an investment with intergenerational effects and that it contributes to create potentially powerful agents for change.

70. Furthermore, unless appropriate policies are in place and adequate resources are allocated, the reinforcement and perpetuation of increasing youth poverty and exclusion will be amplified by the size of the current youth cohort, which numbers over one billion and is one of the largest ever. Investing in youth is also key to the achievement of several MDGs (box 2.2).

71. The *role of the Bank* is - in collaboration with other international and national partners and the young themselves - to support quality education (formal/non-formal/informal), the acquisition of life-long learning and youth healthy behaviors; to promote youth employability and employment; and to help strengthen youth capacity and organizations.

72. There are increasing reasons for focusing on these issues:

- The large number of young people who are not in school or at work or in education is a very worrying trend.
- Youth unemployment rates have been rising. Young people actively seeking work are two to three times more likely than older generations to find themselves unemployed.
- The interconnections among the above factors and other risk factors are strong. Youth unemployment is classified as one of the key determinant leading to protracted or re-emerging conflict. Unemployment also leads to frustration and idleness, contributing to drug abuse, gang violence, other forms of interpersonal conflict, and risky behaviors. Youth are key to successful prevention of HIV/AIDS, and formal and informal education plays a crucial role in adopting healthy behaviors.
- Empowerment policies have a strong element of prevention, they also incorporate dimensions of youth participation, citizenship and cultural identity.

73. The Bank also needs to carry out analytic work and applied research with a focus on youth exclusion factors, develop innovative approaches for youth employment and social inclusion, and evaluate the returns of policy and programs. Youth investments and resource allocation should be aligned with actual youth needs, clarifying areas where youth investments facilitate the Bank's mission of poverty reduction and providing a road map for promoting youth empowerment and participation in the development process.

Box 2.2. Investing in youth and the MDGs

Investing in youth is key to the achievement of :

- MDG 5. Improve maternal health
- MDG 6. Combat HIV/AIDS malaria and other diseases

and contributes to the achievement of :

- MDG 1. Eradicate extreme poverty and hunger
- MDG 3. Promote gender equality and empower women
- MDG 8. develop a global partnership for development

c) investing in critically vulnerable children and youth

74. The *rationale* of giving strategic and programmatic focus to ***critically vulnerable children and youth (CVC)***, besides its intrinsic value as realization of fundamental human rights, is to preserve the human capital in subjects who are exposed to a conjunction of adverse factors that put their physical and psychological integrity at immediate and high risk. This is the case of orphans, street children, children and youth involved in armed conflict, severely disabled children living in poor communities, children who are trafficked and children exploited in the worst forms of child labor. Secondly, social exclusion and inequality are conducive neither to economic growth, nor to democratic stability. Finally, vulnerable and socially excluded children and youth help to perpetuate intergenerational poverty by frequently giving (early) birth to equally or even more disadvantaged children than themselves.

75. Focusing on CVC is key to achieving the MDGs on child mortality and poverty (box 2.3), particularly in places where the AIDS epidemic and prolonged periods of armed conflict have caused an unprecedented increase in the number of such highly vulnerable children.

76. The *Bank role* lies essentially in supporting long-term approaches to prevent these conditions.

77. Key policy factors to ensure success of preventive policies are:

- Promoting the inclusion and full participation of children and youth in difficult family situations in regular programs (particularly in health and education). This should be a constant feature in Bank involvement, as this approach that would minimize direct targeting and potential stigma.
- Improving and/or enforcing national and international frameworks, charters and mechanisms for legal protection - children and youth involved in armed conflicts, trafficking, sexual exploitation, legal protection against property grabbing and the most hazardous forms of child labor (based on the international Human Rights framework -the Convention on the Rights of the Child and others).
- Availability and adequacy of safety nets and social protection mechanisms, together with improved knowledge and attitudes among civil servants and community leaders.

78. Prevention and mitigation of critical child vulnerability are far more cost-effective and realistic at the large scale level at which the Bank works, while support for coping interventions should be more limited to areas where the magnitude is big –as in the case of AIDS orphans-

and/or left to more specialized NGOs and charitable organizations with a stronger mandate for direct interventions.

Box 2.3. Investing in CVC and the MDGs

Investing in CVC is key to achievement of

- MDG 1. Eradicate extreme poverty and hunger
- MDG 4. Reduce child mortality

and contributes to the achievement of :

- MDG 2. Achieve universal primary education
- MDG 3. Promote gender equality and empower women
- MDG 6. Combat HIV/AIDS malaria and other diseases

2.2 Set policies that enable families and communities to invest in their children and youth.

79. Many traditional investments in children & youth are in health and education infrastructure, and less frequently, in training of personnel and in materials such as medicines and textbooks. These are, in effect, investment in the supply of social services that do not always induce families to use the services and this is even more true for the poorest families that typically get the less benefit from many government subsidies to the health and educational sector (World Bank, 2001; Victora et al. 2003).

80. This reality challenges many existing programs, which fail to reach the poorest households and communities, involve them and change their behavior, i.e. fail to modify the commonly named 'demand factors'. The programs may fail, for example, to motivate mothers to engage in appropriate feeding practices or to divert food from children fed in school to other children (Chernichovsky and Zangwill 1990). These issues may even be more acute in education programs that do little to motivate parents to send, for example, their daughters to school.

81. To address these challenges, the multi-sectoral children & youth approach is concerned with the incentives that guide household and community decisions regarding education and health. For instance, investments in local water supply and community agriculture may improve the outcome of pregnancy by lowering the need for mothers to carry water and by improving their

nutritional status. Investments in improving access to safe delivery through improved transport may improve newborn's health as well as reduce the risks for the mother.

82. Thus, policies designed to improve demand for basic social services can be combined with traditional interventions to improve the supply and the quality of services. For example, in countries where girls enrollment is a crucial development issue, school construction and teacher training improves the supply of education, but this may not persuade parents to enroll their girls, because, for example, of the (opportunity) cost of losing the girl's labor (table 2.1).

Table 2.1. Policies to relieve constraints on the demand for girls' education

Constraints on demand	Enabling policies
High direct and opportunity costs for sending girls to school, particularly in rural areas	Eliminate fees for primary education Improve access to potable water Offer subsidies or conditional credit for girls enrolment Provide opportunities for day-care of the youngest children
Agricultural prices for rural products are low so rural households cannot afford sending girls to school	Promote cooperative arrangements among producers Reduce restrictions and taxes on trade which may depress prices
Insufficient proportion of female teachers	Train and provide incentives for female teachers

83. A mix of policies that addresses the main constraints on the demand as well as on the supply side is more likely to achieve the desired outcome (e.g. higher school enrollment in rural areas, better access to and use of health services for mothers and children and so on) and will have important long term, including intergenerational, effects, such as reduced gender inequality, decrease in early marriages and pregnancies, improved reproductive health, improved educational prospects for future generations.

2.3 Using a multi-sectoral approach to address the multiple determinants of children and youth welfare

84. The children and youth strategy needs to be multi-sectoral in three broad senses: (i) to act on the incentives that influence household and community behaviors; (ii) to span across the various sectors of economic and social activity; (iii) to link to the functioning of the over-all economy.

85. As shown in the previous section, acting on the incentives that influence household and community behaviors is crucial. This process asks the stakeholders to address the multiple

determinants of poor children & youth welfare outcomes: lack of income, lack of knowledge, weak infrastructure, weak institutions and legal and social norms. This is a new way of thinking about development, from the perspective of outcomes for children and youth, drawing from many sectors and addressed through a mix of programs. For example:

- Agricultural development and infrastructure, to enhance food security and to household production, particularly in rural areas, and ultimately to enhance child health and nutrition.
- Transport and energy, as key to household income, opportunity for employment and to access to health and education services for children and their mothers.
- Water, sanitation and housing, to prevent disease and make more time available to women and men to improve their households income and to care of their children.
- Active labor market policies: job counseling, training, internships, apprenticeships) to promote the transition to productive work.
- Social safety nets, to mitigate the effects of adverse circumstances on households and to indirectly protect children from poor nutrition and poor health.
- Legal and judicial system, to empower women, and protect children from abuse.

86. The functioning of the over-all economy, through its connections to financing from the government budget and household incomes, is linked to the underlying productive economy and to the infrastructure it rests on. For example, the government must be able to mobilize revenues through taxation as well as borrowing and to control its budget expenditures if it is to successfully direct resources to the social sectors. Households must receive incomes from productive work if they are to adequately nourish their members and sustain the cost of health and education services.

87. The approach is for the World Bank country team, in collaboration with the government counterparts, to identify the obstacles to adequate investments in children and youth and plan a program of policy reform and investment to remove them, which can be financed from domestic and donor resources.

88. International policies also affect children and youth. For example, international agreements, such as those regulating the property rights of drugs and vaccines, may directly influence children's chances for healthy survival and development. Other agreements, such as those

regulating trade and tariffs, may have indirect but important effects on household and on public revenues. The World Bank will have to ensure that the impact of international agreements are assessed and that such agreements are increasingly coherent with the overall goal of investing in children and youth to fight poverty and promote equity.

