

Tackling childhood poverty in Central and East Asia:

Donor approaches in Kyrgyzstan and Mongolia

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Acronyms, Abbreviations and Translations

ADB	Asian Development Bank
CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
CHIP	Childhood Poverty Research and Policy Centre
CIS	Commonwealth of Independent States
COMECON	Council for Mutual Economic Assistance
DFID	UK Department for International Development
EBRD	European Bank for Reconstruction and Development
ECHO	European Commission Humanitarian Aid Office
EGSPRS	Economic Growth Support and Poverty Reduction Strategy (Mongolia)
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
GDP	Gross Domestic Product
GNI	Gross National Income
GTZ	German Agency for Technical Cooperation
HIPC	Heavily Indebted Poor Country
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILO-IPEC	International Labour Organisation - International Programme on the Elimination of Child Labour
IMF	International Monetary Fund
IOM	International Organisation for Migration
JICA	Japan International Cooperation Agency
MCA	US Millennium Challenge Account
MDBs	Multilateral Development Banks
MDG	Millennium Development Goal
NBC	National Board for Children
NPA	National Plan of Action
NPAP	National Poverty Alleviation Programme
NPRS	National Poverty Reduction Strategy (Kyrgyzstan)
ODA	Official Development Assistance

OECD/DAC	Organisation for Economic Co-operation and Development/ Development Assistance Committee
PPP	Purchasing Power Parity
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
SDC	Swiss Agency for Development and Cooperation
SWAp	Sector Wide Approach
TACIS	EU Technical Assistance for the Commonwealth of Independent States
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WHO	World Health Organisation

Translations

aimag	Province, within which the major settlement is the 'aimag centre' (Mongolia)
dzud	Extreme winter climate conditions following a summer of low rainfall (Mongolia)
ger	Circular felt tent, traditional housing used by many in Mongolia (<i>yurta</i> in Russian; <i>boz-uy</i> in Kyrgyz)
soum	District within an aimag, the major settlement of which is 'soum centre' (Mongolia)

Preface

This paper is one of a series of working papers, reports and policy briefings on different aspects of childhood poverty published by the Childhood Poverty Research and Policy Centre (CHIP). CHIP is a collaborative research and policy initiative involving academic institutions and Save the Children in China, India, Kyrgyzstan, Mongolia and the UK. It aims to:

- Deepen understanding of the main causes of childhood poverty and poverty cycles, and increase knowledge of effective strategies to tackle it in different contexts
- Inform effective policy to end childhood poverty, ensuring that research findings are widely communicated to policy makers, practitioners and advocates
- Raise the profile of childhood poverty issues and increase the urgency of tackling them through anti poverty policy and action
- Work globally to tackle chronic and childhood poverty in developing and transition countries.

This paper forms part of the in-depth research on childhood poverty conducted by CHIP in Kyrgyzstan and Mongolia, and part of CHIP's global programme of research on donor approaches to childhood poverty.

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For further information and to download all our publications, visit www.childhoodpoverty.org.

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The views in this paper are those of the authors and do not necessarily represent those of the CPRC, DFID or Save the Children.

Executive Summary

This report examines donor approaches to tackling childhood poverty in Kyrgyzstan and Mongolia. Both the scale and nature of childhood poverty, and the significance of aid for poverty reduction in both countries, mean that the ways in which donors view and address childhood poverty have important implications for progress in reducing poverty among children and young people. Both countries are poor in natural resources and emphasise economic growth and trade openness as key development strategies and vital means of tackling poverty. Both countries have developed poverty reduction strategy papers (PRSPs) in recent years and have adopted poverty reduction focused policies. They both have large external debts; this is a particular issue for Kyrgyzstan, and places limits on the extent to which public expenditure can be used to tackle poverty.

Importance of tackling childhood poverty. Childhood poverty is a significant concern in both Mongolia and Kyrgyzstan. Recent statistics, for example, suggest that in Kyrgyzstan in 2001 55 per cent of rural and 50 per cent of urban children and young people under 20 lived below the national poverty line. Child wellbeing has declined in many dimensions since transition, including children's educational opportunities and health status, and new vulnerable groups, such as child workers and street children, have emerged. There is much evidence that poverty in childhood can have life long effects; preventing it is therefore an important strategic investment in poverty reduction.

Importance of aid for tackling poverty in Kyrgyzstan and Mongolia. Both Mongolia and Kyrgyzstan are highly aided countries - in 2001 aid constituted nearly 21 per cent of gross national income (GNI) in Mongolia and nearly 13 per cent in Kyrgyzstan. Most donors are now actively supporting poverty reduction, either directly or indirectly, and are aligning their support with poverty reduction strategies (PRSs). Thus aid is highly significant for efforts to tackle poverty among children, as well as among other groups.

Childhood poverty in national poverty reduction strategies. Both Kyrgyzstan's and Mongolia's PRSPs mention problems of childhood poverty. However, in neither strategy is this systematic, or strongly linked to wider poverty reduction goals. In both cases, there is a major focus on specific vulnerable groups, particularly street children and orphans, and the main approaches taken are essentially charitable (eg provision of winter clothes) or social work based. There is limited attention to the large number of children in poverty who do not fall into specified groups. Of course, various other provisions of both strategies should have a positive impact on children in poverty, including efforts to enhance the accessibility of education, and maintaining (Mongolia) or enhancing (Kyrgyzstan) the value of social assistance to poor families with children. While both strategies are likely to improve the situation of children in poverty, neither capitalises on its full potential to reduce childhood poverty.

Framework for analysis. The report examines how donors conceptualise childhood poverty, and the implications for reducing childhood poverty of two main aspects of aid to Mongolia and Kyrgyzstan:

- the content of poverty reduction policies and programmes supported by donors
- the potential effects of aid on government ownership of policy and capacity to implement poverty reduction policies.

Donor approaches to children in poverty. Very few donors interviewed in this study explicitly aim to tackle poverty among children, or conceptualise eradicating childhood poverty as a strategic investment for reducing poverty overall. Though most state that they do little that is specifically focused on children, all donors interviewed support activities that should impact positively on children in poverty, through three main approaches: promoting economic growth; investing in key social sectors; and providing support to specific vulnerable groups. Of the major donors in Kyrgyzstan and Mongolia, only UNICEF is attempting to mainstream concerns about child wellbeing among other agencies and across different areas of policy.

Implications of main poverty reduction activities supported by donors. The main areas of donor activity - support for implementation of further economic reforms and programmes to enhance rural and urban livelihoods, investment in the social sectors and support for improved governance - are all likely to have broadly positive implications for reducing childhood poverty. However, if particular reforms undermine, rather than enhance, the livelihoods of specific groups (for example, if trade reform means that producers of certain products lose out), or if they increase the costs of services to poor families (for example, if lifeline tariffs for electricity are not implemented effectively), then certain groups of children are likely to be disadvantaged. Ensuring effective implementation of policy, particularly livelihood support programmes and those in the social sectors, will be critical for genuinely reducing childhood poverty.

Implications of the architecture of aid for national ownership of poverty reduction policy and implementation. The multilateral development banks (MDBs) have used programme aid for many years but the major bilateral agencies operating in the countries are still hesitant to take this step. Despite some progress, in both countries, particularly Mongolia, the aid harmonisation and alignment agenda and the development of budget support mechanisms and sector wide approaches (SWAps) is less developed than in other parts of the world. Both MDBs and key bilateral agencies should increase moves towards greater harmonisation and alignment in order to increase government control over and capacity to implement poverty reduction policy.

Main recommendations

1. A more visible and strategic approach to reducing childhood poverty is needed to make the case for the importance of investing in children and young people. Without this, improvements in their situation are likely to be ad hoc rather than intended, and the effectiveness of such improvements may be reduced.
2. Through policy dialogue and support for analysis, donors could play an important role in ensuring that the impact of proposed policies on children is routinely considered as part of development planning and implementation. This could help shift thinking and action on childhood poverty away from support focused largely on specific vulnerable groups and towards more integrated and holistic policies and approaches. Appendix 3 provides an outline tool for this analysis.
3. Vulnerable groups. Donor support to vulnerable groups could become more strategic through efforts to tackle the root causes of inadequate family livelihoods, poor services and the difficult family environments that often push children onto the street or bring them to the attention of social workers. Support services for disadvantaged children should be explicitly linked to these wider poverty reduction strategies.
4. Neglected groups and issues. In Kyrgyzstan and Mongolia certain groups and issues are receiving relatively little attention in donor support:

Early childhood development. Other than the Asian Development Bank's (ADB) investment programme in Kyrgyzstan and some UNICEF work, there is little donor emphasis on support for early childhood development. However, early childhood development can make a strong contribution to children's welfare, and can also free up adults and older children for other activities. Furthermore, the infrastructure and trained teachers are already present in both countries. Further investment in this sector, with a particular focus on enhancing the accessibility of pre-schools to children from poor families, could make an important contribution to tackling childhood poverty.

Young people. Apart from a few relatively small scale projects on HIV awareness and prevention, and promotion of youth employment opportunities, young people are, on the whole, neglected by donors. This partially reflects the fact that young people, as a group, do not receive much attention in either Kyrgyzstan's or Mongolia's PRSP. It may also reflect an inclination among donors to invest in key services that are often of principal benefit to younger children. However, young people are, or will most likely become, parents of young children - tackling poverty among this age group through the services and livelihood opportunities they require is therefore a strategic investment in poverty reduction for society as a whole.

Migrants. A more comprehensive approach to migration is required, which ensures the availability of quality services vital for child wellbeing (in particular, health, education and water) in areas which send and receive migrants, which provides strategic support for regional and rural development, and which addresses push factors such as environmental shocks and the impacts of national, regional or international economic policies.

5. Keeping issues of inequality and social exclusion mainstream. Donors must ensure that strategic support for 'top-line' government priorities such as economic growth or good governance does not unwittingly mean that issues of social exclusion and inequality are ignored. Regional investments, with an emphasis on particularly disadvantaged areas, and ensuring that strong analysis of gender, age and ethnicity is carried through into planning and implementation, will help ensure that development policies tackle these important causes of childhood poverty.
6. Given high levels of external debt, a greater degree of grant aid in both countries would help ensure that essential development investment is not undermined by debt management strategies. This is particularly the case for Kyrgyzstan, where per capita aid is around half that of Mongolia and levels of indebtedness are even more serious.
7. More progress by donor agencies on harmonisation, alignment and donor co-ordination is required to ensure aid strengthens rather than undermines national capacity for poverty reduction.

I Introduction

'We must provide all possible support for the family - the foundation of any strong society'

Askar Akaev, President of the Kyrgyz Republic, in preface to the NPRS (GoKR, 2002:4)

Since the collapse of the Soviet Union, Mongolia's democratic transition in 1990 and Kyrgyzstan's independence in 1991, the situation of children has deteriorated in many ways in both countries. In neither country is it likely that all of the main Millennium Development Goals (MDGs) concerned with child wellbeing will be met.¹ Both countries receive relatively high levels of aid per capita, with, in recent years, a growing emphasis on poverty reduction. This paper asks:

- what current patterns of and approaches to aid in Mongolia and Kyrgyzstan are likely to mean for childhood poverty
- what would increase the impact of aid on children and young people in poverty.

To answer these questions, it considers both the policies and programmes aid is supporting in these two countries, and the potential systemic effects of aid on government poverty reduction capacity.

Mongolia and Kyrgyzstan are both low income Inner Asian countries with small populations, which have embarked on rapid transition to market economies since 1990 and 1991 respectively. Levels of aid per capita have been notably higher in Mongolia than in Kyrgyzstan. Both countries are surrounded by large, powerful neighbours; historically their economies have largely produced agricultural products and raw materials for industries elsewhere within COMECON; and both have undertaken substantial deindustrialisation since the early 1990s. As a result, both countries are structurally marginalised in the world economy and thus face a range of obstacles to development and poverty reduction, one of which is substantial external debt. The situation is more serious in Kyrgyzstan, which is considered 'severely indebted' using World Bank classifications, compared with Mongolia, which is 'moderately indebted'. Both are eligible for concessional World Bank and IMF assistance and have produced PRSPs that serve as medium term development plans and as frameworks for development assistance.

I.1 The importance of aid

Aid is important for children in Kyrgyzstan and Mongolia. Aid has played, and continues to play, a critical role in the transition process in both countries - both in terms of its contribution to the economy and the influence it has on the direction of policy reforms. Both countries have been

¹ The World Bank (2003d) for example, suggests that it is unlikely that the child mortality, maternal mortality, or HIV, tuberculosis and malaria goals will be met for Kyrgyzstan, and that education and water and sanitation goals may not be met based on current trends. In Mongolia no progress report is publicly available as yet (www.undp.org/mdg/country_regionalreports.html, as of 20 May 2004).

'rewarded' by international donors for early commitments to democracy and economic liberalisation - over the period 1991-2001 Mongolia received a cumulative \$1,951.2 million in aid, while Kyrgyzstan received \$1,990.3 million (GoM, 2002; OECD/DAC, 2003).

The donors who provide this assistance have great influence. Through technical advice, informal dialogue and the use of conditionalities on loans, donors have influenced policy choices concerning both broad development policy and specific anti-poverty strategies. In both countries, the MDBs have been, and continue to be, particularly powerful players in shaping the direction of reforms. Most major bi- and multilateral donors active in the region have also set up representative offices in both countries. Even with recent moves towards reduced donor influence and increased government ownership of development policy, their influence is still strong. Thus it matters how donors understand, and act to tackle, childhood poverty.

1.2 Childhood poverty - a critical concern for Kyrgyzstan and Mongolia

The rapid economic, political and social changes of the 1990s have increased levels of poverty among children and young people in both countries, and have substantially reduced the availability of resources to invest in their wellbeing.² In Kyrgyzstan, children and young people are the population group most at risk of poverty. In 2001, 55 per cent of rural and 50 per cent of urban children and young people under 20 lived below the national poverty line. For younger children, these figures were starker still - 60 per cent of rural and 54 per cent of urban children under ten lived in poverty. By contrast, in that year 41 per cent of the total urban population and 51 per cent of the rural population lived below the poverty line (Yarkova et al, 2004: 14-15). Unfortunately, similar child poverty figures are not available for Mongolia, and poverty analysis is less recent. In 1998, some 36 per cent of the population were below the national income poverty line, with more of the poor living in urban than rural areas; the lives of families beneath the poverty line appear to have deteriorated during the 1990s.³ Many of the poor live in female-headed households or are children aged 0-16 years.

The immediate and potential long-term consequences of such high rates of poverty among children and young people are severe. Around 25 per cent of Kyrgyzstani under-fives and 30 per cent of Mongolian children in this age group are stunted and 11 and 10 per cent respectively are underweight. In Mongolia, school enrolment for 8 to 15-year-olds fell quite sharply in the early 1990s, from 98.6 per cent to 84.3 per cent, although it is now rising again (GoM/UNDP, 2003). In Kyrgyzstan, around 10 per cent of children of school age do not attend regularly or at all (UNICEF, 1999a). Low levels of achievement are also a concern in rural schools in particular (UNESCO/UNICEF/GoKR, 2001). The life chances of better-off and poor children are diverging - in Kyrgyzstan, in the mid-1990s, poor children were three times as likely as their better-off counterparts to be underweight (Gwatkin et al, 2000), while non-poor teenagers consumed 56.7 per cent more calories on average than teenagers in very poor families (UNFPA, 2002). In both countries, transition has seen the emergence of groups of particularly vulnerable children, especially street and working children, whose situation has become a

² For example, real resources available for healthcare are now only around one-third of those invested in this area in 1990 (UNDP, 2002).

³ NSO/UNDP, Living Standards Measurement Survey 1995 and NSO/UNDP, Living Standards Measurement Survey 1998, in UNDP/GoM Human Development Report 2000.

priority concern for many in relation to childhood poverty.

Not only does this widespread deprivation of, and underinvestment in, today's children put a whole generation 'in jeopardy' (UNICEF, 1999b), it may also have serious long term consequences if today's poor children grow up to be tomorrow's poor adults and the parents of the next generation of poor children. With the limited opportunities available to poor young people, this is a serious risk. However, concerted action now by all actors, including donors, could help prevent such intergenerational poverty cycles developing.