89. Key points

- The Bank should play a crucial role in promoting investments in children and youth. Its privileged dialogue with countries on macroeconomic as well as sectoral policies, its ability to mobilize financial resources, the multi-sector nature of its work and its analytical and knowledge management skills stress its key responsibilities in promoting a new focus on children and youth..
- The Bank's strategy on children and youth rests on the development rationale for investing in children and youth and will therefore emphasize:
 - *preventive interventions*, to address vulnerabilities and risks early and effectively along the life cycle before they lead to irreversible outcomes. Emphasis should go to the earliest years of life, youth and critically vulnerable children. Besides the intrinsic value of responding to essential human needs and rights, the rationale for increased emphasis on these three areas lies in their instrumental value in achieving the goal of poverty reduction and the MDGs.
 - *policies aimed at enabling families and communities to invest in their children and youth*. Macroeconomic as well as sectoral policies should address the constraints that affect household and community investments in children as well as the obstacles to youth employment and social inclusion.
 - *a multi-sectoral approach*, which is necessary to address the multiple and interlinked nature of vulnerabilities and risks that characterize children and youth, and take advantage of the synergies among policies that address different risks. Key to the Bank's strategy is to address the distal determinants of the welfare of children & youth: lack of income, lack of knowledge, weak infrastructure, weak institutions and legal and social norms.

From Vision to Action

90. As stated before, there is a strong rationale for investing in C&Y and for increasing public spending in this direction. To inform these investments, several strategic directions and emphasis have been presented, pointing out to the preventive and multi-sectoral approach necessary to maximize the benefits for children and youth. It is suggested that policies are set with an aim at enabling families to invest in their children; and that preventive interventions be made in critical periods along the human life cycle (e.g. with emphasis on investing earlier in life, in youth, and in critically vulnerable groups of children and youth).

91. This chapter starts by taking stock of the Bank's investments, which shows that substantial work has been undertaken, 'taking children in mind' (e.g. ECD, IMCI, FRESH and others); however, it is argued that much of this work is not fully integrated and several critical issues are not yet sufficiently being considered (e.g. vulnerable children; youth, and others).

92. The chapter goes on to suggest that the Bank's work will become more effective through assisting countries that want to think through and carry out multi-sectoral –holistic- development programs where one of the main pillars is a favorable outcome for C&Y, based on clear goals, a development rationale, and a strategic focus. To achieve this, a multi-sectoral C&Y approach has to be mainstreamed into country comprehensive development frameworks, PRSPs, CAS and lending instruments. The chapter ends by proposing enabling actions to enhance the bank's capacity to implement cross sectoral C&Y actions.

3.1 The work so far done in C&Y

93. A recent review of the C&Y portfolio for the period FY 1990-2002⁴ suggests that the overall Bank's lending for human development projects with C&Y components is high and rose in 2002. The Bank addressed children and youth development and protection mainly through interventions –including adjustment operations- focused on reaching three of the Millennium

⁴ Based on data prepared by Tapalova, Aida, 2003, Lending in Bank Projects With Children and Youth Components (source: SAR/PAD and ICR Bank's lending documents); this inventory doesn't include investments made in other sectors.

Development Goals –reduce child mortality, achieve universal primary education, and eradicate poverty. Very few were self-standing or children or youth program operations.

94. In spite of the growth in the overall C&Y components within the Human Development investment portfolio, a detailed analysis shows that investment are driven mostly by increases in investments in Education, and dominantly in the Primary Education sub-sector.

95. Most of the investments in C&Y were done mainly through sector projects or components that ‘take children into account’ rather than a strategic orientation into C&Y concerns like inter-generational issues, transitions, and cross-sectoral linkages. Some critical population segments appear to be relatively less addressed in the projects -such as infants, newborn, youth, and vulnerable children (with disabilities, orphans, children affected by HIV/AIDS, children on/of the street, abused children and youth, refugees, war/post-conflict children and youth).

96. Out of the total 543 projects reviewed for the period 1990-2002, 427 included C&Y components, representing about 70% of all Human Development (HD) investments for that period. There were 248 lending projects in the Education Sector, with a total lending amount of US\$ 17,534 million. Some 210 lending projects, with a total portfolio of US 14,353 million, were in Health, Nutrition and Population (HNP); and 85 projects lending US\$ 5,348 million were in Social Protection (SP).

97. *In Education*, there is progress towards increasing share of C&Y components within the lending projects. C&Y components in education increased from \$776 million in 1990 to \$939,1 million in 2002. This increase in investments was mostly within the Africa and Latin American regions; most interventions were focused on primary education system, with interventions such as improving children's and teachers' access to adequate quantities of learning materials, improving teachers' effectiveness in the classroom, and on providing children in low-income urban areas with physical space adequate for learning outcomes. A large share of the resources allocated to education projects was spent on increasing physical access followed by support to quality and learning outcomes. The main goal was to increase school enrollment and reduce dropout rates in schools and especially in predominating poor areas.

98. *Within HNP*, investments in C&Y components significantly decreased from a level of \$444,75 million in 1990 to \$142,3 million in 2002; throughout the period, these investments

fluctuated as well (e.g. \$ 255,5 million for 1994, or \$326,1 for 1998). Most C&Y-related lending benefited under 5 years of age children, supporting direct improvements in their health and nutrition outcomes in terms of facilitating mass immunization, increasing coverage and access to basic health services, improving nutrition, and control of communicable diseases such as acute respiratory infections, IMCI and diarrhea. The Bank is still in the early stages of developing programs addressing the peri-natal and neo-natal periods.

99. *In Social Protection (SP)*, investments for C&Y components decreased slightly, from \$133,25 million in 1990 to \$128,18 million for 2002. SP sector projects supported interventions that targeted children in deprived social environments such as rural areas, communities in unreachable locations and poor families. Much SP activity in the past has been through Social Funds benefiting poor families, with potential indirect benefits flowing to children. Encouragingly, interventions on the issue of the prevalence of mother to child transmission of HIV/AIDS, children without parental support (e.g. street children, children in labor, those in institutions, AIDS orphans) and overall child protection are beginning to emerge.

100. *Concerning Youth*, an analysis of the participation of youth in the reproductive health components of 21 Poverty Reduction Strategy Papers (PRSPs) completed through December 2002 (Sundaram, Epp, Oomman, Rosen, 2003) shows that these processes could improve their focus on the young. Fewer than half of the countries involved youth in the development of their strategy. In addition, only a few addressed youth concerns in the assessment of poverty and in the corresponding public policies. As the PRSP is emerging as a key policy document guiding government decision making, World Bank support, and donor coordination in the poorest developing countries, it is critical for its success to include the participation and contribution of the young. Importantly, efforts have intensified recently to address their specific vulnerabilities through more targeted and integrated interventions. Recent loans in Macedonia and Colombia and the recently approved CAS for Brazil, for instance, support multi-sectoral youth development projects.

101. To conclude, there is a need to balance interventions and integrate more C&Y investments into the portfolio; not doing so will mean that the Bank and client governments will miss opportunities to maximize their scarce resources and enhance the impact of previous investments. This integration will enable public policies to address new risks and vulnerabilities, include an often-forgotten vulnerable segment of the population, and obtain the kind of impact for C&Y that

is expected on the MDGs. In this sense, multi-sectoral approaches offer additional opportunities to address the multiple issues related to children and youth and help obtain synergies.

3.2 Implementing multi-sectoral C&Y approaches at the country level

102. The Bank should promote more effective development assistance for C&Y through national processes and institutions that address and manage the new challenges and opportunities for this particular group of the population in a multi-sectoral and multi-stakeholder way.

103. The intention is to maximize the benefits of the investments and provide a framework for the best use of resources of all stakeholders in the development arena. This implies that the country program as a whole can be assessed in terms of outcomes for C&Y, for example in terms of child survival or primary school enrolment, as well as in terms of other major goals.

104 Effectiveness in implementing the C&Y preventive and multi-sectoral approach, refers, then, to the extent to which an intervention enhances the holistic well-being of children and youth in a particular country or area.

105. A comprehensive multi-sector approach offers the best opportunities for addressing simultaneously key vulnerabilities, thus achieving synergistic effects, and for long term planning of the necessary investments (see box #3.1).

106. This approach also offers an opportunity for the various stakeholders -international agencies and NGOs, the youth, parents/care-takers, communities, local governmental and non-governmental agencies and organizations- to better coordinate their work on a long-term basis, with accountability, and based on their comparative advantages .