Table 1: Key child wellbeing indicators

Indicator	Kyrgyzstan	Mongolia
Proportion of the population who are children	Under 18s: 39.2 per cent (1.986 million) Under fives: 10.4 per cent (525,000)	Under 18s: 40.4 per cent (1.033 million) Under fives: 10.4 per cent (265,000)
Infant mortality rate	22.6 (66.6)* per thousand live births	58 per thousand live births
Under-fives mortality rate	33.2 (75.8)* per thousand live births	71 per thousand live births
Percentage of one year olds immunised against key childhood diseases (TB, DPT3, measles and HepB3) ⁴	98-99 per cent	98 per cent
Percentage of immunisations financed by government	24 per cent	20 per cent
Net primary school enrolment rate	UNICEF/UNESCO: 84 per cent male, 81 per cent female (1997-2000) GoKR: 97 per cent (2001)	UNICEF/UNESCO: 87 per cent male, 91 per cent female (1997-2000)
Gross secondary school enrolment rate	UNICEF/UNESCO: 86 per cent male, 86 per cent female (1997-2000) GoKR: 94 per cent male and female (2001) grades 5-9, 46 per cent male, 52 per cent female, grades 10-11	UNICEF/UNESCO: 55 per cent male, 67 per cent female (1997-2000)
Proportion of children malnourished	11 per cent under fives underweight; 24.8 per cent stunted; 3.4 per cent wasted (1997)	13 per cent under fives underweight; 25 per cent stunted; 6 per cent wasted (1998)

Source: GoKR (2002), World Bank (2003b); Yarkova et al (2004); Griffin (2001), www.unicef.org/infobycountry/kyrgyzstan_statistics.html, and

www.unicef.org/infobycountry/mongolia_statistics.html downloaded April 2004

*For Kyrgyzstan, numbers in brackets indicate the probable rate calculated using WHO methodology. Numbers outside the brackets are mortality rates using Soviet methodology. A switch to WHO methodology is planned for 2004.

4 DPT3 means three doses of diphtheria, pertussis (whooping cough) and tetanus vaccine, and HepB3 means three doses of hepatitis B vaccine.

1.3 Methodology

This report draws largely on interviews with representatives of the major donors involved in anti poverty policy in Kyrgyzstan and Mongolia, and on analysis of documentation they provided or that was available on their websites (such as country assistance strategies). This study does not attempt to provide a quantitative assessment of the scale of donor commitments to tackling childhood poverty for four main reasons. Firstly, it is conceptually and practically difficult to isolate the proportion of aid or public expenditure that directly tackles childhood poverty. Except for services such as primary and secondary education and immunisations for children under five, which are provided exclusively to children, most services are aimed at the population as a whole, or poor families. Furthermore, children will be indirectly affected by activities as disparate as public administration reform, programmes of support to micro enterprise and road rehabilitation. Secondly, activities that do not specifically finance services but contribute to other poverty reducing reforms also affect children; here chains of influence are more extended, but equally important in their effects on family livelihoods and wellbeing - governance reform is one example. Thirdly, apart from earmarked project or sector aid, much aid to Mongolia and Kyrgyzstan is fungible, ie it may be used by a government to substitute for expenditure they would otherwise have made and it is impossible to determine what is specifically being financed. Finally, many donors were unable to make detailed budget information available, thus making quantitative comparisons, even of commitments to specific sectors, difficult.

This paper also does not attempt to assess the impact on children and young people of past aid to Mongolia and Kyrgyzstan. Instead it focuses on major multi and bilateral donors' perceptions of childhood poverty issues and analyses how their priority areas of assistance may affect poverty among children and young people. It considers the activities of the major donors involved in anti poverty policy in Kyrgyzstan and Mongolia, focusing on those making the largest financial contributions to both countries, and also those with a particular interest in childhood issues (UNICEF in both countries and UNESCO in Kyrgyzstan). Although the paper refers to NGO activity where it is particularly important, this is not the focus of the study.

The study took place in two phases. The first phase, conducted by Michael Reynolds, was a desk review of trends in aid to both countries and their implications for tackling childhood poverty. The second phase, a series of interviews and analysis of key donor documents took place over the period July-September 2003. In Mongolia, representatives of the ADB, the World Bank (Urban Programme Officer, who covers street children), Japan International Cooperation Agency (JICA), USAID, EU Technical Assistance for the Commonwealth of Independent (TACIS) and UNICEF were interviewed in August and September 2003. As the representative of German Agency for Technical Cooperation (GTZ) and other senior World Bank staff were not available for interview, insights of both agencies draw largely on website documentation. This analysis was also informed by discussions with and information from UNDP, the Poverty Research Group and the UK Embassy, as well as discussions with key government policy makers and NGO representatives over the course of 2003.

In Kyrgyzstan, representatives of the World Bank, the ADB, UNICEF, UNDP, the Swiss Agency for Development and Cooperation (SDC), JICA and UNESCO were interviewed in August 2003. Representatives of USAID and GTZ were not available for interview, and analysis for these two agencies is thus based on website materials only. Insights on DFID's programme and approach draw on ongoing contact with DFID's Central Asia Desk in London. The analysis is informed by an interview with the Head and Deputy Head of the Comprehensive Development Framework (CDF) Secretariat and information gathered at the CIS 7 Poverty Reduction Strategies Forum in Almaty, Kazakhstan in December 2002. It also draws on a range of interviews with different local and national government departments, including the New Generation Secretariat which has a specific mandate for children, poverty researchers and national and international NGOs over the period 2000-03.

In both countries, interviewees held a range of positions from Resident or Deputy Resident Representative to Poverty or Social Development Specialist, and in a few cases staff working on particular projects also participated.⁵

1.4 Structure of report

In this report, we examine two main ways in which aid can affect childhood poverty - through the content of the policies it supports, and through its more systemic effects on a country's governance and fiscal and implementation capacity. In terms of *policy content*, we focus on key areas of donor assistance, often overlapping with policies outlined in both countries' PRSPs:

- Economic growth, private sector development and livelihoods
- Key sectors: education, health, nutrition, water and sanitation, and social protection
- Assistance targeted at specific vulnerable groups
- Improved governance.

As far as the more systemic effects of aid are concerned, we examine the implications of:

- High levels of indebtedness to multilateral and some bilateral donors and resultant debt management strategies
- Donors' emphasis on supporting 'strategic' or 'upstream' action
- The trend to harmonise and align aid around poverty reduction strategies and the use of

⁵ Most were face to face interviews; a few interviews with donors in Mongolia were carried out by phone.

programme and project aid

- The kinds of technical assistance that have dominated in the 'transition' to market economies
- Some donors' use of NGOs for project implementation.

Recognising that how donors address childhood poverty is strongly related to how they aim to contribute to overall poverty reduction, we locate our analysis within a discussion of donor approaches to poverty reduction in these two countries. Section 2 therefore examines the importance of aid for poverty reduction in Mongolia and Kyrgyzstan and considers how national anti poverty policies address childhood and youth issues. Section 3 analyses how donors conceptualise childhood poverty, the extent of their support for anti poverty action (as opposed to wider development agendas) and how macro and microeconomic development policies, social sector investment programmes and action to support particularly vulnerable groups may impact on children.⁶ Section 4 considers the implications of the main aid disbursement mechanisms and principles for children and young people in poverty, while Section 5 draws key conclusions for enhancing the impact of aid on children and young people.

⁶ While we recognise that maintaining environmental resources and thus sustainable development is critical for future generations, this study was unable to address environmental issues in any detail.

2. Aid and Policy Environments in Mongolia and Kyrgyzstan

2.1 Aid to Mongolia and Kyrgyzstan - trends since the early 1990s

Large-scale international aid to Mongolia began soon after the collapse of the Berlin Wall in 1989, and to Kyrgyzstan in 1992, soon after the break up of the Soviet Union. Aid in a more general sense was not a new phenomenon for Kyrgyzstan or Mongolia, both of which had received substantial budgetary subsidies from Moscow. In 1990, Soviet aid was equivalent to 30 per cent of Mongolia's GDP (UNDP/GoM, 2000), while inter republican transfers from Moscow constituted approximately 11 per cent of Kyrgyzstan's GDP (Cukrowski et al, 2002). Mongolia had also received substantial technical assistance (mostly in mining and heavy industry) from Soviet advisers, while in Kyrgyzstan and other Central Asian countries engineers and others with technical skills had been sent, largely from Russia and the European republics, to support industrial and technical development throughout the existence of the Soviet Union. With its break up, financial and technical support to both countries dried up.

Mongolia, an independent state since 1921, was already a member of the UN before the start of the transition and therefore had some, albeit limited, experience with the donor community. As part of the Soviet Union, Kyrgyzstan had had none. Despite superficial similarities with Soviet assistance, the Western model of aid was very different and had to be learned very quickly in both countries, while the donor community had to adapt to working in a very different institutional environment to that to which they were accustomed. Furthermore, both donors and governments were breaking new ground - none had prior experience of wholesale economic, social and political transformation. This has had major implications for the forms that aid to the region has taken.

2.1.1 *Main objectives of international aid to Mongolia and Kyrgyzstan*

As with other countries in transition to a free market and multi party democracy, aid to Mongolia and Kyrgyzstan has aimed largely to promote and embed a market economy, and to support the development of relevant legal, political and social institutions. For some countries, such as the US, supporting democratisation has been a major overt aim of assistance. Thus, for example, 41 per cent of USAID assistance to Kyrgyzstan is allocated to economic reform, and 20 per cent to democracy.⁷ While these values have broadly underpinned aid in the South as well, because the state socialist system differed so drastically from market economies, the focus on economic liberalisation, promoting private sector led development and multi party democracy has been particularly strong.

7

Source: www.usaid.gov/locations/europe_eurasia/pdfs/kyrgprofile.pdf, accessed on 2 October 2003.

Unlike some other post socialist states, both Mongolia and Kyrgyzstan opted for rapid, and far reaching, economic reform - 'shock therapy' along the lines of the Russian model - and for collaboration with the international aid community. As rapid reformers, both have been attractive to donors as 'models' that could be supported and held up as examples to other post socialist countries. The Governments of both Mongolia and Kyrgyzstan share these ambitions, although with different emphases. Mongolia models itself on and looks to the West and the East Asian tiger economies, with a strong emphasis on economic growth as its key approach to development. Kyrgyzstan initially aimed to become a 'Central Asian Switzerland' (an economy based on skills, services and tourism) and more recently has cast itself more explicitly as an innovator in solving development problems. As a recent UNDP report observes,

'it is not by chance that Kyrgyzstan is a pilot country for numerous international projects using the most innovative methods in order to help solve development problems; this valuable experience accumulated in Kyrgyzstan is carefully considered and used by these organisations in implementing development techniques to many countries all over the world' (UNDP, 2003:40).

Donors have also been happy to reward 'good economic performance' (compliance with donor performance criteria) with further aid.

In the early years of transition, economic difficulties meant that aid was used to sustain essential services and plug financing gaps. From the early 1990s, it was also clear that economic transformation was creating substantial poverty. Although it was initially hoped by both governments and donors that poverty and social problems would quickly be alleviated by successful economic reform, the pace of economic growth has been slower than expected. This is particularly the case for Kyrgyzstan where, although poverty levels have declined from their peak in the mid 1990s, half the population still lives in poverty, and around a quarter in extreme poverty (World Bank, 2003a: 15). Recent poverty figures are not available for Mongolia. Donor assistance from the mid 1990s has aimed to reduce poverty, initially through projects and more recently through elevating poverty reduction to a major focus of development co-operation.

2.1.2 Significance of aid to Kyrgyzstan and Mongolia

Aid makes up a significant proportion of the GNI of both countries, particularly Mongolia, where it comprised 20.6 per cent of GNI in 2001.⁸ In Kyrgyzstan, it constituted a still substantial 12.8 per cent of GNI in 2001, second only to Tajikistan within the CIS 7 (OECD/DAC, 2003). Table 2 indicates the changing proportion of aid as a percentage of GNI for Mongolia and Kyrgyzstan and compares this with other CIS 7 countries.⁹ While net official development assistance (ODA) per capita has remained

8 Indeed, in 2001, in only 10 of 142 aid recipient countries (of which Mongolia was one) did aid constitute over 20 per cent of GDP (UNDP, 2001).

9 Mongolia is not in the CIS 7 but has been included in other transition related groupings, such as the EU's TACIS programme at the end of 2003.

fairly constant in Mongolia since 1995 and was \$87.6 in 2001, in Kyrgyzstan it has fallen from a peak of \$63.1 per capita in 1995 to \$37.9 in 2001 (OECD/DAC, 2003).¹⁰ This may reflect ongoing efforts to manage external debt, in part by reducing borrowing from multilateral donors. It also indicates the ongoing greater significance of aid to the Mongolian economy.

Table 2: CIS-7 and Mongolia - Net ODA as percentage of GNI 1992-2001

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Armenia	1	6	10	10	18	10	10	11	11	10
Azerbaijan	1	2	4	3	3	5	3	4	3	4
Georgia 1	4	5	5	7	7	6	8	6	9	
Kyrgyz Republic	1	3	6	9	13	14	15	24	17	13
Moldova	0	1	1	2	2	3	2	9	9	8
Mongolia	12	20	28	22	19	28	21	25	23	21
Tajikistan	0	1	3	3	5	5	13	12	15	16
Uzbekistan	0	0	0	0	0	1	1	1	1	1

Source: OECD/DAC (2003)

Both countries are heavily reliant on aid, given major financing gaps and limited alternative sources of finance. For example, in Mongolia in 2000, when 22.4 per cent of GDP came from ODA, only 3.1 per cent came from foreign direct investment and -0.4 per cent from other private flows. In Kyrgyzstan in the same year, ODA accounted for 16.5 per cent of GDP, and as in Mongolia, foreign direct investment flows and those from other private sources were actually negative and constituted -0.2 per cent and -4.8 per cent of GDP respectively (UNDP, 2002). In both countries, there are relatively few NGOs with their own programmes and core funding, and so private developmental flows are small in relation to ODA. Similarly, humanitarian assistance is limited compared to ODA, although it has been significant in Mongolia since the dzud of 2000 and 2001 (including three million euros through ECHO), and in Kyrgyzstan following regular winter mudslides in the south of the country (the EU has disbursed 25 million euros since 1993). Additionally, the role of remittances as a source of external finance should be noted. Although there is a lack of complete and precise information regarding private transfers, the level of these transfers is known to be high, particularly in Mongolia from where thousands move to live and work in countries such as South Korea, Germany and the US (Demers and Navch, 2001).

2.1.3 Main sources of aid to Mongolia and Kyrgyzstan¹¹

Although both Mongolia and Kyrgyzstan have received relatively high levels of external assistance, this aid comes from a smaller number of donors than in most other aid recipient countries, making both countries potentially vulnerable to changing donor preferences. Tables 3 and 4 below illustrate the main

¹⁰ For comparison, Tanzania, another highly aided country, has an ODA per capita of \$37 - significantly lower than Mongolia's and equal to Kyrgyzstan's (Marshall, 2004).

¹¹ OECD/DAC defines ODA as concessional loans and grants to developing countries and territories from donor governments and their agencies that are developmental in intent and are designed to promote economic welfare. DAC figures do not capture humanitarian aid, aid from bilaterals who are not members of DAC (eg Russia), or private developmental flows (such as through NGOs). For purposes of comparison, DAC figures are mostly used in this paper. Where these are not available, national statistics are used even though these may be considerably different from DAC sources.

sources of aid to Kyrgyzstan and Mongolia. As noted earlier, the volume of aid to Mongolia, both in overall amounts and as a proportion of GNI, has been consistently higher than that to Kyrgyzstan.

Table 3: Major donors to Mongolia 1990-2001

Mongolia (Total net ODA 1990-2001)			Mongolia (Total net ODA 2001)		
Donor	% of total aid		Donor	Total aid \$ (millions)	% of total aid
1 Japan	43.4		1 Japan	81	38
2 ADB	18.1		2 ADB	30	14
3 IDA	8.4		3 Germany	25	12
4 Germany	8.1		4 IDA	24	11
5 USA	4.3		5 USA	13	6
Top 5	82.3		Top 5	173	81
6 UN	3.9		6 UN	8	4
7 IMF	2.6		7 Norway	6	3
8 Denmark	1.7		8 EC	4	2
9 EC	1.5		9 Sweden	3	1
10 The Netherlands	1.4		10 The Netherlands	3	1
Top 10	93.4		Top 10	197	92
Total	100		Total	212	100

Source: Geographical distribution of financial flows in OECD/DAC (2003); www1.oecd.org/dac/htm/aid_recipients.htm, and www.oecd.org/dataoecd/23/4/1882335.gif, accessed on 20 April 2004

Table 4: Major donors to Kyrgyzstan 1990-2001

Kyrgyzstan (Total net ODA 1990-2001)			Kyrgyzstan (Total net ODA 2001)		
Donor	% of total aid		Donor	Total aid \$ (millions)	% of total aid
1 IDA	22.2		1 ADB	58	31
2 ADB	17.4		2 USA	28	15
3 Japan	16.8		3 IDA	27	14
4 USA	10.2		4 Japan	23	12
5 IMF	10.1		5 EC	11	6
Top 5	76.7		Top 5	147	78
6 EC	7.0		6 Germany	7	4
7 Germany	3.4		7 Switzerland	5	3
8 Switzerland	3.0		8 IMF	5	3
9 UN	2.0		9 Arab Agencies	5	3
10 The Netherlands	1.2		10 UK	2	1
Top 10	93.3		Top 10	171	92
Total	100		Total	188	100

Source: Geographical distribution of financial flows in OECD/DAC (2003)

Mongolia

Donor assistance to Mongolia is highly concentrated, with almost 90 per cent of ODA coming from the top five donors since 1990. The MDBs and Japan in particular have dominated since the beginning of transition. Since 1991, Japan has remained Mongolia's major donor, consistently accounting for approximately 44 per cent of all ODA from 1990 to 2001.¹² The Japanese budget in 2002 was almost three times bigger than that of the ADB, the next most significant donor in terms of budget, and four times bigger than that of the World Bank.

This said, the ADB, Germany, the World Bank's International Development Association (IDA) and USAID are all nonetheless highly significant players. The IMF does not feature in the 2001-02 figures although its Poverty Reduction and Growth Facility (PRGF) agreement was completed in October 2001 and is expected to amount to around \$37 million by 2005. Of this, around \$5 million was released in 2001 and \$11 million in September 2003 (IMF, 2001; IMF, 2003). It is therefore likely that some of the patterns described above may change. The combined UN system contribution is underestimated here - the Country Cooperation Framework for UNDP alone predicts a budget of \$29.1 million for 2002-06 - partly because bilateral contributions to UN agencies are reported as the contributions of those bilaterals to a particular country.

It is clearly important to examine actual disbursement as well as financial commitments. To give an indication of the importance of the issue, Mongolian government figures indicate that only \$2,376 million of the \$2,872 million committed between 1990 and 2001 was disbursed, ie just over 80 per cent.

Kyrgyzstan

Aid to Kyrgyzstan is only slightly less concentrated among a few major donors than that to Mongolia. However, the relatively greater importance of multilateral aid is striking. Indeed, in 2001, 59.5 per cent of aid to Kyrgyzstan came from multilateral donors, as opposed to 30.6 per cent in Mongolia (OECD/DAC, 2003). This reflects both greater commitments by the main multilaterals - the World Bank (IDA), IMF and ADB - to Kyrgyzstan, and smaller commitments from two bilaterals who give substantial aid to Mongolia - Japan and Germany. However, one of Mongolia's top five donors, the US, gives notably more to Kyrgyzstan - \$40 million in 2002 compared with \$13 million to Mongolia - possibly reflecting Kyrgyzstan's larger population.

The 2002 figures indicate a relative decline in the scale of IDA assistance, a trend that is also to be expected with the ADB. Both institutions are scaling back their aid to Kyrgyzstan at the government's request in order to prevent further growth of the external debt. The government's active pursuit of grants rather than loans may mean that the significance of bilateral aid will grow in the future.

12 JICA attributes this to heavy investment in economic infrastructure during the 1990s and expects the current figure to be less as its programme has gradually shifted emphasis.

Comparing the aggregate figures for 1991-2001 and those for 2002, it is notable that in Kyrgyzstan two donors were in the top ten for the first time - Arab countries (the countries included are not specified) and the UK - displacing the contributions of the UN and the Netherlands. As in Mongolia, the financial contribution of the UN may be underestimated.

In Section 3, we examine in some detail how donors are using this aid, and how this may affect childhood poverty. First, we briefly sketch the national policy environments for poverty reduction and child wellbeing.

2.2 Anti poverty policy and action in Mongolia and Kyrgyzstan

Mongolia

Poverty was recognised as a serious problem in Mongolia soon after the start of the transition in 1991. Although little was initially done to address it in a systematic manner, poverty was raised as a concern at the 1993 donor meeting in Tokyo. UNDP was given responsibility from within the donor community to examine the issue and support the government to develop appropriate actions. From the beginning, poverty was considered to be broader than only income based; however, in line with mainstream donor thinking at the time, there was a focus on the three pronged approach of growth, human capital and social safety nets.

As a result of the efforts of the government and a group of donors, the National Poverty Alleviation Programme (NPAP) was approved in June 1994. The NPAP was not based on a strong analysis of the realities of poverty - there were too many major gaps in the knowledge about the situation in Mongolia - although it was hoped that the implementation of the NPAP would shed light on poverty issues at grass-roots level and fill many of these gaps.¹³ Furthermore, it was not used in the way originally intended, ie as a management tool to guide the government and donors to address priority actions in a co-ordinated and systematic manner. Instead, it was treated principally as a Poverty Alleviation Fund (PAF) that financed small scale project activities, including the rehabilitation of social and economic infrastructure, micro-finance and some social transfers. There was also a limited focus on anti poverty policy. The NPAP (in reality the PAF financed activities) was completed in 2000 and a new programme was developed - the National Household Livelihood Capacity Support Programme. Thus, until the late 1990s, poverty was principally seen as a problem to be addressed at a project level, largely through NPAP/PAF with some broader poverty policy work aimed at human development for example. However, the development policy framework continued to predominantly emphasise growth, with relatively little attention to equity.

This situation started to change from 2000, with the growing priority accorded by donors internationally to a coherent policy based approach to poverty reduction. After the production of an interim PRSP in 2001, Mongolia's full PRSP, the Economic Growth Support and Poverty Reduction

13 For example, the first Living Standards Measurement Survey (LSMS) was not undertaken until 1995.

Strategy (EGSPRS), was assessed by the IMF and World Bank and lending was approved in autumn 2003. It outlines how the country will tackle poverty through the promotion of financial and economic sustainability, improving market access and sustainable human development (GoM, 2003). The particular policy implications of the EGSPRS for children are discussed in Box 1.

There is general agreement that PRS formulation has encouraged analysis and debate. Some observers feel it has contributed to shifts in government conceptualisation and prioritisation of poverty, as well as their perception of how it is to be tackled (IMF/IDA, 2003).¹⁴ Given its links to ODA, the EGSPRS appears for example to have displaced two other major donor initiatives - the CDF, which appears to be seen principally as a matrix of donor assistance, and the UNDP-supported Good Governance and Human Security Programme, both developed in the late 1990s. There has been some reorganisation and simplification of planning structures, but there is still little sign of the PRSP really becoming a focal policy framework, apart from in rhetoric, compared for example with the Government Action Plan and related annual Socio Economic Guidelines. Furthermore, the Government of Mongolia appears to be keeping its options open - seeing itself as a strong contender for funding under the US Millennium Challenge Account (MCA) programme even before this was confirmed; ¹⁵MCA does not overtly prioritise poverty reduction.

Kyrgyzstan

Kyrgyzstan appears to have embraced the PRSP framework more strongly than Mongolia. Although poverty reduction has been a pressing concern for Kyrgyzstanis since 1991, and rose up donors' agendas during the 1990s, it was not until 1998, that with World Bank support the government adopted the Araket anti poverty programme. (Previous anti-poverty action had been more project-based). Covering a range of areas from employment to women's wellbeing, Araket was, however, seen by most donors as under prioritised, not comprehensive, and 'declarative' rather than having a set of defined goals and activities, and it attracted little donor support. It did, however, motivate many local authorities to find ways to support poor and vulnerable people in their communities using local resources.

In 1999, Kyrgyzstan agreed to be one of the CDF pilot countries and undertook a series of World Bank financed workshops, meetings and public consultations in order to define a national development strategy. The strategy document, finalised in 2001 and covering the period up to 2010, lays out the country's main development policy directions: effective and transparent state governance; a fair society, providing human development and protection; and sustainable economic growth (GoKR, 2001a: 15-16). The CDF sets a goal of halving poverty, from 52 per cent of the population living below the poverty line in 2000 to 26.5 per cent in 2010 (ADB, 2002: 9). The National Poverty Reduction Strategy (NPRS) (Kyrgyzstan's PRSP), approved in December 2002, is seen as the key mechanism for implementing the CDF vision between 2003 and 2005.

14 Observation and discussions over one year and informant interviews.

15 The MCA programme is for countries judged to have demonstrable commitments to good governance, a strong market economy and investment in human development (see Box 5).

The NPRS document defines a large number of activities intended to achieve these goals, ranging from measures to promote macroeconomic stabilisation and management of the external debt through to investment in education and health, increasing the targeting and value of social benefits, increasing HIV/AIDS awareness, and promoting microcredit (GoKR, 2002). Although extremely comprehensive, the strategy has been criticised by donors for being insufficiently prioritised. In practice, the budget prioritisation indicated in the Medium Term Budget Framework (MTBF) indicates key government public expenditure priorities.

Both countries, with encouragement from UNDP, have also developed national versions of the MDGs. The main differences are in the education sphere. Because primary enrolment levels are high in Kyrgyzstan, its goal is to ensure that all children complete basic *secondary* education by 2015 (UNDP, 2003). (See Appendix 2 for more detail on Mongolia and Kyrgyzstan's national MDGs.)

2.3 Policy for children in poverty

This section discusses the ways in which children and childhood issues are conceptualised in Mongolia and Kyrgyzstan and how this is translated into national policy. It also examines the institutional structures that are intended to implement national plans and policies, as well as the extent to which the PRSPs in both countries tackle childhood poverty.

2.3.1 National policy approaches to childhood poverty

In both Mongolia and Kyrgyzstan, national policy approaches to childhood poverty and vulnerability have been strongly influenced by Soviet social policy. This defined specific groups of children - orphans,¹⁶ disabled children, children from large families and neglected children (including the children of alcoholics and of parents in prison) - as entitled to particular state support (Harwin, 1996; Falkingham, 2000). Today, street children, working children (assumed by many policy makers to be urban, ignoring the extent of rural child work), and to some extent migrant children, have been added to this list, and the tendency to see childhood poverty in terms of the problems of clearly defined vulnerable groups continues. For most policy makers, the terms 'childhood poverty' or 'children in poverty' conjure up images of children in one of these groups and not, for example, children in rural areas who are unable for financial reasons to attend school or those made vulnerable by parental unemployment or by unsafe water supply.¹⁷ Two other elements are worth noting - an ongoing concern to promote gifted and talented children, as well as their disadvantaged counterparts, and an emphasis on addressing disadvantaged children's problems through direct financial or material assistance (such as provision of winter shoes or boots and warm clothes).

Clearly, donors have also contributed to the way in which policy for children is defined. In both countries, UNICEF, the major donor charged with advancing children's interests, has placed an important

16 Including 'half orphans' - children from single parent families.

17 For example, interview with Head and Deputy Head of CDF Secretariat, Bishkek, 4 August 2003.

programmatic emphasis on child protection concerns, which meshes well with an approach that concentrates on defined vulnerable groups.¹⁸ In Kyrgyzstan, the social work emphasis of one of the main child-focused international NGOs, Everychild, also reinforces this approach. Furthermore, the child rights orientation of these organisations has often led to support for legislative reform which, although securing children's legal status, has had limited material impact. As will be discussed further in Section 3, donors are not strongly advocating in either country for a broader approach to childhood poverty (as opposed to tackling a range of child related issues more or less separately); thus national and international approaches dovetail. Both countries' PRSPs and wider programmes of action for children reflect this approach.

2.3.2 National policy frameworks for marginalised children

Mongolia

Mongolia developed a 'National Plan of Action for Children in the 1990s' (NPA) in 1993 in collaboration with UNICEF. While parts of it may have been implemented, it was not used as a tool by the government for undertaking pro children activities or policy reform. In February 2003, the National Programme of Action for the Development and Protection of Children 2002-2010 was launched, and the Prime Minister noted that:

*'the National Programme of Action puts forward in a comprehensive way the issues that had drawn less attention previously, such as adolescents' social participation, access to information, capacity of children's organizations, family, development and favourable environment for children.'*¹⁹

The Plan of Action does not contain any strategies targeted at poverty reduction. It is also not clear whether or how the NPA relates to the wider national planning framework, except in relation to the legal environment for children and systems for monitoring progress towards achieving children's rights. If its goals are not integrated with those of sector plans (eg health, education) or the EGSPRS, it runs the risk of being ignored, or of overburdening local government. The National Board for Children (see below) has been tasked to ensure that this does not happen.

As in most countries, several ministries share responsibility for children's issues. The National Board for Children (NBC) has been recently established as the operating arm of the multi stakeholder and interdepartmental National Council for Children. It is headed by the Prime Minister, with the support of the Ministry of Social Welfare and Labour, the Ministry of Education, UNICEF, World Vision and Save the Children UK. Its role and remit was being developed in autumn 2003, but it is generally charged with responsibility for policy relating to children and the implementation of the NPA.²⁰ It is hoped that the Board will be a more forceful voice in national policy making and will, for example, persuade the Ministry of Finance and Economy, the MDBs and others that 'investment in children is investment for the future and for society as a whole'.²¹

18 UNICEF's programmes and policy dialogue are, of course, broader than child protection in both countries. See Section 3 for further detail.

19 Prime Minister's speech at launch ceremony, www.un-mongolia.mn/unicef/show_news.php-uid-111.htm, May 2003.

20 The mission and mandate for the NBC has been agreed by the National Council for Children but is awaiting approval from new government, following elections in June 2004.

21 Interview with Mrs Togtokhnyam, Chairperson, National Board for Children, Ulaanbaatar, August 2003.

Box I: Mongolia - Childhood poverty and the EGSPRS

Children in the analysis of poverty

There is no comprehensive consideration of poverty affecting children and young people and the importance of tackling it to reach poverty reduction targets, realise the rights of the child or contribute to future national development. However, children are discussed in the analysis as:

- Featuring strongly within the five identified sectors of the population that experience higher levels of poverty, including 'single parent headed households with many children' and 'specific vulnerable groups' including street children and orphan children (GoM, 2003: 11)
- Street children, discussed at some length in their own right, as a particularly 'unacceptable phenomenon' that has emerged due to 'economic crisis, social inequality, and breaking down of values and other negative trends in the society' (ibid: 19)
- Users/beneficiaries of an education system with problems of increasing non enrolment, non-attendance and illiteracy
- Those particularly affected by concerning rates of malnutrition and anaemia and falling, but still relatively high, levels of infant and child mortality.

Although not referring to children in particular, the EGSPRS states that 'having a person reach satisfactory levels in terms of education level, food availability and health is the prerequisite to prevention and escaping from poverty and vulnerability especially inter generational poverty' (ibid: 127). Broader issues of marginalisation are also discussed, with regard to geographical location (eg urban concentrations of poverty and differences between rural and urban service levels), gender (eg higher rates of boys not attending school) and, to a certain extent, the difficulties faced by migrants.

Children in the strategy to reduce poverty

Economic policies

The government's core commitment is to 'achiev[e] poverty reduction through higher economic growth which will be based on private sector participation and export-oriented trade policy' (ibid: ii).

Redistribution of the benefits of growth to counter increasing inequality is a stated priority. This will take place through health, education and social welfare, and 'through implementing specific projects and programs aimed at increasing employment among the poor and the near poor to take their own initiatives to improve their situation [sic]' (ibid: 29). Reducing 'dependency' is a running theme, as in Kyrgyzstan. The IMF and World Bank Joint Staff Assessment (JSA) of Mongolia's EGSPRS notes a commitment to poverty and social impact analyses for energy pricing and pension and civil service reforms (IMF/IDA, 2003). These could encourage a more thorough consideration of the impacts on marginalised children and their communities of the continued far reaching structural reforms,

although only if people concerned with child wellbeing push for this.

Sustainable human development and social protection

The EGSPRS restates previous commitments to social sector investment (for example, that a minimum of 20 per cent of the budget must be spent on education) and emphasises the need to increase the efficiency of the budget resources allocated.²² It states the government's commitment to ensuring that poor and vulnerable groups in society have equal access to basic social services, particularly with regard to exemptions from health insurance. However, it is ambiguous about private sector involvement in the provision of health and education services, which raises concerns about equality in access to services. Section 5.81 on health, for example, considers that 'privatisation tends not to be beneficial to the poor' while Section 5.87 states that 'the government is actively supporting private health sector!' (GoM, 2003: 139 and 140). On social welfare reforms, Section 5.142 reassures people that 'the policy is not to step backward from the level reached at the moment' under the Social Assistance Law that covers benefits to mothers and children, but rather to ensure that the system targets those who need it (ibid: 154). The economic policy sections of the strategy, however, discuss 'rationalisation of social safety nets' as a key aspect of restructuring for achieving economic growth (ibid: i).