BOX #3.1

The various C&Y vulnerabilities illustrated in Chapter 1 can be met by an integrated and multi-sectoral approach that in general terms might comprise the following steps;

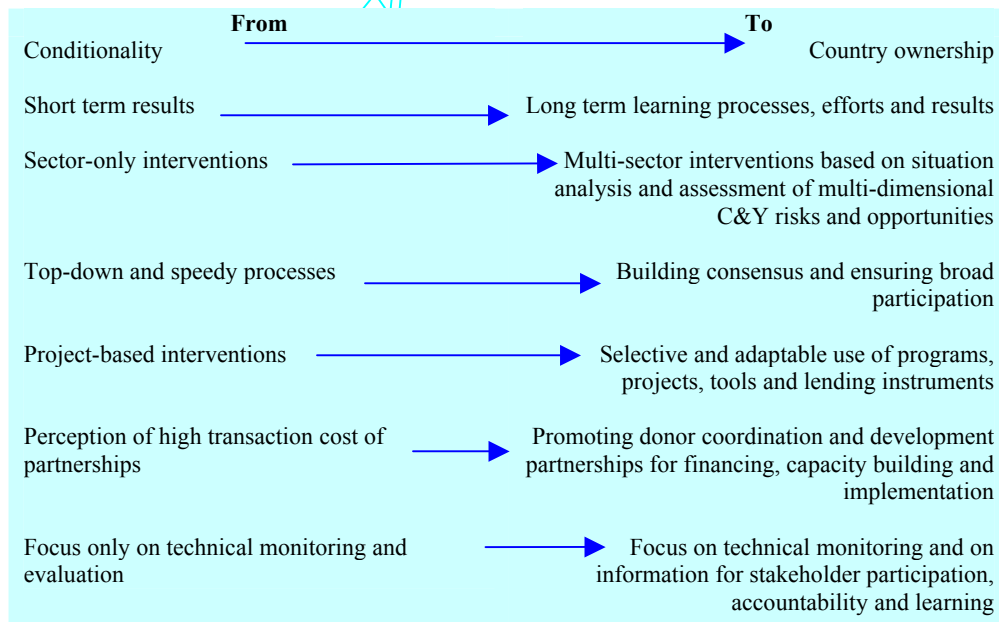
1. Identify critical risks and vulnerabilities along the life cycle, and the desired outcomes (with particular reference to the MDGs and informed by the CRC)
2. Identify high risk population groups and/or take into account specific distributional issues (gender, ethnicity, etc.)
3. Identify the policies, at sectoral as well as at macro level, which are needed on both the demand and the supply side, to fill the existing gaps in addressing key risks and achieving the desired outcomes
4. Define, across sectors, the analytical, financial and managerial needs
5. Define responsibilities and action plan.
6. Monitor, evaluate and promote learning with all stakeholders, including children and youth themselves

107. Support should be give to countries to include their multi-sectoral national C&Y strategies within their comprehensive development frameworks / PRSPs, along five basic directions:

- Promoting multi-sectoral investments throughout the human growth cycle, with an emphasis on early and preventive investments, and on investing in youth;
- Protecting the most vulnerable groups of C&Y as well, as per their specific situation;
- Reforming policies to amplify the impact of investments on C&Y; and
- Designing policies and investments in diverse sectors so that they together achieve positive outcomes for C&Y –particularly concerning country progress towards the implementation of the Convention on the Rights of the Child and the achievement of the MDGs.
- Involving children, youth and their advocates in all the stages of the C&Y policy process

108. Importantly, long-lasting results for C&Y are better obtained through a country assistance and support characterized by adaptation, selectivity, autonomy, learning, and participation. In this view, the Bank, the countries and other donors move beyond the current normative, short-term, mainly-project-based development approach, to one that promotes adaptive dynamics over time, emphasizing interactions among issues, policies, investments, institutions, and people.

109. Instead of a ‘one size fits all’ policy mindset, the multi-sectoral C&Y approach should be implemented through a more selective and adaptive country assistance practice that moves:



110. In pursuing a policy of selectivity and in deciding on its areas of engagement and support for an comprehensive C&Y national strategy, country teams can apply the following principles:

- *Practice the principle of subsidiarity*, where powers of decision-making and implementation should be devoted to the level of government most able to reflect the interests of its population and carry out programs efficiently
- *Build on the Bank's strength*: The Bank's most important strength is the combination of its ability to raise financing with its staff's skills in economic and sectoral analysis; further, it should never intervene without assessing and learning from the efforts of its partners and other stakeholders
- *Taking advantage of existing knowledge and tools*: It is important that the most cost-effective, affordable, and feasible interventions are implemented by each sector. To this respect, the Bank has already developed appropriate technical tools, such as the Poverty Reduction Strategy Sourcebook, Integrated Management of Childhood Illness (IMCI), the Early Childhood Development Programs (ECD), the Focused Resources on Effective School Health (FRESH) approach, and others.
- *Utilize a region-driven and country-focused approach*: The issues and risks children and youth face vary greatly among regions and countries. Local economic and cultural conditions of a country may determine the understanding of issues concerning childhood, adolescence, youth, and adulthood. The Bank has to listen to concerns voiced in a specific country and regional situations and respond with tailor-made approaches.

111. The Bank can provide assistance to countries so that they could allocate increased resources from their budgets to key human sectors, or make the management of public resources more effective, as necessary, and in particular to meet the MDGs for children and youth and implement the CRC. They would strengthen their institutions for monitoring and control of government expenditures to assure that funds allocated actually generate integrated social services. For instance, in many countries, C&Y related reforms could include a measure of decentralization of management of social service delivery.

112. As stated before, the country approach for C&Y cannot be limited to human development but should look at the opportunities of multi-sector investments (see table 3.1). It looks at the combined potentialities of actions from different sectors (e.g. human resources, social service

delivery, infrastructure, transport, labor markets, health, environment, education, and others). This multi-sectoral approach should take into account the effects of micro-economic policies and reforms on the poor and on children and youth as well.

113 Even in those situations where a multi-sectoral approach might not be feasible in light of political, institutional and managerial complexities, and/or in cases where not all countries may be willing to engage in such a comprehensive plan, a national approach to C&Y issues that takes into account the linkages across different sectors is still needed.

114. When implementing sector-wide approaches (education, health, nutrition, etc.), the Bank should encourage governments to use as well the comprehensive C&Y analytical framework to identify the key vulnerabilities and consequently the areas where to invest through specific sector-wide approaches and/or projects:

- Support to specific C&Y sectoral interventions directly responding to needs on the demand as well as on the supply side continue to be important. But these interventions should still be seen as components of a more comprehensive strategy and plan of action at country level, so that they can best respond to the specific needs and the goals of a country.
- National C&Y sectoral interventions can also have a synergistic effect on the desired outcomes: maximum benefit in one age group can be derived from interventions in an earlier age group (for example, performance in school and school attendance is significantly influenced by health and nutrition interventions during pre school years, or investing in youth employability and healthy behaviors can have positive repercussions on maternal/child health, and so on).

Table 3.1 Key opportunities for investments in C&Y

Age Category	Opportunities for investment	Main sectors involved	Main expected outcomes
<i>From conception to early childhood (0 to 5 years)</i>	Nutrition and rest for pregnant mothers	Health & Nutrition	Reduced infant and child mortality
	Infrastructure (water, sanitation and transport)	Education	Reduced morbidity and permanent disability
	Prenatal, delivery and neonatal care		
	Child care (breast feeding, immunizations, integrated management of childhood illnesses)	Transport	Improved physical and intellectual development
	Early childhood development programs	Agriculture	Reduced likelihood of early drop out and/or social exclusion
	Rehabilitation programs	Social protection	
	Micro-credit and conditional credit to women and households	Finance	
<i>Primary school age (6 to 12 years)</i>	Infrastructure transport and school infrastructure	Transport	Improved school enrollment and better school performance reduced drop out
	Training and recruitment of school teachers	Education	
	School health and nutrition programs	Health & Nutrition	Improved basic skills and capacities
	Micro-credit and conditional credit to women and households	Finance	
<i>Early adolescence (12-15 years)</i>	Secondary education	Education	Improved capacities and life skills
	Vocational training and life skills	Youth & Sports	Improved reproductive health
	Health services appropriate to the needs of adolescents	Health	Improved social cohesion
	Community inclusion/rehabilitation	Social protection	Reduced critical vulnerability
<i>Adolescence and youth (15 to 24 years)</i>	Secondary education and continuing education for those who drop out of the formal education systems	Education	Improved productivity
		Health	Improved reproductive health,
	Youth tailored health services	Labor	Reduced unemployment and underemployment
	Empowering and participation in social, economic and political system	Youth & Sports	Reduced violence and crime
	Political and legal framework	Improved social cohesion	

3.3 Making comprehensive development and poverty reduction strategies work for children and youth

115. Policies and actions to address children and youth issues can be incorporated into national level development assistance (AAA, CAS, PRS, and Sector-wide Approaches –SWAPs). However, these approaches and tools need to be re-focused and revised so that they become more effective in integrating multi-dimensional children and youth issues and help achieve more long-lasting results for them:

Focusing Analytical Work and Assistance on multi-dimensional C&Y issues

116. An early means of intervention is simply to promote collection of statistics more centered around children and youth, for example, through demographic and health surveys, multi-indicator cluster surveys of children and women, and household expenditure surveys. It is also very important to support the collection of integrated quantitative and qualitative data that allow to track the poverty and social impact of various public actions on children and youth. Labor ministries might collect information on employment that can be useful in evaluating youth employment and unemployment or on exploitative child labor. In parallel, the Government can launch social assessments, which are useful for interpreting the statistical surveys and for understanding the role of C&Y in the dynamics of poverty and development. The key here is to assure that statistical instruments and social assessments ask relevant questions about C&Y – and the same holds true for analytical work.

117. Further, analytical work, such as risk and vulnerability assessment studies (RVAs), that define the “demand” for intervention, are useful in identifying the risks and needs of groups of children and youth requiring specific age-related interventions and/or special protective measures. Public expenditure reviews (PERs) can help understand the extent of public spending and investment in Children and Youth and also the effectiveness of Government programs for Children and Youth. Labor market studies are useful for understanding impediments to youth entry into the labor market, and so on.