Childhood issues in the poverty monitoring system

The EGSPRS targets and monitoring indicators - the Mongolian MDGs and indicators - are largely in line with the international MDGs and therefore include vital child specific targets such as education for all and reduced child and maternal mortality. They also include broader development targets that will benefit children, such as increasing access to safe water, good sanitation and dealing with the national debt. Other indicators could be added to capture the situation of children, such as those related to working children, developed through the ILO's Statistical Information and Monitoring Programme on Child Labour database, which is currently being developed in Mongolia. Surveys dominate the monitoring system; the Participatory Living Standards Assessment of 2001 was commended but was seen as a one off exercise rather than a mechanism for sustained, qualitative analysis of poverty over time. As a result, there is little scope for children's experiences of poverty to inform PRS monitoring directly.

Children's and young people's participation

There is no evidence of children or young people's participation in any stage - formulation, implementation or monitoring - of the EGSPRS so far. Some child focused NGOs did participate in EGSPRS consultations.

22 Since Mongolia anticipates being eligible, this may reflect MCA requirements that a high percentage of GDP be spent on health and education. It is also noteworthy that despite the country's debt problems it has managed to maintain high budget allocations to social services.

Kyrgyzstan

In Kyrgyzstan, the New Generation programme was established in 2001, as a body overseeing the implementation of children's rights in Kyrgyzstan within the CDF. From a secretariat in the Ministry of Labour and Social Protection, it aims to provide co ordination of relevant government and NGO activities working to improve child wellbeing; to improve the legislative framework regarding children; and to implement various public education and awareness campaigns. It has been supported by UNICEF and the child focused international NGOs Everychild and Save the Children UK.

The New Generation programme reflects the social policy orientation discussed above, and focuses on a range of vulnerable groups of children, including children in extremely difficult situations, children in young families (with parents aged under 22 years) for their first three years, families with many children, families with disabled children and foster parents and children. It also has a more general focus on school students and poor families (GoKR, 2001b), reflecting concerns that have become significant since independence. All in all, the New Generation programme consists of 175 measures to be implemented over the period 2001-2010. Although many of these are incorporated into the NPRS, the New Generation programme is ambitious (Yarkova et al, 2004) and to date has not been adequately funded.

From its base in the Ministry of Labour and Social Protection, it has been a challenge for New Generation to act as a strong voice for children and young people's interests within policy debates, despite its cross governmental membership. Its forthcoming move to the Prime Minister's Office, where it will form part of the Families and Children Support Section within the Department of Socio cultural Development, should increase its voice within government. Importantly, it should also increase the programme's funding base, and district authorities should now also allocate specific funds for activities promoting children and young people's wellbeing.²³

Box 2: Kyrgyzstan's NPRS and Childhood Poverty*Children in the analysis of poverty*

Child deprivation, including malnutrition, health, and access to education, and the high proportion of children living below the national poverty line are highlighted as part of the analysis of poverty in Kyrgyzstan. The section entitled 'Poverty Among Children' also highlights the problems of 'social orphans' (neglected children), 'hidden drop out' rates from schools and a rising number of working children and children without family care (Yarkova et al, 2003). These problems are related to inadequate legislation, particularly concerning children living in or having left institutions; the absence of a unified state agency addressing issues of children and childhood poverty; a lack of effective monitoring of children and families from 'risk groups' (not defined) and therefore an inadequate information base of the number of such families, or who they are; and an absence of a special budget for children. The NPRS does not link these actions to a more systemic analysis of issues related to

childhood poverty, or to ways of preventing the development of intergenerational poverty cycles.

Implications of the NPRS for children

Economic policy and livelihoods

As in Mongolia, there is a strong focus on private sector led economic growth, continued privatisation and regional investment to create jobs; the NPRS also emphasises the need for investment in agriculture and small scale enterprises, some of the key means of livelihood for poor families. That said, it is perhaps over optimistic about the potential of micro-finance, particularly to transform the livelihoods of the poorest people. There is a strong emphasis on self help - for example the NPRS aims to 'ensure the full involvement of families and children in poverty alleviating activities' (GoKR, 2002: 56 - para 134) through supporting self help groups and employment promotion measures, focused particularly on youth and unemployed mothers. As in Mongolia, if some measures, such as electricity tariff reform, are not implemented with care, poor families may be pushed into a more precarious situation.

Sustainable human development and social protection

Social sector investment includes provisions to improve mother and child health, to increase iodisation of salt and to maintain high levels of immunisation against key childhood diseases. Budgets for health, education and social protection are all to be increased over the NPRS period, and social protection is to be better targeted to poor families, all of which have clear potential to help tackle childhood poverty. In terms of specific measures, there is a particularly strong emphasis on education at all levels. The NPRS commits the state to revitalising pre schools, since it has become clear that the private sector will not provide these in rural areas; to improving the infrastructure of rural schools; and to improving poor children's access to schooling through government bursaries, and private and community financial support and sponsorship, and to higher education through targeted grants. It also states that the role of the private and not for profit sectors in the education system will be enhanced. However, it does not discuss the potential conflict between on the one hand increasing equitable access to education, and enhancing private sector participation on the other.

Specific measures focusing on children

Having identified childhood poverty in terms of particularly vulnerable groups, it is not surprising that the strategy aims to address it principally through social work. This involves the creation of family support services, training of social workers, and supervision of children of 'problem families' (defined as those suffering alcoholism or drug abuse) and taking them into state custody if necessary. This is likely to mean foster families rather than institutions, although adolescents may be sent to vocational training institutes. A final activity under this programme is setting up a centre for 'rehabilitating' street children. In support of all these activities, there is an intention to improve financial planning for the protection of children and to consider ring fencing particular budgets for children (GoKR, 2002: 180).

Children's and young people's participation

Although extensive consultations on the CDF and NPRS took place in Kyrgyzstan, there is no evidence that young people or children were specifically included.²⁴ The NPRS aims to increase the involvement of children in poverty reduction activities through peer to peer methods and self support groups, and ultimately to 'help raise public responsibility for each child without the involvement of state agencies' (ibid: 56), and to this extent it envisages a role for children and young people in NPRS implementation. As in Mongolia, the quantitative nature of the monitoring system means there is no scope for children or young people's involvement in participatory assessments of the effectiveness of the NPRS.

2.3.3 Children in national poverty reduction strategies

In both Mongolia and Kyrgyzstan, the PRSPs - Mongolia's EGSPRS and Kyrgyzstan's NPRS - have the potential to make a difference in the lives of poor children, but could go much further. Both identify children as an important group in poverty, although this is clearer in Kyrgyzstan's NPRS than in Mongolia's EGSPRS. Since details are discussed in Boxes 1 and 2 above, this section signals more general conclusions.

Both PRSPs make strong commitments to the health, education and social protection sectors. In Kyrgyzstan, this involves budget increases, while in Mongolia it involves maintaining already high levels of social expenditure and increasing its efficiency. Both strategies specifically highlight the importance of equity in accessing services, for example, through health insurance fee exemptions in Mongolia, and in enhancing poor children's access to schooling and higher education through targeted scholarships and bursaries in Kyrgyzstan. There is a potential conflict between these pro poor commitments and efforts to promote increased private sector participation, which may limit poor people's access to key services. Similarly, the planned 'rationalisation' of the social safety net in Mongolia could undermine government plans to at least maintain current levels of benefits to women and children.

Both strategies strongly emphasise the importance of promoting greater economic growth, based on a leading role for the private sector and export oriented trade policy, as well as specific regional and sectoral investments and programmes to increase employment and promote self help activities, particularly micro enterprises, among poor and vulnerable people. These could all help reduce poverty, although the poverty reduction potential of both export openness in small, resource poor economies and of micro-finance should not be overstated. Commitments, from the World Bank at least, to undertake poverty and social impact analyses of various reforms in Mongolia provides an opportunity to ensure that children's wellbeing is safeguarded, as long as organisations concerned with children's wellbeing advocate for this to be part of the analysis.

24 Interview with Erkinbek Kasybekov, Director, Counterpart Consortium, 1 August 2003.

Both strategies tend to see children in terms of specific vulnerable groups - such as street children - as reflected in the 'Poverty Among Children' section of Kyrgyzstan's NPRS, and mandate specific programmes for these groups. There is thus a risk that tackling childhood poverty will principally be regarded as a matter of support to vulnerable groups, with 'ghettoised' small scale or pilot programmes, rather than ensuring that broad economic and social policies promote child wellbeing. The risk of developing intergenerational poverty cycles is not systematically addressed in either document.

Both poverty reduction strategies are wide ranging, but ultimately their effectiveness for children in poverty will depend on how far major social sector and economic reforms are implemented. This in turn will depend on how far budget and investment constraints on implementation can be alleviated through both economic growth and aid, and on enhancing local capacity and commitment at province, district and community levels to implement poverty reduction plans. Although both strategies involve a range of actions that should improve the situation of children, these are neither well co-ordinated nor do they form a coherent set of investments in children. Any donor concerned about childhood poverty could certainly align their activities with either country's national PRS and have a positive impact on children. However, for various reasons this is rarely an explicit objective of donors in Kyrgyzstan or Mongolia. Section 3 examines the reasons for this, what donors actually support and why, and how these choices may impact on children in poverty.

3. Donor Action to Support Poverty Reduction and Child Wellbeing

This section starts by considering donor prioritisation of poverty reduction and their approaches to each country's PRSP, which is a key poverty reduction framework in both Kyrgyzstan and Mongolia. It then outlines donors' overall approaches to children in poverty. It looks at the following major policy areas in turn and examines the contribution donor support may make to reducing childhood poverty:

- Tackling childhood poverty through support to economic growth, private sector development and household livelihoods
- Tackling childhood poverty through investment in key sectors - including overall support for the social sectors, and specific support to education, health, nutrition, water and sanitation, and social protection
- Tackling childhood poverty through projects with specific vulnerable groups
- Tackling childhood poverty through improved governance.

3.1 Donor commitment to poverty reduction and PRSP processes

No donor in either Kyrgyzstan or Mongolia disputes the importance of poverty reduction, and most frame their assistance fully or partially in terms of its contribution to poverty reduction. The explicit attention to poverty reduction as a policy area (rather than a set of projects) is new. As noted in Section 2 above, although poverty reduction had been an element of aid since transition, with the rise of Poverty Reduction Strategy Papers in 1999/2000 it has become a more central focus of aid. While poverty reduction is clearly an important part of the new paradigm for development assistance, some donors interviewed for this study prioritise it much more than others.

In Kyrgyzstan, poverty reduction (with improved governance) is the stated objective of World Bank, ADB, UNDP and DFID efforts, and has been since before the birth of PRSPs. Similarly, in Mongolia the ADB's Poverty Reduction Partnership agreement with the government, signed in 2000, pre PRS negotiations, puts poverty reduction at the core of its assistance to Mongolia (ADB/GoM, 2000). Likewise, JICA, both internationally and in Mongolia, aims to implement 'people-centred development'

and is 'actively engaged in poverty reduction' through 'expansion of direct anti-poverty measures and emphasis of poverty reduction in all facets of its operations'.²⁵

Many other bilaterals continue to focus on the international community's post 1991 priorities for the region - supporting democratisation and transition to a market economy as goals in themselves. Nonetheless, when asked about their contribution to poverty reduction, they argue that these activities contribute, indeed are a vital part of poverty reduction, but constitute an indirect, rather than a direct approach. Such donors include USAID, SDC and JICA in Kyrgyzstan, and TACIS and USAID in Mongolia (USAID, 2003). Analysis of these donors' portfolios suggests that at least some of their activities do directly contribute to poverty reduction; the direct indirect distinction describes donors' emphases and orientation more accurately than it describes their actual portfolios.

3.2 Alignment with Kyrgyzstan's NPRS and Mongolia's EGSPRS

Kyrgyzstan

In Kyrgyzstan, the development of the CDF and NPRS have been high profile processes over several years. As well as creating the expectation of more effective poverty reduction in the future, they have, on the part of the government, generated the expectation that donors will support the government by aligning their strategies with the NPRS.

By July/August 2003, most donors were revising country strategies in line with the NPRS, or had concluded that they were already focused on priority NPRS areas and that there was thus no need to change their grant or loan activities. For example, the new UN Development Assistance Framework (UNDAF) that will co ordinate the activities of all UN agencies between 2005 and 2010, will focus on poverty reduction and governance and result in much tighter synergy between UN activities and NPRS priorities. The development of the NPRS has led to UNICEF and JICA reviewing their activities, which may result in some changes to their portfolios. By contrast, other agencies such as the ADB and SDC feel that they are already focused on core NPRS priorities. For example, as the ADB's 2002 Country Assistance Strategy (CAS) makes clear, four of the ADB's seven main programmes in the 2003 05 period are focused on poverty reduction. The World Bank's CAS was finalised after the NPRS was completed - how far it reflected the NPRS, as well as the 'fragile external debt situation' that Kyrgyzstan faces, were important criteria for the Bank's board in approving it (World Bank, 2003b: i). One might question how a World Bank country strategy could fail to align with the PRSP when, however much a government buys into the PRSP process, it is ultimately still World Bank and IMF led, at least in the early stages.

Many donors - privately or officially - argue that the NPRS is too broad and needs to be better prioritised. This means that (a) it is possible to claim that almost any form of development assistance is contributing to the realisation of the NPRS, and (b) donors can focus on areas of their particular

interest because the priorities are so broad, a conclusion also reached by Gerster and Mogilevsky (2002). Potentially, there is something for everyone, from growth and private sector development to stimulating regional economies, from investing in human development to promoting better governance. Of course, it makes sense for donors to focus on areas where they have particular expertise, but there may be a thin line between this and pushing their expertise and preferences regardless of local circumstances.

In Kyrgyzstan, the Medium Term Budget Framework (MTBF) indicates the de facto prioritisation of different areas of public expenditure. As discussed below, this shows the high priority being given to health and education, and to a lesser extent, to social protection. However, the MTBF is a less reliable guide to prioritisation of policy areas that are less public expenditure intensive, such as governance reforms and the reform of small business regulation. Furthermore, although an area of reform may be prioritised in the NPRS and MTBF, parliamentary ratification is necessary for implementation.

Mongolia

In Mongolia the situation is more complex. On the one hand, donors involved in this study were all aware of the work that the government had put into the document over two years and the strengths of the strategy. On the other hand, they expressed a range of more general concerns about PRS processes, and view alignment with Mongolia's PRSP partly in this light. These include concerns that the PRSP is a predominantly World Bank driven framework with which governments and others have to fall in line; that PRSPs are essentially neo liberal economic growth focused adjustment packages with a different face; that PRSPs are too broad, allowing governments and others to include all their policies and call them poverty reduction; and that spending too much time writing and rewriting such a document can detract from the real job of national development.²⁶ Indeed, the Mongolian EGSPRS process was drawn out and heavily influenced by the Bank, and ended with a strategy largely focused on economic growth.

These criticisms partially reflect the fact that donor agencies operating in Mongolia, with the exception of the MDBs, are not internationally renowned for their pro PRSP stance. Globally, JICA and USAID, the two most important bilaterals, are moving much more slowly towards aid co-ordination and harmonisation than are others. The UK and Scandinavian countries, with strong social development programmes, long standing concerns about poverty and more open support for the PRS framework, for example, are not major donors in Mongolia and, although the Netherlands is one of the top ten donors to Mongolia its support is on a much smaller scale than that of Japan or the US. Although with very few exceptions the same donors are operating in both countries, they appear much more supportive of the CDF and PRS in Kyrgyzstan. The greater scepticism voiced by donors in Mongolia may reflect a more instrumental approach to the PRS as a means for securing donor assistance, donors driving the process more visibly than in Kyrgyzstan.

²⁶ Various donor sources, Ulaanbaatar; see Craig and Porter (2003) for a general critique of PRSPs and Marcus, Wilkinson and Marshall (2002) for a consideration of their potential to raise children out of poverty.

Nonetheless, as in Kyrgyzstan, most donor representatives claim that their portfolios are aligned with the PRSP, although they recognise that the extensive policy matrix makes it easy to do so. More fundamentally, the EGSPRS focuses on economic growth; achieving economic growth through liberalisation and privatisation is the major focus of many donors' poverty reduction and assistance strategies, particularly those of the ADB, the World Bank IDA, USAID and the IMF (not covered in this study).