118. Along the same lines, Analytical Work and Assistance for multi-sector C&Y objectives can benefit the most through the use of the Convention on the Rights of the Child (CRC) as a framework that can help inform these processes.

Enhancing PRS and CAS

119. The World Bank and –increasingly-many other donors make decisions on their development assistance through a process that begins with Government preparation of a Poverty Reduction Strategy Paper (PRSP). Here, the gaps identified through C&Y risk and vulnerability analysis can be brought to the discussion and decision-making process concerning the overall country development strategy; and information and analysis prepared by government, UNICEF and others to periodically report on the progress in the implementation of the CRC can be integrated at this stage of the PRSP.

120. In the PRS process, the Bank –together with the other stakeholders- has a role to play helping to build an enabling environment, encouraging a strong political will to focus public policies and programs on children and youth. Also, the Bank can play a pro-active role in helping to create an atmosphere of ‘ownership’ and facilitating effective participation of children, youth and their advocates at the different stages -including, at the end, the approval stages.

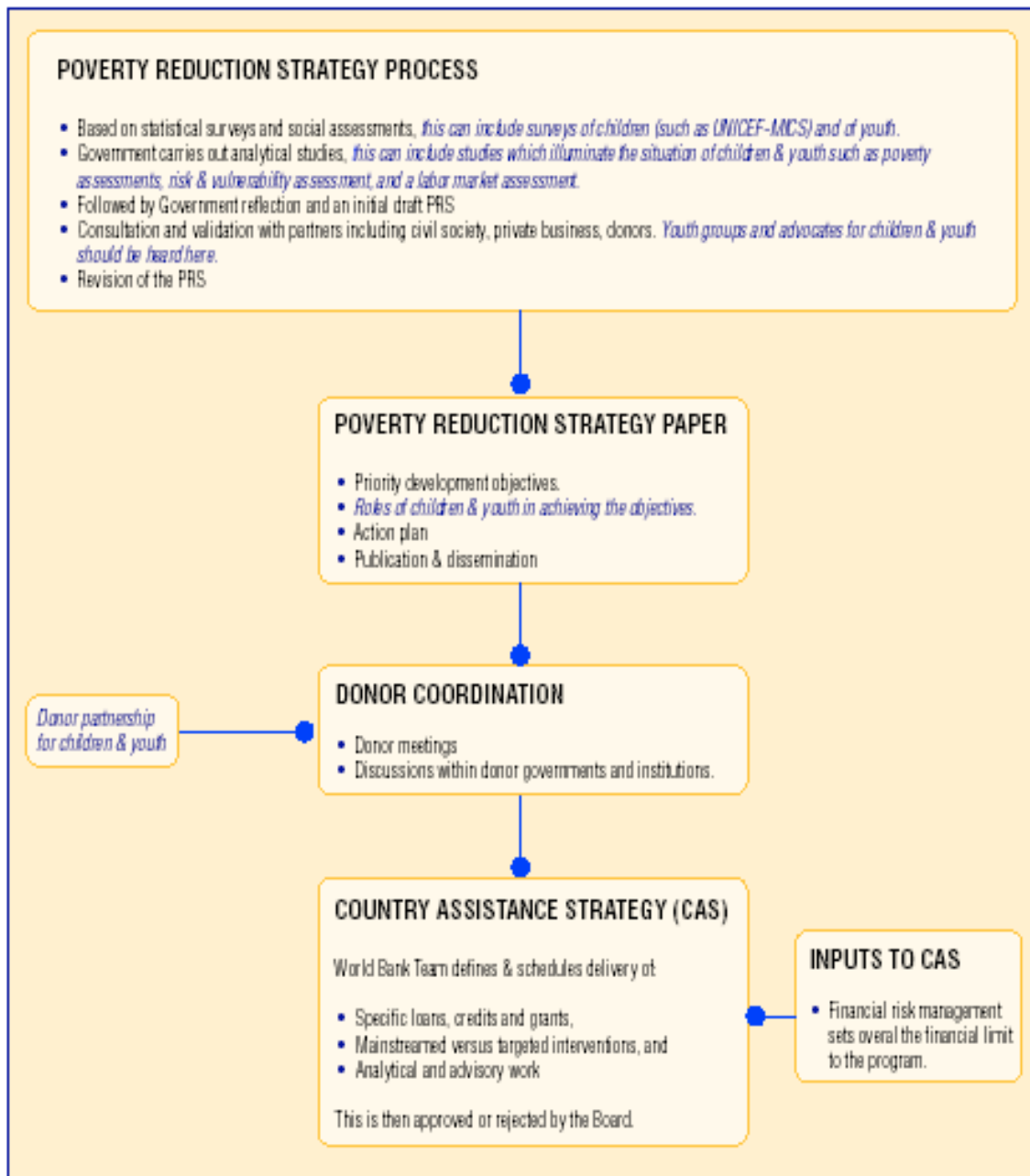
121. In terms of the PRS, there is a need to enhance its content by carrying out an assessment of the linkages between key categories of children and youth and the corresponding dimensions of growth and anti-poverty strategies and programs. In addition, concrete policy directions and the corresponding C&Y sector-wide or multi-sectoral interventions need to be specified at this stage.

122. Here, it is important to include as well an assessment of the impact of several policy prescriptions so that their effect on children and youth are well understood and appropriate measures are taken in the PRS policy process.

123. Donor interest in supporting the Government’s development priorities often depends on the Government’s own engagement in the coordination process and commitment of its own funds. The PRS donor co-ordination phase presents an opportunity to promote interventions that appear in the Action Plan and also form part of the national children and youth strategy. Advocates for children can join together to persuade donors to finance the proposed children and youth actions. Participatory monitoring and evaluation can be in-built in the process -from its beginning and onwards- as well.

124. Based on the information and agreements emerging from this process, the Bank can then prepare a CAS which incorporates more clearly multi-dimensional children and youth issues, spelling out specific plans for the next three years for loans, credits and grants and for economic and sector work (ESW) as well as analytical and advisory work (AAA), and donor mobilization. The CAS should spell out whether investments in children and youth are mainstreamed into broad sector or multi-sector or adjustment instruments or directed to children and youth-targeted investments.

Chart 4.2: From the PRS to the CAS: Focus on Children and Youth



3.4 Mainstreaming C&Y into the Bank's lending instruments

125. Depending on the nature of C&Y interventions (sector-wide, multi-sector, reforms, budget support, or specific children and youth targeted projects), the Bank's lending and grants instruments -PRSC, SILS, IDA grants, Trust Funds and others- might be used selectively to support policies and actions that help advance the multi-sectoral C&Y agenda that is specified in the national strategy and/or in the CAS:

Structural adjustment loans

126. Structural adjustment loans or credits (SALs) can finance the beneficiary government budget that eventually can be used to support multi-sectoral C&Y approaches. If the SAL finances imports then the foreign exchange is usually auctioned off to the domestic private sector. The Government can then allocate the domestic currency receipts across sectors, for example to salaries in health and education, or as salaries for youth employed in public works or services. The Bank often reaches agreement with the Government on the use of these funds and this provides an instrument for implementing the children and youth strategy.

Poverty Reduction Support Credit Loans (PRSC)

127. As its name indicates, the PRSC supports country-led poverty reduction strategies presented in the PRSP, which can be targeted for specific vulnerable populations. These usually consist of several operations that support government execution of specific activities, with continued support contingent on reaching targets for several agreed indicators of performance.