The strongest support for the strategy and its related processes comes predominantly from the multilaterals, particularly the World Bank and ADB. As in Kyrgyzstan, the ADB felt that its work already had a strong poverty reduction focus and was aligned with the EGSPRS and that there was therefore no need to alter its portfolio. The new World Bank CAS will 'largely be based on Mongolia's newly finalised Economic Growth Support and Poverty Reduction Strategy' (World Bank, 2003c) and will inform the Poverty Reduction Support Credit (PRSC). UNDP, having supported the government in 1999 to develop its Good Governance for Human Security Programme which seems to have some similarities to the PRSP, is now playing a central role in supporting poverty analysis and policy processes with a particular focus on achieving the MDGs. JICA, in line with the agency's relatively new global position, is planning to co operate by working to support the goals of the strategy, with a possible focus on sustainable human development.²⁷ USAID appreciates the contribution of the EGSPRS but will not be realigning its organisational strategy around it.²⁸

3.3 Donors' conceptualisation of childhood poverty

Overall, bilateral and multilateral donors in Mongolia tended to state that they do not 'do' child poverty, do not have projects that focus on children and are not best equipped to tackle such issues, compared to NGOs and UN agencies, for example. Many of the donors interviewed in Kyrgyzstan expressed similar views, although they were more likely to say that they did not do much in this area, or nothing specific, or that it was not one of their priorities. That said, most donors finance activities that aim to support children directly or indirectly and some, such as the ADB in Kyrgyzstan, have quite a substantial portfolio of child focused activities. The UNDAF in Mongolia states that 'given the large numbers of the population in 5 to 20-year-old age range, in the medium term, investment in adolescents and youth will have a decisive impact on Mongolia's future' (UN, 2003: 17). This translates into work on health, education, child protection, youth employment and sexually transmitted infections. However, these are the exceptions. Only a few donors' representatives in either country were willing during discussions to attempt an assessment of how their programmes would reduce child poverty, even if their programmes do appear to be tackling different aspects of childhood poverty, some more comprehensively than others.

27 Interview with Setsuko Matsumoto, Project Formulation Adviser, JICA, Ulaanbaatar, August 2003. Note that this does not mean Japanese ODA more generally.

28 Interview with Jonathon Addleton, Mission Director, USAID, Ulaanbaatar, August 2003.

The general denial of work on childhood poverty (particularly in Mongolia) perhaps reflects the ways in which donors conceptualise it, ie working on childhood poverty was equated by many with supporting projects for specific groups of vulnerable children. It may also reflect a view of children in poverty as a new sector, one in which they have chosen not to work, rather than as a cohort of the population that is particularly affected by poverty, both because children form such a large proportion of the poor, and because the long term effects of poverty on children can be so specific and severe. It is notable that even donors who provide substantial support to the health sector (clearly a key service that is important for children's wellbeing) do not see their work in these terms. This may either reflect an economic rather than a multi dimensional understanding of poverty, or the fact that children, although major users of health services, are not the sole users and thus donors do not immediately classify this support as child focused. This is notably different to donors in Anglophone Africa who often equated support to health or education services with tackling childhood poverty (Marshall, 2004). The main exceptions to this are those donors, such as the ADB in Kyrgyzstan, who frame their social sector investments, particularly those in education and nutrition, as strategic investments in children as a cohort of the population.

Donors in both countries take four overlapping approaches to the conceptualisation of childhood poverty and how to tackle it. Most of the donors examined in this study do not have central policy statements or strategies on children or childhood poverty; this analysis is therefore based on the responses of interviewees.

1. Through promoting economic growth

Donors who focused on the importance of growth argued that the benefits of work to boost economic growth, sometimes in particularly poor areas or with specific groups, will benefit poor families and thus children. Donors who took this approach were least likely to say that they were working on childhood poverty. In Mongolia, USAID and TACIS fell most clearly into this group; in Kyrgyzstan, it was USAID and SDC. However, since most donors interviewed in both countries were aiming to support poverty reduction through economic growth, they connected this to improving the situation of children. The ADB in Mongolia for example, clearly articulated how its support for economic growth should benefit children and their families by tackling the high levels of unemployment. Some of the donors interviewed also mentioned that, as women and children make up the majority of poor people in Kyrgyzstan and Mongolia, their growth and poverty reduction strategies would automatically benefit children.

2. Through human development

Donors who emphasised human development as a means of tackling childhood poverty made clear links between the need to invest in health and education (and in particular aspects such as maternal and child health and nutrition, and basic education) and children in poverty. In Kyrgyzstan, the World Bank and ADB, both of which have financed substantial investment in the social sectors, clearly take this approach, although Japan, SDC and USAID have major health programmes. In Mongolia, JICA and the ADB take this approach most strongly. Although no donors in either country explicitly talked

of breaking poverty cycles, this was clearly implicit in the multilaterals' approach to human development in Kyrgyzstan. For example, the press release for the ADB's recently approved Early Childhood Development Loan states:

*'Investment in early childhood care not only achieves short term health benefits but is a long term investment for the people of Kyrgyz Republic^o By offsetting the effects of poverty, the project will help integrate health, nutrition, and education for children and help them develop more fully in later years to achieve their potential. It will also contribute to attaining Kyrgyz's Millennium Development Goals (MDGs) on reducing infant and under fives mortality and achieving universal primary and secondary education.'*²⁹

3. Through focusing on vulnerable groups

Donors taking this focus mirror prevailing government and NGO views in both countries and identify particular groups of children, especially street children and disabled children, as 'vulnerable' and deserving of support, even if this is sometimes outside core areas of assistance. For example, although TACIS in Mongolia mainly focuses on rural development, private enterprise and economic growth, it was instrumental in securing EU funding for a disabled children's project designed and implemented by Save the Children UK. In both countries, multilaterals are channelling bilateral donor support for street children programmes - in Mongolia, the World Bank is implementing a Japanese funded project for former street children, while in Kyrgyzstan UNDP administers Norwegian funds for a street children's 'rehabilitation' centre. JICA in Kyrgyzstan was the only donor who mentioned support to vulnerable groups as a growing area of work, although UNESCO also has a large programme focused on street children.

4. Through mainstreaming childhood poverty

A final approach, mentioned only by UNICEF in Kyrgyzstan, is to attempt to mainstream childhood issues more holistically within other donors' concerns and those of the government. It is not clear whether UNICEF in Mongolia lobbies similarly among other donors. For example, UNDP's Country Co-operation Framework in Mongolia does not refer to children at all, while the UNDAF treats them as a sector, with a particular focus on child protection.

Notably, none of the donors interviewed (other than UNICEF) referred to the Convention on the Rights of the Child in conceptualising childhood poverty, or to rights in general as a fundamental principle for poverty reduction. Despite strong promotion of rights based approaches to development by many civil society actors, UNDP and UNICEF, this thinking and language does not yet resonate with the donors interviewed.

Box 3: Donor research and analysis on childhood poverty

Just as childhood poverty issues are not systematically analysed in either country's PRSP, with the exception of the ADB in Kyrgyzstan donors have not undertaken any systematic analysis of children in poverty, although several donors have researched particular aspects of childhood poverty, and occasionally broader poverty analysis includes the situation of children. In the mid-1990s, the ADB published an overview study that detailed the vulnerability of Kyrgyzstani children to poverty (ADB, 1997), and followed this with an update note in 2000 on the situation of children, which was intended to feed into the NPRS. Other donors have researched specific issues in more detail - in both countries this includes problems facing street children (UNESCO and UNICEF), access to and quality of education (UNESCO and UNICEF), juvenile justice (UNICEF), young people's knowledge of sexual and reproductive health (UNFPA), trafficking of women and children (IOM) and child labour (ILO).

Other than in the ADB's 1997 study in Kyrgyzstan, linkages between childhood poverty issues and macro policy, particularly economic policy, are limited - other studies focus on sectoral problems and ways of addressing them. Some donors are also involved in broader research that includes some reflection on children's situations; in Mongolia, JICA for example, has participatory research underway on poverty in rural and urban areas, while the Participatory Living Standards Assessment (Mongolia; NSO/WB, 2000) and Consultations with the Poor (Kyrgyzstan) (CC/WB, 1999) both raised issues related to childhood poverty. In both countries, donor research on children in poverty is supplemented by NGO research (often donor financed), such as the CHIP programme of research on childhood poverty financed by DFID and Save the Children, Howell's (1996) research in Kyrgyzstan on coping strategies of poor families, Everychild's research on children in institutions (Kyrgyzstan), and Save the Children, UNICEF and the National Council for Children's research on peri urban living conditions in Mongolia.

In neither country are donors systematically analysing the impact of their own assistance and/or promoted policy reforms on children and young people, apart from very specific health and education programmes or evaluations of particular child focused projects.

3.4 Tackling childhood poverty through support to economic growth, private sector development and household livelihoods

As noted at various points throughout this paper, action to support stronger, more diversified economic growth is a major priority for donors in both Kyrgyzstan and Mongolia, who argue that by reducing poverty overall, and in particular by reducing unemployment, growth also reduces childhood poverty. The only donors whom we interviewed in both countries who were not involved in supporting growth and private sector development, were the specialised UN agencies.³⁰ In terms of financial

30 Although in Mongolia, UNFPA's involvement in migration policy takes the agency into regional development issues.

contributions, the ADB and World Bank play the most significant role in supporting macro reforms, both financially in both countries and through technical assistance in Kyrgyzstan; although the financial contribution of the IMF is substantially smaller in both countries, particularly in Mongolia, its macroeconomic advice and surveillance mandate gives it specific influence in these areas. Furthermore, failure to achieve IMF conditions can jeopardise other international financial institution (IFI) disbursement, and in Kyrgyzstan would also jeopardise Paris Club debt rescheduling;³¹ the IMF's role is thus extremely significant. Some bilaterals are also working on, or have supported, aspects of the economic policy reform agenda, for example Japan has placed technical advisers on aspects of economic policy in the Ministry of External Trade and Investment (in Kyrgyzstan) and the Ministry of Finance and Economy (in Mongolia).³² USAID in Mongolia has worked with the Ministry of Finance and Economy on tax and foreign investment policy, while in Kyrgyzstan UNDP has supported the provision of a range of economic policy advice to the president's administration. Donors working in this area typically combine high level support for policy reform with assistance for implementation of these reforms; many bilaterals' contribution is principally in the latter area, ie embedding these reforms.

3.4.1 *Support for macro-level reforms*

Support for macro level reform and economic management continues to focus on creating a favourable climate for economic growth through macroeconomic stability, outwardly oriented trade policies and private sector led economic development. In the last four years, ensuring that growth is broad based and equitably distributed has become an important focus of policy support, although it is not clear what this means in practice. Thus, for example, the ADB's Poverty Reduction Partnership Agreement with the Government of Mongolia focuses strongly on 'generating economic growth with poverty reduction as the overarching objective of the strategy' (ADB/GoM, 2000: 1). Although annual reviews modify the emphases and detail of the agreement, the 2002 review again stresses the need for 'accelerating private sector led growth for employment creation without compromising macro economic stability' (ADB, 2002a: 7). USAID and Germany continue to support trade reforms in Mongolia, while the ADB and USAID provide support for further state-owned enterprise privatisation (ADB, 1999; USAID, 2003). In Kyrgyzstan, the World Bank CAS states that it will 'give the highest priority to promoting private sector-led growth, given the debt burden and difficult geographic situation', concentrating on support to 'agriculture and agro-processing, industry and energy, and small and micro-enterprises (World Bank, 2003b: i).

Mongolia's PRGF agreement with the IMF again emphasises private sector led and outward oriented growth, pro poor distribution of the benefits from growth and the importance of fiscal deficit

31 In 2002 the Paris Club of donors agreed debt rescheduling which should reduce debt service on loans contracted before 2001 from \$101 million to \$5.6 million over the period 2002-04 (www.clubdeparis.org/en/news/page_detail_news.php?FICHIER=com10156016820, accessed on 7 June 2004). It is dependent on Kyrgyzstan achieving macroeconomic targets laid out in the PRGF agreement.

32 Interview with Setsuko Matsumoto, Project Formulation Adviser, JICA, Ulaanbaatar, August 2003. Interview with Shuto Megumi, Project Formulation Adviser, JICA, Bishkek, August 2003.

management.³³ Kyrgyzstan's PRGF is more focused on macroeconomic and monetary stabilisation, structural reforms in the banking sector and governance, external debt management, and containing the fiscal deficit (IMF, 2004). Despite some successful rescheduling and cancellation of Kyrgyzstan's debt, it continues to have an important influence on the government's fiscal room for manoeuvre and on its ability to accept even low interest loans and, as in Mongolia, is an area in which a range of other donors are also involved. These issues, discussed further in Section 4.1, clearly constrain the type of active poverty reduction strategies that the Government of Kyrgyzstan, in particular, is able to pursue.

3.4.2 Support for implementation of economic reforms

For donors in both countries, embedding private sector development - and for the more poverty focused donors, supporting the engines of pro poor growth - is a vital part of development assistance. Thus, in Kyrgyzstan for example, JICA has supported various feasibility studies for tourism, infrastructure development and agro processing, while in Mongolia it invests heavily in economic infrastructure (especially transport, communications and energy). In Kyrgyzstan, USAID is supporting improved water and energy management and a range of initiatives around the development of a market economy, particularly small and medium enterprise development, including accounting reform. In Mongolia, its Gobi and Ger initiatives include business training for small scale private enterprises and poor entrepreneurs, including herders and cashmere producers.

In Kyrgyzstan, Germany aims to combine a mixture of support for economic reform and democratisation with practical programmes of benefit to poor and vulnerable people, such as village employment programmes aiming to tackle problems of youth unemployment.³⁴ Switzerland, co financing with the World Bank and previously DFID, supports the embedding of agricultural reforms through support to rural advisory services intended to help farmers adapt to the market economy and boost their productivity and marketing. Similarly, TACIS in Mongolia aims to assist private enterprises, for example through the development of systems for the collection and distribution of animal by products in rural areas, which aims to bring more cash into the local economy. Donors also support a range of more direct rural development initiatives that aim to stimulate incomes through micro-finance (eg USAID and UNDP in Kyrgyzstan and the ADB's Small Grants Programme in Mongolia).

3.4.3 Implications for reducing childhood poverty

Donors largely frame their support for these programmes in terms of their poverty reduction benefits. Although reducing poverty among poor families with children is not an explicit goal, in interviews several donor representatives explained how they expected these programmes to reduce childhood poverty. For example, as the ADB representative interviewed in Mongolia put it, 'unemployment is the greatest cause of poverty in Mongolia and the impact is felt throughout the household. For children

33 From USAID strategic plan summary of other donor activity.

34 www.gtz.de/laender/ebene3.asp?ProjectId=139&spr=2&Thema=12, www.bmz.de/en/topics/konzeptzentralasien/a3.html, both accessed on 2 October 2003.

this often results in, for example, poor nutrition and limited access to education. We are addressing unemployment through the economic growth aspects of our portfolio'.³⁵ His counterpart in Kyrgyzstan made a similar point in discussing the ADB's work in improving financial intermediation in the country, which aims to reduce obstacles to cheaper credit for small businesses, and should help create more secure livelihoods and reduce unemployment.³⁶

Whether such programmes will, in fact, be effective in reducing childhood poverty, raises larger questions of development strategy in the short, medium and long term. Assessing these is beyond the scope of this paper. In Kyrgyzstan, the declining poverty headcount and increased rates of growth, particularly in rural areas (World Bank, 2003a), can be cited in support of the effectiveness of this strategy. However, there is some scepticism about the accuracy of both poverty reduction and growth statistics, and a concern that gains to date may be unsustainable, since they are based on growth in smallholder agriculture and gold mining (UNDP, 2002). World Bank analysis shows that the gap between the poorest region, Naryn, where almost 90 per cent of the population is poor, and Bishkek, the capital, has been widening (World Bank, 2003a), suggesting that growth has not been uniformly pro poor.

Strong concerns are expressed in Mongolia that children are not really benefiting from donors' heavy investment in the country, which is largely related to their concentration on macro reforms. For example, UNICEF and government staff with a remit for working with children are concerned that decision makers are placing children within an economic policy framework. For example, linkages are not made between economic change and increased violence, abuse and trafficking of women and children.³⁷ The UNICEF Master Plan outlines some areas for action, including 'participat[ing] in PRG [the Poverty Research Group] to integrate poverty issues into macroeconomic policy, advising the Aid Co-ordination Department and reporting to the National Committee for Poverty Alleviation' (UNICEF, 2002: 11). It is not clear whether this has taken place. Furthermore, it has to be asked whether some donor supported reforms in these areas might undermine child wellbeing. For example, the approval of a value added tax might impact negatively on poor families if it increases prices for key goods used by them.