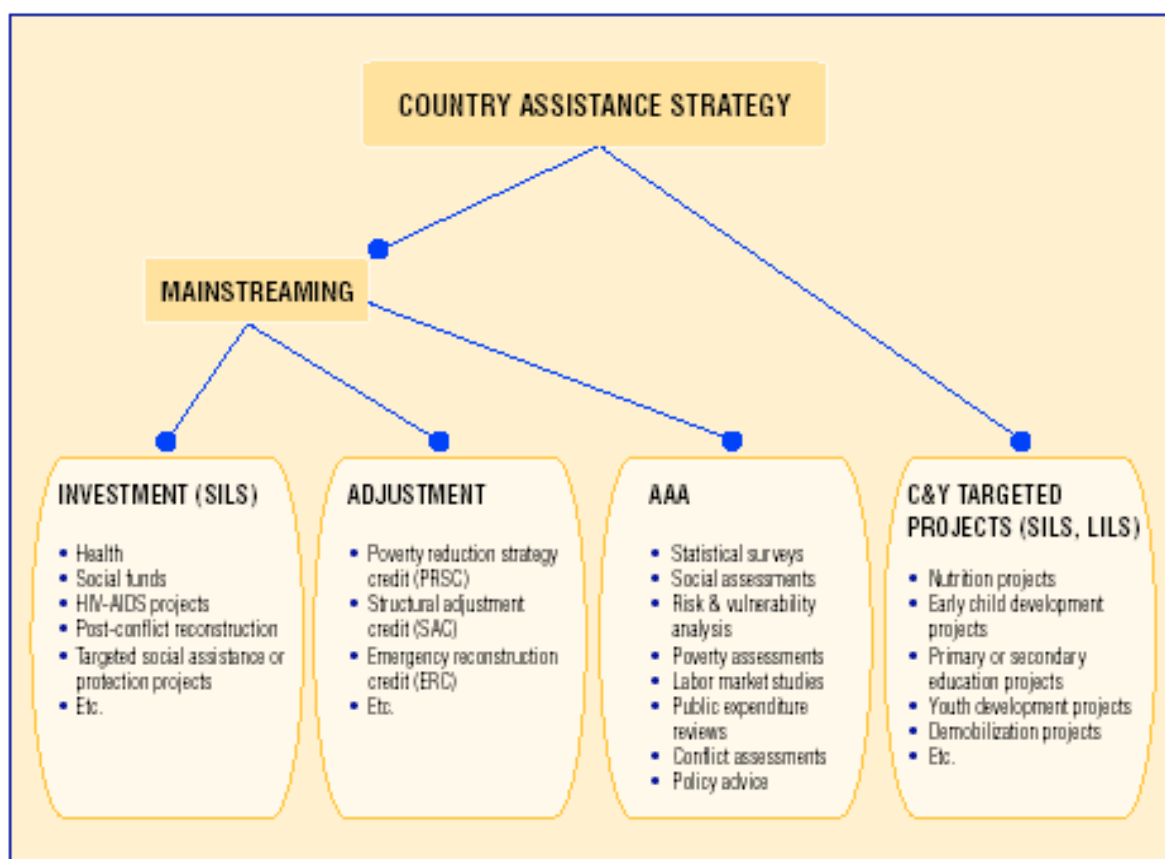
Multi-sector loans

128. Several types of multi-sector SILs are excellent instruments for supporting Children and Youth. For example, multi-sectoral HIV-AIDS loans, funded by the multi-sectoral AIDS Program (MAP), necessarily address youth, who are the most common victims and vectors for transmission of HIV. The projects should also be used to invest in orphans since HIV-AIDS is one of the major causes for the emerging cohort of vulnerable orphans. Another example is the post-conflict reconstruction projects, which should support Children and Youth by rebuilding the public health and education systems as well as youth employment. Early child development projects, which invest in nutrition, cognitive development and preventive health, are an example of a multi-sectoral intervention targeted to pre-school aged children that should be expanded.

Sector Investment Loans (SILs)

129. Finally, another important instruments for supporting specific children and youth projects through a CAS is the sector investment loan (SIL). SILs support projects rather than budgets; the category includes credit and grant-financed projects as well as loans. Single sector SILs such as health or education projects are an important instrument for advancing the children and youth strategy since they can invest at every stage of the growth cycle. Nutrition projects are another important instrument because they are targeted to infants from birth through two years. Demobilization projects can be used to support the social and economic integration of former soldiers, who are mainly youth, in a post-conflict setting.

**Chart 4.3: From CAS to Specific Operations and Analytical & Advisory Work:
Focus on Children and Youth**



3.5 Special funds to support innovation and scaling up of promising C&Y experiences.

130. There is a need to financially assist countries that want to think through and carry out development programs where one of the main pillars is a favorable outcome for C&Y. This

would not be a new initiative, but rather a way of focusing the current process of doing business with the Bank's development partners and of maximizing the available resources.

131. The proposed practice will be to leverage internal and external resources to support additional work with countries that choose to make the development of C&Y a pillar of their comprehensive development and/or poverty reduction strategies.

132. One option for the Bank is to promote piloting of innovative interventions for children and youth projects through a special trust fund, on the model of the post-conflict fund. The special fund would provide an incentive to investigate C&Y issues and pilot solutions. In this sense, special support should be given to countries prepared to demonstrate their commitment to C&Y and their accountability toward their own public, with more allocation and disbursement of an increased share of the fiscal budget for social services to C&Y. The C&Y trust fund can be raised from donors committed to Children and Youth issues.

133. The Special C&Y Fund can be managed by the WB's country mission and it intended to strengthen the preparation and implementation of national C&Y strategies, and in particular to focus activities that are:

- Critical to the successful development and implementation of multi-sectoral C&Y approaches
- Help build sustainable country capabilities
- Have broad support of domestic stakeholder, including the young themselves and their advocates.

134. These funds can be used to support learning processes characterized by adaptive experimentation and sustainable learning through multiple-results initiatives, giving better outcomes than a one-size-fits-all blueprint. It can support flexible, evolutionary, participatory, results-oriented, and client-driven C&Y processes.

3.6 Capacity enhancement to implement the C&Y approach

135. Finally, the new areas of emphasis, which the C&Y approach calls for, require specific knowledge and experience in children and youth themes, in the human life cycle, and in designing, managing and evaluating cross-sector / multi-sector interventions.

136. It is therefore crucial to design a capacity enhancement strategy that addresses these important elements but that is also customized to the need of the various key stakeholders i.e. high level policy makers from client countries and their counterparts among the Donor community and development agencies to ensure mainstreaming of the issue at the country policy level; technical staff in charge of designing and implementing relevant interventions to ensure they have the right skills and tools; members of civil society as well as the children and youth themselves to ensure that policies and interventions respond to their needs and aspirations (see sections on youth empowerment and civic engagement in the next chapter).

137. To be effective such strategy should combine awareness raising, skills building, advocacy and outreach. It should draw extensively on the comparative advantages of existing and potential partners among NGO's, local institutions and specialized agencies, including WBI.

138. Local capacity: Building capacity within Government and locally depends on advocacy, not just on sufficient financing. Bank country teams and other donors should identify advocates for children and youth, listen to them and if necessary invest in their capacity to collect statistics, conduct studies, help develop policies, implement programs and projects, and participate in monitoring and evaluation.

139. Building human capacity depends importantly on training. Most importantly, building capacity for delivery of cross-sector human development services will require massive and regularly repeated in-service training of teachers, nurses and other key education, health and other sectors' personnel. To achieve this would require a significant and politically difficult re-alignment of incentives and gains in efficiency through effective civil service reforms.

140. Bank capacity: The Children and Youth Strategy spans the human life cycle and is multi-sectoral; this suggests that the training of Bank research, policy and operational staff should also be multi-sectoral, in order to build skills for children and youth welfare which are under-represented. The Bank can also enhance its internal capacity through a combination of practices: hiring staff with cross training, and through in-service training, rotation of staff among networks, and staff exchanges with partners. The World Bank Institute (WBI) should play a major role in facilitating this capacity enhancement as well, by helping to develop appropriate integrated curricula and providing the corresponding training for the client countries, the Bank's networks, regions and country teams.

141. Key Points

- In spite of the growth in the overall C&Y components within the Human Development investment portfolio, a detailed analysis shows that investments are driven mostly by increases in investments in Education, and dominantly in the primary education sub-sector. Most of the investments in C&Y were done mainly through sector projects or components that ‘take children into account’ rather than a strategic orientation into C&Y concerns like inter-generational issues, transitions, and cross-sectoral linkages. Some critical groups of the population –youth and vulnerable children and youth- have not been included in these investments sufficiently enough in light of their risks and vulnerabilities and the role they can play in the development of their societies. The Bank now faces an strategic choice: continue doing well within the current sectors or doing better –through implementing integrated, preventive, more inclusive approaches, seeking long term development effectiveness with more positive outcomes for C&Y.
- The effort will be on achieving positive outcomes for C&Y, incorporating their concerns into country comprehensive development frameworks and/or poverty reduction strategies, including the corresponding enhancements to processes, content and tools. Lending instruments and technical assistance will be used selectively as well to support multi-sectoral national C&Y objectives and policies. In cases where this approach may not be entirely feasible, or suitable to all countries, a comprehensive analytical framework will still be useful to identify the key vulnerabilities and, consequently, the areas where sector-wide investments and/or projects investments will be most effective.
- Mainstreaming children and youth issues into poverty reduction strategies can be achieved by including information on children and youth at the beginning of the process, and commissioning analytical work to identify the most vulnerable children and youth and the best strategies for countries. The most crucial step will be to identify priority investments to improve the welfare of children and youth in the PRSP and the CAS. The Convention on the Rights of the Child can help inform this process as well.
- Several Bank instruments can be used selectively as well to increase immediately the investments in children and youth at the country level. These include sector investment loans, multi-sector investment loans and grants, such as MAP, and structural adjustment programs. In addition, special learning and innovation loans or credit, can be the instruments for piloting innovative interventions within the CY multi-sectoral approach.

- The new areas of emphasis, which this strategy calls for, require specific knowledge and experience to address the multi facets of the topic, the multitude of stakeholders at the local and global levels, and the need to differentiate and customize the products. To be effective, such capacity building approach should combine awareness raising, skills building, advocacy and outreach, drawing extensively in the comparative advantages of existing and potential partners.

DRAFT

Shaping the future together with the young!

142. Leveraging the power of relationships and collaborations, through building relations, facilitating dialogues and consultations, and partnering with multiple stakeholders is critical to help achieve positive outcomes with / for children and youth. Along the same line, this chapter stresses the point that a critical innovation in public policy is to build enabling environments that facilitate youth empowerment and civic engagement at both the local and global levels. In this regard, several mechanisms are proposed for the institutionalization of their participation in and contribution to the development process.