Although donors in Kyrgyzstan are increasingly concerned with the poverty reduction impact of policies, there is no systematic assessment of the poverty and social impacts of particular reform measures. Information is therefore not collected concerning the impacts of economic reforms on children in poverty. Gender and environmental impacts are generally analysed more thoroughly in both countries. This, of course, reflects the institutionalisation of these issues in donor monitoring procedures, while assessing impacts on children and youth and other social groups is not institutionalised in the same way. Indeed, donor monitoring requirements, even for projects with fairly direct effects on poor people, do not necessarily include impact assessment - many only monitor project implementation.³⁸

35 Telephone interview with Darius Teter, ADB Deputy Resident Representative, Ulaanbaatar, October 2003.

36 Interview with V B Tulasidhar, ADB Deputy Resident Representative, Bishkek, August 2003.

37 Interview with Darius Teter, ADB Deputy Resident Representative, Ulaanbaatar, September 2003.

38 Interview with TACIS Adviser, Ulaanbaatar, August 2003; interviews with managers of USAID funded micro-finance programmes, Bishkek, August 2003.

In both Kyrgyzstan and Mongolia it has been difficult to elicit information about the issues covered by donor supported poverty and social impact analyses (PSIA). Although the general topics are well known (the social impacts of electricity reform in Kyrgyzstan, and cashmere and rice tariff liberalisation in Mongolia), it is not clear how social impact has been assessed, and specifically whether the impact on particular groups, including children and young people, has been considered. Further PSIA exercises are planned for Mongolia: energy sector reform and civil service reform have been discussed, although not confirmed, and donors unofficially voice concerns about the current capacity for such analyses. Clearly, ensuring that such impact analyses do examine the impact of reforms on children and young people is essential if the wellbeing of the largest single group of poor people is to be effectively addressed in development and poverty reduction strategies.

3.4.4 Tackling childhood poverty through livelihoods programmes and community development

Community development approaches - engaging poor citizens in the development and rehabilitation of local social infrastructure, and in local self governance which encourages co operation within and between communities - are of increasing importance in Kyrgyzstan. These tend to involve mobilising the population, forming self help groups, and providing some financial support to enable implementation of projects and activities chosen by self help group members or community members. Many of these programmes specifically aim to strengthen rural livelihoods, although in more urbanised Mongolia UNDP's Microstart Programme, which until 2003 supported microcredit programme development, focused on urban areas. For example, in Kyrgyzstan UNDP's Social Governance and Participatory Poverty Alleviation programmes aim to boost livelihoods through micro-finance and social organisation, while DFID's Sustainable Livelihoods Project for Pastoral Communities is piloting various farm and non farm activities and information sharing. For poor people, access to relatively cheap credit is often the chief attraction of self help groups. In Mongolia, the World Bank funded National Household Livelihoods Capacity Support Programme is the successor to the multi donor funded National Poverty Alleviation Programme's Poverty Alleviation Fund which finished in 2000 and had a funding arm intended to be used for projects identified by 'the community'. The more recent programme involves a small grants fund for community development initiatives, a microcredit programme and a pastoral risk management project, all funded by a \$22.12 million World Bank Sustainable Livelihoods Project Loan (World Bank, 2002b). Other donor supported initiatives such as UNICEF's Convergent Basic Services and the International Fund for Agricultural Development's (IFAD) Rural Poverty Alleviation Programme, and NGO activities such as World Vision's Area Development Projects, all take a community development approach.³⁹

Community development and self help approaches have become an important part of government and donor thinking about poverty reduction in Kyrgyzstan; in particular as the onus shifts away from the cash strapped state to provide and stimulate development and onto citizens themselves. This is seen by government and donors alike as especially important in the context of the former Soviet Union where poor people are alleged to have a 'dependent mentality' that must be overcome since the state can no

³⁹ Personal communication, Tungalag Chuluun, former Deputy Director, Save the Children Mongolia, April 2004.

longer provide all the services it did in the Soviet era and cannot recreate jobs that have disappeared. Thus the importance of self help and social mobilisation is emphasised throughout the NPRS and CDF documents, which is largely a result of UNDP's work in this area since 1998. In Kyrgyzstan in the last three years, the World Bank has become increasingly interested in what it calls community driven development approaches, arranging studies and knowledge-sharing events, and will shortly be extending loans of \$12-15 million each for Village Investment and Small Town Development Projects (World Bank, 2003b:28). The Village Investment Project is intended to support community development in half the country's villages.⁴⁰

Organisations involved in community development approaches were keen to stress their contribution to child welfare, in most cases through improvements to school buildings and heating systems. In Kyrgyzstan, UNDP's Participatory Poverty Alleviation Programme also mentioned anecdotal evidence of families in Jalalabad that had received microcredit, and consequently spent more on nutritious food for children and school expenses.⁴¹ Others noted that communities often prioritised rehabilitation of schools, water supply or clinics, which have obvious benefits for children. Nonetheless, it is not clear whether the interests of children and young people, who constitute a major section of the population, will necessarily be taken into account. In Mongolia, the stakeholder reference group for the Sustainable Livelihoods Programme does include UNICEF, although not yet the NBC, and offers them a chance to inform and influence the programme.

Despite the popularity of community based approaches and microcredit, there are some critical voices. In particular, the fact that microcredit tends to exclude the poorest people is a particular cause for concern (Alymkulova, 2003). Some donors are privately critical of the self help model based on group formation, which is in vogue in Kyrgyzstan, regarding it as an import from South Asia that does not necessarily fit well with Kyrgyz cultural realities. They fear that, as in other parts of the world, it may prove to be a tool that enables better off people to capture the bulk of resources, leaving the poorest people further marginalised. INTRAC research in southern Kyrgyzstan suggests that this may indeed sometimes be the case and illustrates how community development activities have been controlled by powerful local people to serve their own interests rather than those of poor families.⁴² Both these concerns deserve attention; community development and self help activities must be part of a package of support to poor people, rather than the principal means of support.

3.5 Tackling childhood poverty through investment in key sectors

3.5.1 Overall donor support to social sectors

Mongolia and Kyrgyzstan both have a strong history of investment in social sectors: before transition there were nationwide networks of schools - including pre schools and higher and technical education

40 Interview with Chris Lovelace, Kyrgyzstan Country Director, World Bank, 1 August 2003.

41 Interview with staff of UNDP Participatory Poverty Alleviation Programme, Bishkek, May 2003

42 Personal communication, Lucy Earle, INTRAC, October 2003.

institutions - and rural health posts and hospitals. In Mongolia, there were also schools with dormitory facilities for herders' children from isolated and dispersed areas. As a result, literacy levels were, and still are, high and child mortality rates lower than many other countries with equivalent or higher incomes. Both countries suffered a massive decline in GDP during the 1990s, which led to substantial reductions in social sector budgets. For example, public healthcare expenditure in Kyrgyzstan in 2001 was approximately one-third of its 1990 level (UNDP, 2002).

Both governments view investment in human development as an important policy priority. Mongolia has allocated more than 40 per cent of its budget to social sectors since 1995, peaking in 2001 with 55.9 per cent of total budget expenditure on social sectors (GoM, 2003). In 2001, spending on education as a percentage of GDP was 8.9 per cent and spending on health 5.2 per cent (GoM, 2003). Kyrgyzstan's NPRS commits the government to increased allocations to the priority sectors of health, education and social protection. There, expenditure on health is projected to rise from 1.4 per cent of GDP in 2002 to 2.4 per cent in 2006, while education spending is planned to increase from 4.1 per cent to 5.2 per cent and social protection expenditure from 3.0 per cent to 5.2 per cent over the same period (GoKR, 2003b: 28).

Many donors recognise the long term importance of strong public services and infrastructure for poverty reduction, for preventing a reversal in both countries' human development achievements; as noted earlier, those investing in these sectors view them as the major way in which they are tackling childhood poverty. As the World Bank CAS for Kyrgyzstan notes, after ten years of disinvestment, selectively stemming 'the deterioration in key infrastructure and social services' is crucial (World Bank, 2003b: ii). In Mongolia, sizeable investment has come from just a few donors - essentially JICA and the ADB - although according to the CDF many other bilaterals have small programmes, often providing support to facilities/service delivery (World Bank, 2003d). Similarly in Kyrgyzstan, the largest scale support to these sectors has been in the form of loans from the World Bank and ADB. However, SDC, Japan, USAID and DFID all support health sector reform and investment in different ways: Japan and the ADB have implemented joint health (JICA) and nutrition (ADB) projects with UNICEF, while DFID has co implemented water supply projects with the World Bank.

UNICEF and UNFPA are involved in supporting the social sectors, although on a smaller scale than the major MDBs. In the past, divisions of labour were institutionalised between the ADB and the World Bank in both countries in relation to social sector activity. In Kyrgyzstan, the World Bank was originally supposed to focus on health and social protection, while the ADB concentrated on education. In Mongolia, the World Bank did not initially work in the social sectors. In recent years, as a stronger international development policy consensus has built up around the vital importance of human development, and as the PRSPs of both countries have emphasised these areas, these divisions of labour have broken down and overall investment in the social sectors has increased. If maintained, this has the potential to impact positively on children, although how funds are spent remains critical.

Aid for social sectors

DAC Creditor Reporting Statistics for bilateral donors indicate that, over the period 1990-2001, 23.5 per cent and 22.6 per cent of bilateral aid to Mongolia and Kyrgyzstan respectively was committed to social infrastructure and services (see Table 5). Government statistics indicate that 4.4 per cent of loans to Mongolia between 1991 and 2001 were committed to social services, giving an indication of multilateral donor support (GoM, 2002). Similar statistics are not available for Kyrgyzstan. It is likely that with substantial ADB investment in education and early childhood development, and World Bank investment in health and social protection, the proportion of loans allocated to the social sectors is higher than in Mongolia. It is also probable that donor support to the social sectors will increase, as the World Bank in Mongolia is increasing its involvement in health and pensions reform and education. In Kyrgyzstan, where it has long been active in health and social protection, it will also start to support the rural education sector, unusually through a grant rather than a loan, which will commence in January 2005.

Although these figures indicate the extent to which aid during the 1990s supported the social sectors, they do not show how important aid has been as a proportion of overall financing. Nor are comparable figures available that indicate the breakdown of donor resources dedicated to particular sectors, although many donors produce such figures for their own portfolios. It is very difficult to track donor budget allocations to the social sectors overall, let alone to individual sectors - these figures should thus be seen as indicative only.⁴³ The next section will therefore discuss donor support to particular sectors in principally qualitative terms.

Table 5: Bilateral sectoral commitments (percentage of total 1990-2001)

Sector	Mongolia	Kyrgyz Republic
Social infrastructure and services	23.5	22.6
Economic infrastructure and services	35.3	25.9
Production sectors	18.0	11.4
Multi sectoral	1.1	2.9
Programme assistance	17.5	33.9
Emergency assistance	1.4	0.5
Unallocated/Unspecified	3.1	2.9
Total	100	100

Source: Creditor Reporting System in OECD/DAC (2003)

43 Identifying the sectoral allocation of aid is extremely difficult as projects often cut across sectoral boundaries. In addition, different countries and organisations use different sector categories. Analysis of sectoral allocations is also made difficult not only by methodological considerations, but also by the fact that sectoral allocations reveal very little, even about donor priorities. They do not reflect either government expenditure (and therefore need to be seen in light of total expenditure in a sector) or government priorities.

Current donor social sector priorities

At the macro level, many of the donors supporting the social sectors are also those who are most concerned with public expenditure reform, ensuring that social sector budgets are used efficiently and transparently. Their concern for adequate social sector financing has led both to support for the importance of public spending on the social sectors, a concern shared with both governments, and to reforms that increase cost sharing with service users, whether through health insurance in both countries, or user charges, as in parts of the education system in Kyrgyzstan. Kyrgyzstan's health reform programme, Manas, has been the focus of a relatively well co-ordinated donor investment programme. In both countries, there is now discussion of SWAs as a means of harmonising investment between donors and the PRSP (see Section 4.3). The other major focus of donor support to the social sectors is closely linked to implementation. For example, UNICEF in Mongolia focuses on service delivery as the main area of co-operation, with capacity-building, community empowerment and advocacy (UNICEF/GoM, 2002), while in Kyrgyzstan UNICEF has a similar emphasis, with a particular focus on the empowerment of young people.

*3.5.2 Specific sector support**Education*

In Mongolia, although some donor support is targeted at tertiary level education, the focus is on basic education - for 6 to 16-year-olds (10 or 11 grades plus 1 preparatory year of pre school) (GoM, 2000). As mentioned above, a combination of long standing recognition of the importance of education and donor pressure/incentives appears to have secured budget allocations to the sector. This should contribute to the reduction of childhood poverty, as long as reforms (both education reforms and broader economic reforms that affect families' abilities to cover the costs of education) do not result in poor children being unable to access education services. In Kyrgyzstan institutional donors similarly focus on basic education and early childhood development, although there is some support to the tertiary sector, mainly through private and NGO initiatives.

Most donor support to the education sector in both countries links policy reforms and implementation. Thus, in Mongolia the ADB leads and co-ordinates donor support to the education sector, having assisted the Ministry of Science, Technology, Education and Culture (MOSTEC) with \$14 million of technical assistance to produce the Education Sector Strategy, which focuses on basic education. The ADB supports education management and planning - linked to broader public sector management work - and curriculum development. Their Second Education Development Programme, worth \$14 million, supports the implementation of the Basic Education Strategy, with support to school rehabilitation, information and communications technology for the sector, and the inclusion of disabled children in the school system. JICA also provides technical support to the Ministry of Education, with a focus on teacher training. Its financial contribution of \$20 million between 2001 and 2003 focuses on the development and/or rehabilitation of 16 primary school facilities in

Ulaanbaatar and rural areas. JICA also operates a grants scheme for schools and a training centre. UNICEF, with a much smaller budget of \$2.2 million annually for 2002-06 (UNICEF/GoM, 2002), supports the development of models of good practice in non formal education, child friendly schools, early childhood development and integrated - 'convergent' - basic social services. Policy dialogue focuses on these specific areas. UNICEF, like DANIDA (Danish Development Cooperation), also supports rural secondary schools and rural school heating projects (World Bank, 2003d). Other investment comes from major INGOs such as World Vision, the Soros Foundation and Save the Children UK, particularly in key areas that receive less donor investment and where government budgets are stretched, such as pre school education.

In Kyrgyzstan, the ADB has been the main donor in the education sector, and support since the mid 1990s has focused on early childhood and basic education. The 1997-2002 Sector Development Loan aimed to enhance the sustainability of the sector and the quality and relevance of basic education and to improve access to and equity in pre school and basic education. This has involved a range of activities, including textbook and curriculum reform, teacher retraining, and investment in school infrastructure. Controversially, it also supports an expansion of cost recovery to promote financial sustainability of the basic education system and an expansion of private sector participation in pre school and basic education (ADB, 1997). The ADB's new programme of co operation in Kyrgyzstan emphasises increasing the access of children from poor families to basic education (ADB, 2002b: 4), while continuing support for teacher training, textbooks and supplies, and community involvement in education, the latter three areas shared with the World Bank (World Bank, 2003b: 10). Donor collaboration in this area is intended to help establish Kyrgyzstan's eligibility for the Education for All initiative (World Bank, 2003b: 24). The ADB's major early childhood development programme, which includes pre school education, is discussed in the health and nutrition sections below. USAID is the main bilateral donor to the education sector (with a contribution of \$0.7 million in 2003, 2.5 per cent of its budget for Kyrgyzstan), and aims to improve teaching methodology and curricula in basic education, increase parent and student participation in school management, and strengthen administrative capacity in selected clusters of primary and secondary schools. GTZ specifically aims to support the vocational education sector through partnering with three vocational training schools, and through a range of training and consultancy inputs (GTZ, 2002).

Other support to the sector comes from the Soros Foundation and NGOs such as Save the Children UK. These organisations principally focus on good practice in early childhood development, and on inclusion of disabled children in mainstream schooling, while some other NGOs run charitable programmes of food distribution. MercyCorps, for example, has a large food aid programme that aims to improve diets in disadvantaged schools.⁴⁴ As in Mongolia, a range of other donors who principally support infrastructure improvements contribute to the rehabilitation of rural schools.

In Mongolia, investment in the education sector is set to increase, possibly even through a SWAp, if the World Bank includes education sector development in its PRSC that is being developed. The sector

44 Interview with Josh Denys, School Feeding and Grants Manager, MercyCorps, July 2003.

might also benefit from US funding if Mongolia qualifies for the MCA, although the modalities for this aid distribution are not yet clear and the targeted sectors and projects have yet to be proposed by the government. Planned World Bank grant aid to the education sector in Kyrgyzstan is likely to increase the volume of resources committed to this sector. These positive trends in the volume of aid should be beneficial for the education sector, although any further moves towards cost recovery or private sector participation in core services raise the risk of exclusion. In Kyrgyzstan, the NPRS - which raises concerns about private sector participation and equity - and the priorities of major donors seem to diverge on this issue. Key sector investors in both countries, particularly the ADB, do not discourage increased private sector involvement in education provision in either country. This is despite the ADB internationally recognising that: 'policy makers have to be careful about claims that private schooling can solve the long-standing problem of improving the quality of primary and secondary education at a relatively low public cost', warning that studies show that subsidising privately managed education 'appears to foster inequalities' (ADB, 2003b).

Health

As with the education sector, donors in Kyrgyzstan and Mongolia have supported, and continue to support, systemic health sector reforms, as well as practical programmes to rehabilitate healthcare facilities and enhance drug supply. As in the other social sectors, reforms respond both to the financing crisis (for example, as noted earlier, health sector expenditure in 2001 in Kyrgyzstan was approximately one-third of its 1990 level), and to the goal of developing a healthcare system appropriate to a market economy. Both countries have undertaken similar health reforms, including the formation of Family Group Practices (rather than specialised facilities) for primary healthcare, and have instituted contributory health insurance as a means of co financing healthcare. In Mongolia, Family Group Practices have been seen as a way of bringing healthcare closer to the population - and ADB support will be used to expand their coverage from marginalised urban ger areas to rural (soum) centres, many of which have struggling health facilities.⁴⁵ In both countries Family Group Practices have a particular focus on maternal and child health as part of more general primary healthcare.

Health insurance reform, implemented in Mongolia with support from the ADB since 1995, has increased the proportion of health costs paid by the user. The EGSPRS stresses the importance of exemptions from health insurance for the poorest, recognising the negative effects that the reform has had on poor families for whom a high proportion of household expenditure is on healthcare. In Kyrgyzstan, mandatory health insurance was progressively introduced from 1997. In contrast to Mongolia's system, costs are borne by employers and the state's Social Fund (which also covers pensions), and covers children under 16 (or over 16 if in full time education) and pensioners. The main benefit to insured people is reduced cost of drugs during in patient treatment (EOHCS, 2000). Although mandatory health insurance does not increase costs to poor households, the range of official and informal charges that have been instituted since independence is reducing poor households' access to healthcare; at least one sixth of the population is unable to afford medical treatment (DFID, 2001).

45

Interview with Darius Teter, ADB Deputy Resident Representative, Ulaanbaatar, October 2003.

It is not clear whether efforts to control out of pocket payments, by making all healthcare charges official, have addressed this problem (ibid.). Although children are covered by mandatory health insurance, and thus eligible for free treatment, many parents (and, it appears, health facilities) in DFID's study of health expenditure in 2001 were unaware of this, and continued to pay for treatment (ibid.). Although children made more use of health facilities than people of other age groups, parents in this and other studies (Imanalieva, 2003) reported that they did not take their children for treatment on cost grounds. Furthermore, street children and others who are not officially registered at a particular address are unable to access free treatment.⁴⁶ As DFID (2001) notes, greater efforts are needed to make the exemption system effective if people are not to be excluded from healthcare because of poverty.

Support for health sector reforms and development of health policy

In Kyrgyzstan, this has taken place under the auspices of the Manas Health Sector Reform Programme, initiated in 1996, developed as a collaboration between the government and WHO, and supported by the World Bank (with a current loan of \$15 million) and also by bilateral donors. These donors have financed and supported the major health system reforms described above, aiming to enhance health policy and planning capacity. They have also provided health policy advice on issues ranging from smoking policy to maternal and child health, and support for implementation of various disease control programmes, including malaria, tuberculosis and HIV/AIDS.⁴⁷ In Mongolia, health reforms have been more strongly led by one donor, the ADB, although various bilaterals have also made small commitments. The ADB's work in the health sector has focused on the rationalisation of facilities and human resources, on support for the Family Group Practices described above, and on health insurance reform. The ADB currently implements a \$14 million Second Health Sector Development Project and is funding technical assistance to consolidate these reforms (ADB, 2003c; 2003d). In both countries, wider governance and public expenditure management reforms address health services - in Kyrgyzstan, through the World Bank's Governance Structural Adjustment Credit (GSAC) and in Mongolia through World Bank technical assistance in public expenditure management for the health sector.

In both countries, current World Bank supported reforms include reduction of hospitalisation as part of more efficient use of existing resources, rehabilitation of some hospital facilities (in Kyrgyzstan) and further consolidation of previous reforms. The WB/IMF Joint Staff Assessment for the EGSPRS encourages the Government of Mongolia to prioritise selective reduction of spending on hospitals, and reorient resources (including the Family Group Practices) towards a pro poor health service that serves marginalised areas as well as urban centres (IMF/IDA, 2003). The ADB is cautious about the role of the private sector in the health sector, which is currently being considered by the government for hospitals in the city.⁴⁸ This seems to be one area where donors are encouraging the government to consider and assess the likely impact of its rapid and mass privatisation approach.

46 Personal communication, Nurgul Kinderbaeva, Save the Children UK, Bishkek, May 2004.

47 www.un.org/kg/english/agency.phtml?who, accessed on 27 February 2004.

48 Interview with Dariusz Teter, ADB Deputy Resident Representative, Ulaanbaatar, October 2003.

Practical support for improved service delivery

In both countries, donors interviewed for this study highlighted the following activities they had supported as examples of how their work has benefited children. In the mid 1990s in Kyrgyzstan, the Japanese Government, in collaboration with UNICEF, supported an Expanded Programme of Immunisation that fully financed basic immunisation for all children. From 2000, this moved onto a new financial basis, with government contributions gradually increasing so that the government share in 2004 will be 24 per cent (UNICEF, 2003: 9). This almost universal immunisation coverage can be seen as one of the key child health achievements of donor-government co operation in Kyrgyzstan.

JICA has also supported rehabilitation of hospitals in Kyrgyzstan,⁴⁹ while Germany plans to continue its support to health sector reform and rehabilitation in Central Asia.⁵⁰ USAID is focusing on improving control of tuberculosis, HIV prevention and training to improve the quality of primary healthcare overall, including pre natal care. Support to the health sector constituted 19.3 per cent of USAID's budget (\$5.4 million) in 2003 (USAID, 2004). Healthcare reform continues to be one of the main areas of Swiss aid through the Swiss Kyrgyz Health Project, which supports the implementation of the Manas health reforms. In particular, it supports the restructuring and rehabilitation of medical facilities and the promotion of a decentralised preventive healthcare system; addresses specific communicable diseases of poverty; emphasises health education and capacity-building; and focuses on the pilot oblast (province) of Naryn. SDC is also addressing the spread of sexually transmitted infections, particularly HIV/AIDS, by supporting a centre in the city of Osh that conducts prevention programmes in a region where HIV prevalence is alarming due to drug circulation from Afghanistan.⁵¹ In February 2003, the Global Fund Against AIDS, TB and Malaria (GFATM) awarded the Kyrgyz Republic a \$17 million grant to deepen its prevention and control efforts (World Bank, 2003b: 23).

As with education, in Mongolia the major donors supporting practical improvements in healthcare delivery are the UN system, particularly UNICEF and UNFPA and, until 2003, JICA. JICA is particularly concerned about child health, and has supported a large, recently completed maternal and child health project, although health was not a focus of its work in 2003.⁵² JICA also provided funding to strengthen grass-roots medical centres and has supported specialised areas of healthcare. UNICEF's work on maternal and child health in Mongolia is included in its integrated basic services programme (called Convergent Basic Social Services) and early childhood development programmes. It also supports immunisation, breastfeeding and HIV/AIDS prevention programmes. UNFPA supports reproductive health programmes, as does Germany, while Korea, the Netherlands, Denmark, Australia and Spain all have some small scale involvement (World Bank, 2003d). Thus, support to the health

49 Interview with Shuto Megumi, Project Formulation Adviser, JICA, Bishkek, 12 August 2003.

50 www.bmz.de/en/topics/konzeptzentralasien/a3.html, accessed on 2 October 2003.

51 www.sdc-health.ch/priority_countries/cis/kyrgyzstan, accessed on 25 October 2003.

52 Interviews with Setsuko Matsumoto, Project Formulation Adviser, JICA, Ulaanbaatar, August 2003; Shuto Megumi, Project Formulation Adviser, JICA, Bishkek, August 2003.

sector is a fairly substantial area of activity among donors in both countries.

Nutrition

In both countries, the ADB and UNICEF are the main donors working to improve nutrition, with some support from JICA. A lack of iodised salt is a particular problem, highlighted by the Mongolian NBC as vital for children's physical and mental development. In Kyrgyzstan, some 52 per cent of northern adolescents and 87 per cent of southern adolescents show symptoms of iodine deficiency, while only 17-20 per cent of the population consumes iodised salt (GoKR, 2002: 66). In Kyrgyzstan, UNICEF has collaborated with the ADB to improve levels of salt iodisation to combat goitre and flour fortification to combat anaemia. In Mongolia, UNICEF was instrumental in advocating for the Law on Salt Iodisation 2003. Box 4 provides details of ADB investment in improving the nutrition of pregnant women and young children. In Mongolia, the ADB's programme combines this with a public education campaign that targets poor households with children.⁵³

The identification in the EGSPRS of the deficiency of many Mongolians' diets - which are particularly lacking in fruit and vegetables - as a poverty issue might increase donor interest in this area. FAO and IFAD have both supported vegetable growing projects with the aim of improving nutrition.⁵⁴ In Kyrgyzstan, data from the mid 1990s suggest that 19 per cent of urban and 28 per cent of rural children had severe or moderate anaemia (Letarte, 2001: 33), while 60 per cent of women of reproductive age suffered from anaemia (UNDP, 2003: 27). Malnutrition is not flagged in the NPRS, although there are targets to increase the proportion of the population using iodised salt to 66 per cent, and to ensure that 33 per cent of flour is enriched by 2005 (GoKR, 2002: 166).

53 Interview with Darius Teter, ADB Deputy Resident Representative, Ulaanbaatar, October 2003.

54 Personal communication, Tungalag Chuluun, former Deputy Director, Save the Children Mongolia, April 2004.

Box 4: ADB Projects Promoting Nutrition in Early Childhood, Kyrgyzstan

The ADB is to help improve the health, nutrition and early development of young children in the poorest areas of the Kyrgyz Republic through a \$10.5 million loan. The ADB regards this as a critical way to tackle poverty cycles. The Community Based Early Childhood Development Project will take a holistic approach that embraces child health and nutrition, early development and care in the home, and capacity-building in villages and communities. It targets 148,000 children aged up to eight in the 12 poorest raions (districts), and aims to:

- Ensure universal coverage and quality of immunisation; improve the management of primary healthcare posts; and distribute iodised salt to prevent iodine deficiency disorder and iron deficiency in pregnant women and children
- Provide better access for children to pre school programmes, including state run pre schools and community pre school programmes; improve grade one education; and boost the quality of childcare at home
- Build capacity of village authorities (ayil okmoty) and communities to plan, improve and sustain child development.

In the long term, more than 484,000 children and 368,000 pregnant women are expected to benefit, while the immunisation programme will cover all infants.⁵⁵

An additional project, funded by a \$6.85 million grant from the Japan Fund for Poverty Reduction will promote the fortification of flour with folic acid and of salt with iodine, and will work with flour millers, bakers and salt producers to do so. The grant provides the necessary equipment and initial chemical supplies, and the project will also promote improved regulation of these foods and social marketing to promote uptake of fortified salt and flour.⁵⁶

Social protection

As in other post socialist countries, the social protection system plays an important role in preventing destitution. In Kyrgyzstan, the social assistance system (ie cash benefits to poor people) has been restructured since the mid 1990s so that there is now a major focus on poor families with children. Various benefits for poor families were consolidated into the Unified Monthly Benefit, and poor families with children are also eligible for a range of discounts, including electricity subsidies and free medical insurance. These reforms were principally supported by the World Bank and TACIS.⁵⁷ Remaining problems, such as late payment of benefits and payments in kind, are being addressed largely through public expenditure management channels.

55 www.adb.org, accessed on 2 October 2003.

56 Information provided by Rie Hiaroka, ADB, June 2004; interview with V B Tulasidhar, ADB Deputy Resident Representative, Bishkek, August 2003.

57 For reasons of space, we do not discuss donor support to old-age pension reform here, although we recognise that, given the interdependence of generations, it also has important implications for childhood poverty.

Although the amounts paid to poor families are small (substantially smaller than payments to disabled people for example), they are appreciated by recipients. One study suggests that without social protection measures the proportion of people living in extreme poverty would have increased by 24 per cent, and the overall proportion of people in poverty would have increased by 10 per cent (World Bank, 2003b: 151). Furthermore, government policy is to increase overall budget allocations to social protection from 3.0 per cent in 2002 to 3.7 per cent in 2006, and to increase the value of income transfers to poor families (the Unified Monthly Benefit) through better targeting (GoKR, 2002). Since reforms of the system are essentially complete, support to the social protection system was only mentioned by the World Bank, which continues to provide advice on ways of increasing the value of Unified Monthly Benefit. However, several donors, including SDC, are concerned about the impact on the poorest people of the forthcoming reform of (and probably increase in) electricity pricing. SDC is therefore co-financing with the World Bank a fund that would subsidise a 'lifeline tariff' for poor people.

In Mongolia, by contrast, social security reform is still underway, and a variety of views on social protection systems and donor involvement were expressed in interviews. Some international actors believe that the government should provide for its people from its domestic resources and the results of economic growth; donors, they believe, should not get involved and should certainly not fund recurrent expenditure of social security systems. Others point to the critical role of social welfare systems in Northern countries, including child benefits, in keeping many people out of poverty, and question the feasibility of expecting such a system to be self-sustaining, thus implying a role for donors.

The ADB is the lead donor in this area in Mongolia.⁵⁸ It led reforms in 1996 that introduced social insurance to complement state funded social assistance, and currently supports the Social Security Sector Development Programme (SSSDP), intended as a major one off investment in the social security system. This aims to 'reduce poverty and unemployment through strengthening the social security system and making it more cost effective and responsive to the needs of a market economy' (GoM/ADB, 2000; GoM/ADB, 2001). The SSSDP, like reforms in Kyrgyzstan, aims to 'reduce poverty and increase security among vulnerable groups by increasing employment and providing essential social security services for those incapable of working^o[and more specifically] to strengthen the social security system's ability to deliver essential welfare, insurance, and employment services to the ultra poor, very poor, and those close to the poverty line' (ADB, 2001: ii). There is an additional focus on broadening the range of social welfare services beyond benefits, increasing their quality and accessibility, and improving their management.

Poor children and single parent families are identified as beneficiaries of the moves to target assistance, although they appear to have been given less consideration than other groups such as disabled people (this includes disabled children) who, as in Kyrgyzstan, receive higher rates of social assistance. As outlined in the EGSPRS, the Social Assistance Law currently provides benefits for mothers and

58 The World Bank is involved in pension reform and support to the State Social Insurance General Office (SSIGO). USAID and the ILO have also played a major role in social insurance reform in the past.

children. The reforms also aim to develop community based social welfare services, of which children and single parent families are expected to be among the main beneficiaries (ADB, 2001). A Community Social Welfare Innovation Facility has been set up, managed by the Ministry of Social Welfare and Labour, to fund innovative pilot initiatives including those of civil society organisations (ADB, 2001). The progress of the reforms is limited and it is thus difficult to assess what they will mean for the poorest children.

3.5.3 *Conclusions - what potential for reducing childhood poverty through social sector investment?*

As with the macro reforms discussed in Section 3.3, few assessments of the social impact of social sector investment were available in the public domain. For example, it was not possible to find evaluation reports covering the major recent donor investments in the social sectors. Although major donors assured us that evaluation procedures did cover the social impact of major loans and grants, we could not verify this, nor could we examine how far 'social impact' covers different dimensions of child wellbeing. Although it is likely that donor investment in the social sectors will have a strong positive influence on poverty reduction and child wellbeing, much will depend on how increased funds are spent and how reforms are implemented in practice. Any reforms that increase 'marketisation' (ie costs to users) without safeguards for poor families may undermine the beneficial effects of increased spending. The impact of donor support in this area will be enhanced by improved co ordination, both between donors and with national strategies, to ensure that key areas are not neglected. Strong inter sectoral co ordination to maximise linkages between investments in health, education and water and sanitation, for example, would also help strengthen the impact on children in poverty, as recognised by UNICEF in their project for Convergent Basic Services.