4.1 Leveraging the power of relationships and collaborations

143. The issues children and youth face are an urgent priority for the global community. There is a growing realization that the needs of children and youth and their role in development extends beyond mere survival and literacy to the reduction of many other vulnerabilities and risks, as well as the enhancement of opportunities for human development.

144. The Bank will engage with key stakeholders who can help advance the interests of children and youth –as expressed in the MDGs, the Convention of the Rights of the Child and in other instruments within the UN Human Rights framework- and enhance public and private responses at both the local and global levels geared to achieve multi-sectoral C&Y objectives.

145. Among these stakeholders are:

- Children and youth themselves, their households and communities
- Other civil society organizations (CSOs), including C&Y advocates, NGOs, Community-based organizations (CBOs), universities, the business sector, and others
- Specific institutions and categories of international partners, such as the UN system, the European Union, bilateral donors, international CSOs –including international NGOs, foundations, and the private corporate sector
- Client governments at the local and national levels

146. When working together with the C&Y stakeholders, the Bank will promote three types of engagements: facilitate relations; promote dialogues and consultations; and establish partnerships⁵:

- *Facilitate relations*: This facilitation may include advice, resources, training and sharing knowledge and best practices to help enhance the capacity of each stakeholder; the aim of this facilitation is to help the stakeholders to engage with each other and work together to advance the C&Y agenda
- *Promote dialogues and consultations*: With a particular emphasis on children and youth issues and on the corresponding policies, programs, studies and projects that have an impact on them; these multi-stakeholder dialogues and consultations may range from the global to the local levels
- *Partner directly*: These partnerships may range from contracting technical assistance and training services with the stakeholders, to funding their development initiatives, to sharing responsibilities with them and co-managing joint C&Y programs and initiatives

147. At the national and local levels, these C&Y-focused relations should aim at building an enabling environment primed for the realization of children's and youth's potential.

148. Multi-stakeholder collaborations are a necessary requisite for the successful preparation and implementation of comprehensive development frameworks, poverty reduction strategies, sector-wide programs, area-based and/or community-driven development strategies and programs that incorporate the C&Y multi-sectoral and preventive approach. They can also help to scale-up successful C&Y interventions, or contribute to setting up appropriate policy, legal and operational frameworks for comprehensive C&Y actions. Relevant stakeholders might be directly involved in the realization of these investments and actions as well.

BOX # 4.1

To build more effective and sustainable collaborations for multi-sectoral C&Y strategies and interventions, the Bank can follow three key *engagement principles**:

- *Respect*, through mutual recognition of partner-specific common interests, shared objectives, and each other's expertise
- *Selectivity*, through close and long-lasting synergistic relations based on the bank's and the partner's strengths, in combinations that maximize each other's comparative advantages and optimize existing efforts and resources
- *Effectiveness*, through learning, participation, accountability and measurable results.

*Principles adapted from: The World Bank (2000), *Partnerships Oversight and Selectivity and Addressing Global Dimensions in Development* (Discussion Notes), Washington DC

149. At the global level, C&Y-focused collaborations should aim at helping to build a world fit for children and youth, as agreed upon by the international community in several international

⁵ Based on: The World Bank, 2003, Working Together: World Bank Civil Society Relations

frameworks –including the Convention on the Rights of the Child, the MDGs, recent UNGASS on Children and on Youth, the Youth Employment Network, and others.

150. The engagements with the stakeholders at the international level will focus on creating awareness on C&Y concerns, building enabling policy environments at the international level, pooling knowledge and experiences together about specific C&Y themes, linking the local with the global, leveraging resources for more impact at scale, and carrying out joint C&Y actions.

151. Clearly, it would not be efficient nor effective for the World Bank to pursue actions on C&Y at all these levels by itself. In many cases governments, other donors, the UN system organizations, or the young themselves may be best prepared to act. Moreover, many civil society organizations –including local and international NGOs– have established a history of successful interventions for children and youth, especially within the framework of community–driven processes.

152. The Bank, therefore, should complement the on-going efforts of the C&Y stakeholders –not replace them. The Bank can do this by bringing to the relations a set of highly relevant and important strengths, which can complement the partner’s strengths and add value to the collaborations.

153. Chief among these strengths are its economic and public finance analysis and perspectives, its capacity to conduct sectoral and cross-

BOX # 4.2

Within C&Y multi-stakeholder collaborations, the Bank can add value and play a leading role in:

- *Advocacy:*
 - Raising awareness about C&Y concerns
 - Promoting local-global connectivity among the young
- *Knowledge Managements:*
 - Establishing evidence for integrated investments in C&Y
 - Analytical and monitoring tools to assist countries in allocating resources according to C&Y priorities
- *Training and enhancing capacity:*
 - Capacity building for the implementation of preventive, long-term, cross-sectoral C&Y interventions at the national and local levels
 - Capacity building for youth participation and contribution
- *Building enabling environments for investing in children and youth:*
 - Facilitating improvements in the policy environment and in macro-economic and sector policies for effective, pro-poor, pro-children, pro-youth interventions
 - Identifying and implementing inter-sectoral policy dialogue and coordinating mechanisms, providing more support to more child/youth-friendly policy environments
 - Improving the interface among clients (children / youth / households / communities), policy-makers and service providers
- *Operational work*
 - Using lending and grants instruments to support client government’s budgets and actions to advance C&Y interests
 - Leveraging resources for multi-stakeholder integrated C&Y interventions
 - Helping to scale-up successful cross-sectoral C&Y intervention

sectoral research and work, including Poverty and Social Impact Analysis (PSIA), its ability to combine financing capabilities with knowledge management and capacity building, and its capacity for advocacy and influence at the international and national development levels.

154. Strategic selectivity to advance in these areas will be enhanced through sharing resources for multi-sector and/or sector-wide assistance among donors, relying more on pooled technical assistance support under government responsibility, and improving donor coordination. Further, the different C&Y stakeholders can be involved either as shareholders in the programs and interventions and/or as advocates, playing distinct roles to avoid possible conflicts of interest that could emerge if roles overlapped.

155. Finally, C&Y multi-stakeholder collaborations should be undertaken in a way that can help enhance ownership at the local level; they can contribute to reconcile the accountability of donors and countries through new arrangements where the types of conditionality and implementation responsibilities are more inclusive, reciprocal and adaptive to local situations.

4.2 Towards youth empowerment

156. Development –and the investments in children and youth– should not –and cannot– be achieved without the participation and contribution of the young. As expressed by them in different consultations and dialogues, the youth are not an ‘issue or a problem’ but a dynamic part of the solution⁶.

157. The Bank –within the framework of multi-sectoral C&Y approaches and the corresponding collaborations – can encourage client governments and other stakeholders to recognize the young as active agents of their own development, able to participate and contribute to the realization of their potential, in accordance with their age and evolving capabilities.

158. This recognition should stem not only from the fact that the young are the primary stakeholders of their own development, but from the reality that they do have a voice; they possess their own resources and capabilities; and they can –and should–

BOX 4.3

...healthy, educated, engaged, employed and productive youth are one of the keys for helping to break the inter-generational cycle of poverty, to achieve sustained growth and obtain security and well-being in their societies!

⁶ The World Bank, on-line youth consultations, June 2003; and Youth, Peace and Development dialogue, Paris, September 2003

contribute to their societies. The young can bring their perspectives, experiences and capacity for innovation to the development process; they are capable –and willing- of participating and promoting their long term interests; and they can help build more effective and inclusive policy making and program implementation processes.

159. For example, the young can constitute an important resource for community-driven development programs and projects through their knowledge of grass-roots realities; or be an asset for younger children in their communities, contributing to the betterment of their conditions; or they can volunteer their services and time to help achieve the development goals (MDGs) or participate in the actions to implement the CRC. The young can also play a major role in helping to promote public consensus and local ownership as well as enhance governance and accountability in their societies through participatory monitoring of policies and programs; and so on.

160. Importantly, the young need to be empowered to be able to maximize these opportunities; and to be empowered means that they need not only to be aware and informed but to have the resources, capacity and organization to participate, contribute and act in a positive way.

161. In this sense, *youth empowerment*, requires that the young:

- Have access to knowledge and information about development issues, markets and opportunities
- Connect to people and organizations at the local and global levels
- Enhance their capacity to participate, contribute and act
- Have more influence over resources and decisions that might affect their lives
- Be engaged, participating and carrying out civic actions for positive change
- Contribute to participatory monitoring of development policies and programs

162. Engaging with the young -and facilitating their empowerment in the process- adds value to the Bank's two strategic pillars: 1) building the climate for investments, jobs and sustainable growth, and 2) investing in poor people and empowering them to participate in development. As a result of youth empowerment, a key –and numerous- part of the population will be heard and included in the development process, making a more efficient use of all the human assets in a given society, achieving long-lasting outcomes.

4.3 Facilitating youth civic engagement at the local and global levels

163. The Bank’s engagement with the young can be facilitated through an array of different – albeit complementary- mechanisms:

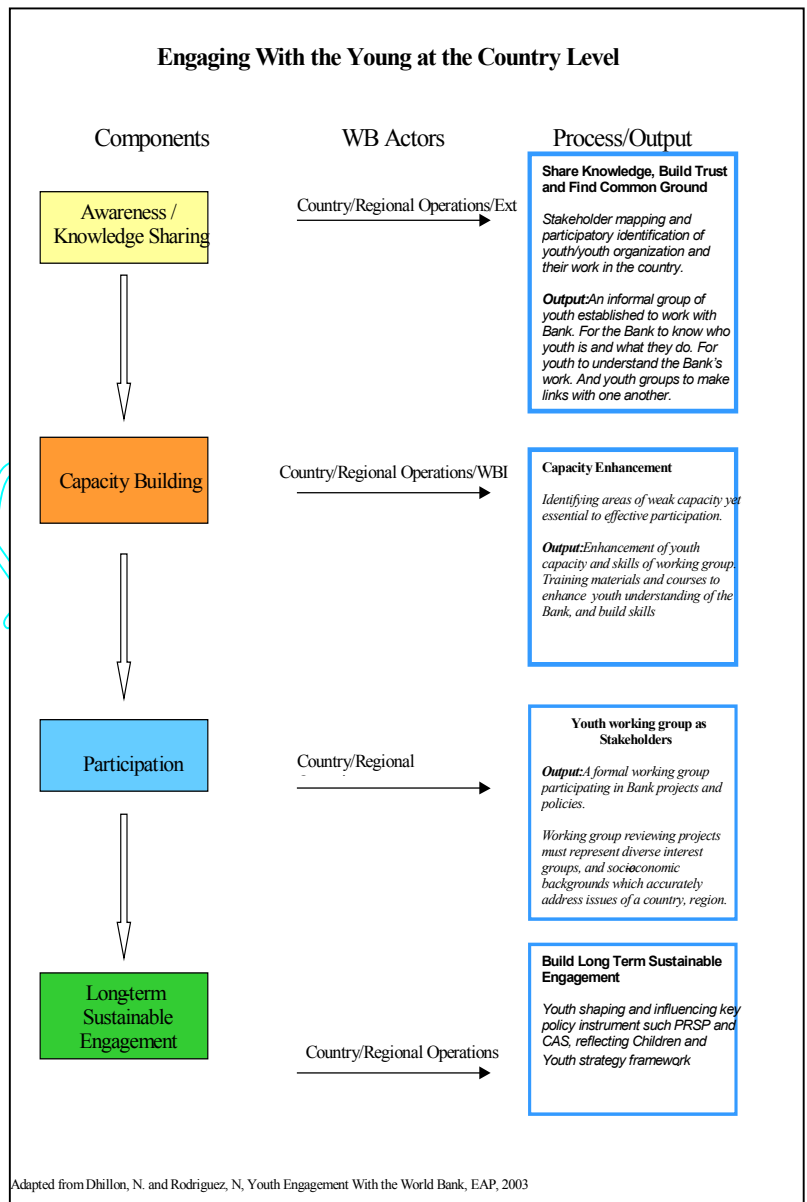
- Embedding youth civic engagement within the countries’ development agenda
- Partnering with the young
- Integrating youth civic engagements within global platforms for civil society relations

164. These youth civic engagement modalities are presented in more detail in the following sections:

Embedding youth civic engagement within the countries’ development agenda:

165. This can be achieved through institutionalizing new mechanisms for Bank’s and client’s government’s engagement with the young, aligned with long term country development objectives.

166. Working together with client governments and other stakeholders – in particular UNICEF and children/youth centered CSOs- the Bank will encourage the establishment of enabling environments, where policy, legal and operational barriers and constraints to youth participation and engagement at both the local and national levels are removed.



167. Concerning the Bank, youth consultative groups will be established at the country mission level, functionally integrated with the operations. Within the framework of multi-sectoral C&Y approaches, the country youth consultative groups could be functionally linked to ongoing comprehensive development frameworks or poverty reduction processes (PRSPs) or urban-rural development strategies or community-driven programs as well as to participate in overall monitoring and evaluation activities.

168. Youth engagement could also be focused on youth agenda themes that are more specific to their particular country situation or that are priorities in the country assistance framework (e.g. in Africa, country and regional youth dialogues and consultations could be more focused on youth's contribution to the prevention and treatment of HIV/AIDS; etc.).

169. In specific countries, where a children and youth investment project is planned, youth stakeholders could be involved in all phases of project preparation and implementation (identification, preparation, monitoring, etc.). The specific focus will be flexible according to youth concerns, their capabilities, and the lending portfolio in each country. Core areas of interest could be progress in the implementation of the CRC, sexual and reproductive health, education, life-long learning and employability, employment, peace and post-conflict recovery, private sector, urban and rural development, among others.

170. The ultimate goal is to embed youth as key stakeholders within the policy framework which sets the country's development agenda and to facilitate their participation in and contribution to this process.

Partnering with the young

171. As a result of youth civic engagements, the Bank's staff and client government's policy makers will have essential tools, information, and human assets to allow them to develop and implement more targeted and effective policies and programs. Within the framework of these engagements, the Bank will encourage the establishment of direct partnerships with the young. These partnerships might include support to youth-led initiatives where the young assume direct implementation responsibilities within multi-sectoral C&Y initiatives and/or other development programs (e.g. environment).

Box # 4.4

Listening to the voices of children!

(work in progress)

172. Youth are not only concerned with issues but with the problems of society in general. For instance, support should be given to youth-led involvement and actions in the achievement of specific Millennium Development Goals or in the implementation the CRC actions in their country.

Of particular importance is supporting youth-led initiatives and/or youth-service programs where the young have more responsibilities helping reduce the vulnerabilities of younger children or of other youth at risk, through peer to peer initiatives; also, support should be given to actions where the young take a leading role in community-driven programs such as slum improvement programs; or enhancing social services for the poor; or to the development of youth social and economic entrepreneurship, and so on.

173. Lending to countries within the framework of integrated C&Y national strategies can be more focused on these youth led initiatives. Also, the Small Grants, MAP, some Trust Funds and other sources of funding for small scale projects can be adapted, optimizing and customizing these resources to support local youth-led initiatives.

Integrating youth engagement within the Bank's global platforms for civil society relations

174. In addition to the diverse civic engagement mechanisms described above, the young –as part of civil society- should be engaged in the global development dialogue. One way to achieve this is through the establishment of a Bank-wide focal point for children and youth dialogues and consultations, within the frameworks of both the implementation of the new C&Y strategy and the facilitation of institutionalized engagement mechanisms between the Bank and global civil society organizations.

175. The Bank is in the process of strengthening its mechanisms for Bank-civil society engagement at the global level through the establishment of a Joint Facilitation Committee⁷. New players can help broaden the scope and enhance the work of this committee. The young –as mentioned before- should be recognized as major development stakeholder and become an effective part of this dialogue group.

⁷ The World Bank, 2003, Options for Strengthening Institutional Engagement Between the World Bank and Civil Society Organizations

176. Young stakeholders can bring their local and global perspectives and interests, helping to focus the JFC agenda on issues of concern for children and youth at the global and local scales.

Chief among their areas of global concern are:

- Promoting children rights (CRC)
- Making globalization work better for children and youth
- Promoting more equity
- Increasing and targeting aid on vulnerable children and youth
- Improving donor coordination
- Advocating for due diligence quality of program lending
- Monitoring progress towards the achievement of the MDGs, and so on.

The young can also help to improve multi-sectoral C&Y approaches within the Bank sectors.

177. Key Points

- The Bank should work with stakeholders at the local and global levels to achieve positive outcomes for C&Y. Within these relations, the Bank should complement –rather than replace– stakeholders capabilities, while bringing highly relevant strengths to the table (e.g. economic and public finance perspectives and analysis, influence, financing capabilities and knowledge management). Principles such as subsidiarity, building on the Bank’s strengths, taking advantage of existing knowledge and tools, and utilizing a region-driven and country-focused approach will help guide these relationships. Strategic selectivity will be enhanced through sharing of resources for multi-sector and/or sector-wide C&Y assistance among donors, relying more on pooled technical support, and improving donor coordination.
- Empowering youth is the most challenging and potentially the most innovative of the key policy issues that have to be addressed. Youth themselves are powerful agents for change if given the opportunity to voice their views and develop and test their capabilities and creativity. Empowerment of youth is also key to developing good governance and accountability in the public as well as in the private sector. Youth empowerment is a process that needs to be appropriately supported with financial and technical resources, building on the experience of youth organizations and it requires capacity building within the Bank, client governments and the youth themselves.

- The institutionalization of youth involvement in the planning and monitoring of the strategy should be viewed as instrumental to the success of the C&Y approach. Several mechanisms to engage with the young are proposed: Embedding youth civic engagement within the countries' development agenda; partnering directly with the young; and integrating youth civic engagement within global platforms for civil society relations

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Summary

1. Investment in Children and Youth is crucial to poverty reduction and human development, particularly in low-income countries where Children and Youth represent a large proportion of the population.

We are facing a world where a large group of Children and Youth are not attaining their full potential development and are trapped in a vicious poverty cycle. Despite the best efforts of many families, children do not receive adequate investments in their nutrition, health, schooling and other dimensions of development. Missed opportunities carry their consequences into adult life and affect the household as well as the community by contributing to the cycle of poverty.

2. Investments need to address critical vulnerabilities during the life cycle if the vicious intergenerational cycle of poverty is to be broken.

Children and youth are particularly vulnerable to a variety of risks. Risks are not homogeneously distributed along the life cycle and across population groups: they typically cumulate and are higher during pregnancy, at birth and in the early years and during adolescence and youth. Furthermore, some children – due to a particularly unfavorable conjunction of risk factors - are critically vulnerable to all kinds of threats to their physical and psychological integrity.

3. The case for public investments in children and youth rests on an increasing body of evidence on the high returns and the pro-poor nature of such investments.

This evidence includes recent knowledge on irreversibility in child development and four inter-linked economic arguments: a) given that children and youth appear to reside in households that are disproportionately poor and given the unequal effects of market imperfections across income groups, such investments are pro-poor; b) they counter-act failures in capital and insurance markets; c) private actors will underestimate, thus under-provide 'public goods investments'; and d) they are necessary to ensure that valuable externalities that are not fully internalized by parents are not lost to households and societies.

4. Based on this rationale, there is the need for the Bank to strengthen and refocus its work on Children and Youth through a comprehensive strategy.

The Bank, in line with the increased attention to Children and Youth by governments and the international community, the Convention on the Rights of the Child, and recognizing that children and youth are an asset to society, has undertaken substantial work in selected areas such

as girls education, early childhood development, child health and child labor. However, progress towards the MDGs needs to be accelerated in many countries and responses to the new challenges that Children and Youth face must be given. As expected by the many international, bi-lateral and national institutions involved in C&Y work, the Bank involvement should be strategic, i.e. based on the Bank's unique position and capacity to link investments in C&Y to overall development goals, and selective, i.e. focusing on key areas and building on the Bank's comparative advantages.

5. The Bank's strategy for investing in children and youth emphasizes:

- *a multi-sectoral approach*, which is necessary to address the multiple and interlinked nature of vulnerabilities and risks that characterize children and youth, and take advantage of the synergies among different interventions.
- *macroeconomic as well as sectoral policies aimed at enabling families and communities to invest in their children*, i.e. to address the variety of factors and constraints that affect households' investments in children as well as youth employment and inclusion.
- *early and preventive interventions*, to address the irreversible nature of vulnerabilities and risks along the life cycle.

6. There is also the need to focus on areas that are key to the strategic goal of poverty reduction and to the achievement of the MDGs. These areas are: the earliest years of life, youth and critically vulnerable children.

Besides the intrinsic value of responding to essential human needs, the rationale for increased emphasis on these three areas lies in their instrumental value in achieving the goal of poverty reduction and the MDGs.

Interventions around birth and during the early years produce immediate benefits by reducing the risk of adverse outcomes in the short term and create conditions for improved outcomes and more cost-effective interventions at subsequent stages. Investing in youth is crucial to preserve the benefits of investments in children - when these investments have occurred, to counteract the lack of earlier investments and to address new risks.

Giving emphasis to critically vulnerable children, such as orphans, street children, children who are trafficked and exploited or involved in armed conflict will preserve the human capital in subjects whose physical and psychological integrity is at immediate and high risk

7. Assessing the outcomes of C&Y investments

Investing in the early years and the MDGs

Investing in the early years is key to the achievement of :

- MDG 4. Reduce child mortality
- MDG 5. Improve maternal health
- MDG 6. Combat HIV/AIDS malaria and other diseases
- MDG 2. Achieve universal primary education

and contributes to the achievement of

- MDG 1. Eradicate extreme poverty and hunger
- MDG 3. Promote gender equality and empower women

Investing in youth and the MDGs

Investing in youth is key to the achievement of :

- MDG 5. Improve maternal health
- MDG 6. Combat HIV/AIDS malaria and other diseases

and contributes to the achievement of :

- MDG 1. Eradicate extreme poverty and hunger
- MDG 3. Promote gender equality and empower women
- MDG 8. develop a global partnership for development

Investing in critically vulnerable children and youth (CVC) and the MDGs

Investing in CVC is key to achievement of

- MDG 1. Eradicate extreme poverty and hunger
- MDG 4. Reduce child mortality

and contributes to the achievement of :

- MDG 2. Achieve universal primary education
- MDG 3. Promote gender equality and empower women
- MDG 6. Combat HIV/AIDS malaria and other diseases

8. A gradual shift is needed from investments mainly focused on sectoral work and projects to multi-sectoral C&Y plans at country level.

Many of the current programs addressing children - for sound institutional, managerial, and political reasons - usually focus on 'sectoral' institutions and projects. A more comprehensive

multi-sectoral approach is more likely to obtain synergies by addressing several key vulnerabilities and multidimensional aspects of child poverty along the life cycle. Such an approach would offer to sectoral interventions more opportunities to be effective and achieve cumulative effects for synergic actions, and will also help multinational players to synchronize their efforts by providing a policy framework based on sound development rationale and more clearly linked to development outcomes in terms of the MDGs.

9. The C&Y approach will help the Bank provide technical assistance and financial support to countries that are willing to engage in the development of a comprehensive and selective strategy and an action plan for C&Y.

Such assistance and support has to be selective and flexible, equating development effectiveness with more positive outcomes for children and youth at the national and local levels, supporting governments in the fulfillment of their commitments as expressed in the CRC and the MDGs. The effort will be on incorporating the C&Y into country comprehensive development frameworks and/or poverty reduction strategies, including the corresponding enhancements to processes, content and tools. Lending instruments will be used selectively as well to support integrated national C&Y objectives and policies. In cases where the integrated C&Y approach may not be entirely feasible, or suitable to all countries, a comprehensive analytical framework will still be useful to identify the key vulnerabilities and, consequently, the areas where sector-wide investments and/or projects investments will be most effective.

10. Leveraging the power of relationships and collaborations to achieve positive outcomes for children and youth

The Bank should work with stakeholders at the local and global levels to achieve positive outcomes for C&Y at both the local and global levels. Within these relations, the Bank should complement –rather than replace- stakeholder capabilities, while bringing highly relevant strengths to the table (e.g. economic and public finance perspectives and analysis, influence, financing capabilities and knowledge management). Principles such as subsidiarity, building on the Bank's strengths, taking advantage of existing knowledge and tools, and utilizing a region-driven and country-focused approach will help guide these relationships. Strategic selectivity will be enhanced through sharing of resources for multi-sector and/or sector-wide C&Y assistance among donors, relying more on pooled technical support, and improving donor coordination.

11. Youth participation and empowerment is seen as a key component of the Bank's C&Y strategy.

Empowering youth is the most challenging and potentially the most innovative of the key policy issues that have to be addressed. Youth themselves are powerful agents for change if given the opportunity to voice their views and develop and test their capabilities and creativity.

Empowerment of youth is also key to developing good governance and accountability in the public as well as in the private sector. Youth empowerment is a process that needs to be appropriately supported with financial and technical resources, building on the experience of youth organizations. The institutionalization of youth involvement in the planning and monitoring of the strategy should be viewed as instrumental to the success of the strategy.

12. Engaging with the young at the local and global levels

The institutionalization of youth involvement in the planning and monitoring of the strategy should be viewed as instrumental to the success of the C&Y approach. Several mechanisms to engage with the young are proposed: Embedding youth civic engagement within the countries' development agenda; partnering directly with the young; and integrating youth civic engagement within global platforms for civil society relations.

13. Actions needed in the World Bank

Successful implementation of the Children and Youth strategy will rely on several actions within the World Bank. *The priority actions include:*

Mainstreaming children and youth issues into poverty reduction strategies

This can be achieved by including information on Children and Youth at the beginning of the process, and commissioning analytical work to identify most vulnerable Children and Youth and the best strategies for countries. The most crucial step will be to identify priority investments to improve the welfare of Children and Youth in the Poverty Reduction Credits.

Mainstreaming children and youth issues into World Bank operations

Several Bank instruments can be used selectively to increase immediately the investments in children and youth at the country level. These include sector investment loans, multi-sector investment loans and grants, such as MAP, and structural adjustment programs. In addition, special learning and innovation loans or credit, can be the instruments for piloting innovative strategy, such as the one proposed in this document.

Building capacity to implement the Children and Youth strategy

Although the Bank has extensive expertise in crucial areas of financial and economic analysis, the core sectoral skills for Children and Youth welfare are under-represented. The new areas of emphasis, which this strategy calls for, require specific knowledge and experience. For example, expertise in newborn health, youth employment and vulnerable children is currently limited.

14. Enabling measures to achieve full Bank contribution to Children and Youth development will include:

Analyzing and defining the needs at the country level

Because the magnitude and distribution of risks varies greatly by age groups, income groups, gender, ethnic groups, urban and rural settings, etc., the Children and Youth strategy has to be adapted to the characteristics of regions, countries and population groups. Analytical tools will have to be developed, building on the existing analytical frameworks and indicators to fit into the regional country and local contexts and to allow for involvement of all the stakeholders in the assessment process. The Bank will need to revise the existing analytical frameworks and indicators in order to fully take into account the areas of special emphasis.

Promoting analytical work, development and evaluation of innovative approaches

In the area of youth employment and participation and in the area of protection of critically vulnerable children there are still many information and knowledge gaps and there is the need to build experience and evidence of what is effective under which conditions. The role of the Bank will be to continue the support to current research efforts to better understand C&Y issues, develop innovative approaches, identify effective interventions and evaluate implementation experiences.

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