3.6 **Tackling childhood poverty through projects with specific vulnerable groups**

As noted in Section 3.1, many of the donor representatives interviewed for this study often equated tackling childhood poverty with projects for specific groups of vulnerable children, particularly street children and disabled children. A few are also working to support policy reform in support of these groups. Projects in this area are often implemented through small grants to local (or occasionally international) NGOs and reflect their priorities (or their perceptions of what donors will fund). As discussed in Section 2.3, this focus on specific groups of children reflects Soviet social policy in both countries, and remains widespread. However, it also reflects the visibility of particular groups (especially street children) and a general desire among some donors - whose assistance principally focuses on economic reform, infrastructure and governance (and, for some, the social sectors) - to 'do something' for disadvantaged children.

The approaches taken by these projects vary and include:

- Development work with children and their families
- Additional educational classes in foreign languages and computing for children in disadvantaged areas

- 'Rehabilitation' of street children (supported by UNESCO in Kyrgyzstan and JICA through the World Bank in Mongolia)
- ILO projects with child workers in mining and construction in Mongolia
- Charitable donations of food and clothing to poor families and children (largely supported by national and international private donors, rather than institutional donors).

Although some of these projects do take a developmental approach and try to tackle the causes of vulnerable children's problems (for example, NGO projects that support family income-generating initiatives or help families to access the benefits to which they are entitled, and ADB support in Mongolia for inclusion of disabled children in mainstream education), it is striking how many are essentially charitable. They also remain fairly small scale and thus reach relatively few vulnerable children. Although good programmes make a difference to the lives of the children concerned, they need to be part of a much more holistic strategy for tackling the causes of childhood poverty.

It is also striking how relatively slowly donors appear to be learning from experiences on these issues in other parts of the world, and sharing these insights with others in Kyrgyzstan and Mongolia. For example, concerns that have been raised among both recipients and givers that charity provision - free food, clothes, etc - can be stigmatising and patronising, do not seem to have affected the kinds of social welfare activities that NGOs and donors undertake. Similarly, approaches such as residential centres for street children have been criticised by many practitioners on the grounds of cost, and that they tend to promote institutionalisation of children rather than supporting them within their communities. However, perhaps partly reflecting the Soviet legacy of institutional approaches to childcare, and perhaps also the practicalities of extremely cold Central Asian winters, residential centres continue to be an approach used among some NGOs and donors. In Mongolia, this is now increasingly focused on 'family homes' with 15-20 children rather than large institutions, and alternatives approaches are being sought - for example Save the Children's Child Protection and Development Centres.⁵⁹

In Mongolia, UNDP and other smaller donors are supporting work through NGOs on violence against women and children which, if successful, could tackle an important cause of children leaving home to live and work on the streets. In both countries, different UN agencies are aiming to reduce the trafficking of women and children, but the details of how they are approaching this were not available.

Of all donors, UNICEF appears to be mostly actively engaged in policy dialogue on these issues in both countries, having a strong mandate for child protection and having done much work to change the legislative and policy environment for child protection in Kyrgyzstan and Mongolia. In Mongolia, ILO IPEC has been engaged in policy dialogue on the protection of child workers, while in Kyrgyzstan

⁵⁹ The Child Protection and Development Centres reunify street children with their families, prevent children becoming street children in the first place and support other children who live in difficult circumstances and work (SC UK, 2004).

UNESCO's street children project aims to promote attitudinal change, and has conducted a range of seminars for government and NGO staff concerned with street children's issues. Important though these initiatives are, due to their focus on specific groups, and in many cases addressing symptoms rather than causes of poverty, they cannot promote a more holistic approach to children and young people in poverty.

3.7 Tackling poverty through improved governance

Although no donors made specific connections between childhood poverty and governance, promoting improved governance throughout the political system and the economy and, in particular, improved public sector management, is a very important donor agenda in both countries. If effective, this could have strong, positive implications for children and young people - both in terms of enhanced budgets in and management of key public services, and through greater scope for young people to voice their priorities. In Kyrgyzstan for example, the World Bank's strategic support is slowly shifting away from economic adjustment and reform and towards improved governance, with a particular focus on transparency and efficiency in public expenditure and developing a more meritocratic civil service (although it is recognised that this will be a longer process than can be accomplished with a five year loan).⁶⁰ Improved governance is seen by both government and donors as a good in itself and as a means to promote a more positive investment climate (GoKR, 2003).

In Mongolia, the World Bank is supporting public expenditure management reforms, including public expenditure reviews and civil service reform,⁶¹ while both the World Bank and ADB are supporting and implementing the new Public Administration Management and Finance Law. Of the UN agencies, UNDP is most active on governance - on public policy development, and legal/institutional development to increase accountability, transparency and responsibility of governing institutions. In Mongolia, this involves a large anti corruption programme (UNDP, 2001a). Judicial reform is also a priority of many donors, particularly in Mongolia. UNICEF highlighted this as particularly important for young people in the justice system, most of whom are from poor backgrounds.

At the same time as supporting macro level governance reforms, a number of donors (including UNDP and USAID through NGOs) are also supporting efforts to institutionalise local self governance (as part of decentralisation reforms in Kyrgyzstan), and to promote a culture of and mechanisms for accountability in both countries. In Mongolia, for example, UNDP is supporting the use of citizens' report cards for monitoring the EGSPRS as part of its work on governance. While this is mostly focused on adult community organisations or on training for local self governing bodies, there are some specific initiatives with children and youth. These aim either to empower young people through provision of information that they may be otherwise unable to access, or to give them a voice on issues that affect them. For example, USAID in Central Asia is supporting some efforts to promote grass-roots information exchange among youth, with a specific objective of increasing young people's

60 Chris Lovelace, Kyrgyzstan Country Director, World Bank, interview, 1 August 2003.

61 Current loans and grants with a bearing on this area total \$14.5 million, www.worldbank.org.mn/content/4/modules.php?name=Content&pa=showpage&pid=4, last accessed June 2004.

'appetite' for democratic participation (USAID, 2000). UNICEF likewise supports a network of youth oriented community radio stations, specifically aiming to impart key information to young people in rural areas, including information on HIV/AIDS prevention. In both countries in 2002, UNICEF, together with Save the Children UK, supported a range of consultations with children and young people that fed into the UN General Assembly Special Session on Children, in which policy makers also participated. However, on the whole, it appears that young people did not participate in CDF or PRSP consultations, and that donors did not prioritise this as part of wider support for these processes.

3.8 Conclusions

While donors' portfolios of general activities do have an impact on childhood poverty, they are not, with the partial exception of the ADB in Kyrgyzstan, driven by an aim of reducing poverty affecting children and young people. Implicit in the language of many donors, ie of not 'prioritising' or 'doing' childhood poverty, is a view of children in poverty as a separate group or sector, which may be prioritised or de prioritised in the same way as donors may prioritise health or governance reform. The donor representatives interviewed for this study did not, in general, justify why their agency had chosen its particular priorities. Because these were usually pro poor growth, human development and improved governance they were presented as self evident priorities in the current development policy climate. Moreover, these priorities tie in well with both countries' PRSPs, although, as discussed in Section 3.2, they were mostly developed before either PRSP was produced. Rather than justifying their approach in terms of PRSP priorities, as Marshall (2004) observes in Ghana and Tanzania, donors were more likely to frame their approach in terms of concentrating on strategic, 'upstream' priorities.

Compared with other highly donor assisted countries in South Asia or sub Saharan Africa, social inclusion and exclusion are much less part of the poverty policy agenda in Mongolia and Kyrgyzstan. This perhaps reflects the historical emphasis of donors on economic and political transition rather than on the wider set of poverty reduction and social development concerns of donors elsewhere. Where issues of social inclusion have been taken up, the emphasis is on gender and, in Kyrgyzstan, on preventing inter ethnic conflict. Issues of age (both old age and childhood/youth), like those of disability, have not been seen in terms of the forces that structurally disadvantage older or younger people, and have instead focused on specific, often remedial, action, to support particularly vulnerable groups. In this, donors are following the prevailing approach to social policy in post socialist countries, which tends to focus on assistance to particular categories of the population with the assumption that structural poverty problems will be addressed by economic growth.

Rights based approaches, which might encourage a more holistic focus, also do not appear to have been taken up in a major way by donors other than UNICEF and UNDP. And, because the social effects of economic and political reforms are not monitored the situation of children is not systematically linked to broader development policy reforms. Taken together, these factors result in donors undertaking actions that should benefit children and young people,⁶² but (apart from specific

62 As well as actions that may not, or that have limited impact on children.

sectoral investments or projects with particular vulnerable groups) they do so by accident, rather than design. In other words (apart from the ADB in Kyrgyzstan) there is no overall strategic aim to tackle childhood poverty by setting good foundations for the future or helping break poverty cycles.

The potential of aid to tackle childhood poverty depends not only on donors' choices of which areas of action or parts of the country to support. How aid is delivered also has important implications for the effects of aid on childhood poverty. We turn to these issues in Section 4.

4. Implications of Main Aid Mechanisms for Reducing Childhood Poverty

Aid not only affects childhood poverty through the specific policies and programmes particular donors choose to support; the ways in which aid is delivered can have significant implications for how far it contributes to tackling both childhood poverty and broader poverty. In this section, we discuss how the following key aspects of aid delivery may impact on the potential to tackle childhood poverty effectively:

- Volume, predictability and composition (loans, grants and the implications for indebtedness) of aid
- Balance of emphasis between 'strategic' and 'practical' support, and between reforms and investment
- The trend towards aid harmonisation and use of different aid modalities
- Use of technical assistance
- Channelling of funds through NGOs and the private sector.

We focus on these aspects since in Mongolia and Kyrgyzstan they appear to have the strongest impact on government poverty reduction capacity, and thus on the potential of aid to tackle childhood poverty. As in other parts of this paper, we are not attempting a comprehensive assessment of aid effectiveness in Kyrgyzstan and Mongolia. Rather, we aim to point out some of the potential implications of current and emerging approaches to aid for poor and marginalised children and their families. We examine these in the light of donors' overall approaches to childhood poverty discussed in Section 3.

4.1 Predictability, volume and composition of aid

The predictability and volatility of aid flows are important: unreliable flows, for example, undermine resource planning and effective development action, which are already difficult tasks. In countries with high aid intensity - Mongolia was the ninth most intensively aided country in 2001 - the potential impacts of unreliable flows are significant and should be monitored. However, arguably the most

critical issue for Kyrgyzstan and Mongolia concerning the composition of aid is the relative importance of grants and loans and its connections to external debt. This section therefore concentrates on this issue, as well as the growth of external debt and the implications of debt and debt management strategies for tackling childhood poverty.

Ratio of grants to loans

As Table 6 shows, apart from in 1997, in Mongolia the proportion of ODA composed of grants has consistently been over half; and in 2001, 63 per cent of ODA was in grant form. This is a substantially higher ratio of grants to loans than in Kyrgyzstan, where for much of the 1990s, less than 40 per cent of ODA was in grant form. Indeed, the levels of grant assistance to Kyrgyzstan were lower than average for all CIS 7 countries, despite high levels of poverty. Part of the explanation for this may be the very high levels of Japanese aid to Mongolia, 75 per cent of which was in grant form between 1990 and 2001 (OECD/DAC, 2003), and which, as discussed in Section 2.1, dwarfs the contributions of multilateral donors. In Kyrgyzstan, by contrast, the main donors are the MDBs - the World Bank, ADB and IMF are in the top five - and thus a smaller proportion of aid is provided in grant form.⁶³

Table 6: ODA percentage grant (1992-2001)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Mongolia	47.4	56.2	62.5	62.0	55.8	46.5	55.1	51.5	65.7	63.0
Kyrgyz Republic	-	76.0	48.5	29.0	38.0	36.5	37.9	32.5	37.8	40.7
CIS-7 countries	87.6	90.0	87.8	53.9	49.4	43.8	44.0	45.0	56.8	55.6

Source: OECD/DAC (2003)

External debt

With loans constituting between 37 and 54 per cent of aid to Mongolia and between 24 and 71 per cent of aid to Kyrgyzstan during the 1990s, it is unsurprising that both countries have developed substantial external debt. Although borrowing from donors is not the only cause, it has certainly been the most significant, particularly for Kyrgyzstan.⁶⁴ Table 7 indicates trends in Mongolia's and Kyrgyzstan's debt during the 1990s.

63 ADB technical assistance is provided on a grant basis. Kyrgyzstan is now eligible for IDA grants as well as loans and so the ratio of grants to loans may shift in the future.

64 Mongolia inherited substantial debts from Russia, though some of these have now been rescheduled, while Kyrgyzstan's debts to the former Soviet Union were written off by Russia in exchange for the newly independent states giving up claims to former republican assets. Other factors include, for Kyrgyzstan, the steep decline in GDP and an increase in the value of debt denominated in US dollars due to the depreciation of the som, the currency of Kyrgyzstan (World Bank, 2003b).

Table 7: Basic debt data (1994-2000)

		1994	1995	1996	1997	1998	1999	2000
Mongolia	%GDP		41.1	46	57.4	77.4	93.9	88
	Debt service as % exports of goods and services		11.0	9.0	5.5	7.3	9.3	6.0
Kyrgyz Republic	% GDP	33.8	45.2	57.9	76.0	88.4	132.5	127
	Debt service as % exports of goods and services	4.8	22.3	15.5	12.1	21.8	24.8	20.5

Source: Mongolia - World Bank (2002a); Kyrgyzstan - EBRD (2002)

In 2003, external debt was equivalent to 103.2 per cent of Kyrgyzstan's GDP, while debt service obligations were equivalent to 8.2 per cent of the country's exports and 17.3 per cent of its revenues (World Bank, 2003b: 7). Indeed, 'debt sustainability remains an outstanding issue over the medium term with the net present value of public debt remaining over 180 per cent of exports and over 370 per cent of budget revenues - well above the HIPC threshold of 150 per cent and 250 per cent, respectively' (World Bank, 2003b: 8). In Mongolia, according to the EGPRS debt was equivalent to 84 per cent of GDP at the end of 2002 and concerns about debt sustainability are highlighted in Mongolia's Human Development Report 2003 (GoM/UNDP, 2003).

As Table 8 shows, in both Kyrgyzstan and Mongolia the majority of debt is owed to multilateral donors - 59 per cent in Mongolia in 2001 and 63 per cent in Kyrgyzstan. However, while almost all of Mongolia's multilateral and bilateral debt was on concessional terms, around 10 per cent of Kyrgyzstan's debt was not, reflecting non concessional assistance from some lenders, such as the European Bank for Reconstruction and Development (EBRD). Although both countries have negotiated rescheduling (Kyrgyzstan with the Paris Club, and Mongolia with Russia), as the statistics given in the previous paragraph show, levels of debt still remain high.

Table 8: Structure of Kyrgyzstani and Mongolian foreign debt (percentage of total end 2001)

	Mongolia	Kyrgyz Republic
Official, Multilateral, Total	59.3	63.3
of which concessional	59.0	52.7
Official, Bilateral Loans, Total	29.9	12.5
of which ODA	29.9	12.5
Official, Export credits, Non-bank	1.5	4.0
Official, Export credits, Bank	1.6	0.8
Bank loans and deposits	0.5	4.1
Debt securities (bonds)	0.0	2.7
Other	7.4	12.6

Source: External Debt Statistics in OECD/DAC (2003)

Implications of debt and debt management strategies

The rapid growth of debt has made ensuring medium term fiscal and external stability extremely difficult, and the subsequent reduction in public investment may not be replaced by similar investment by the private sector, which has consequences for growth. Although in Mongolia, the World Bank and IMF simulations suggest that the debt is sustainable under certain scenarios, concerns are raised by many that if less optimistic scenarios are presented Mongolia could become a HIPC by 2009 (GoM/UNDP, 2003). Although the long grace periods and low interest rates of concessional loans substantially reduce the present value of debt, the scale of multilateral debt is of sufficient concern to the Government of Kyrgyzstan for it to be seeking a higher proportion of aid as grant assistance - at least 45 per cent; this is a key plank of the government's debt strategy (GoKRb, 2003: 18). The Government of Mongolia is taking a similar approach. Thus, the ADB in both countries has reduced the volume it lends - in Kyrgyzstan by over half, from \$65-70 million to \$30 million per year, and the World Bank is taking similar action in Kyrgyzstan.⁶⁵ The World Bank's most recent CAS for Kyrgyzstan notes that, as a low-income country with high debt vulnerability, Kyrgyzstan is eligible to receive a significant level of grants (up to 40 per cent of IDA assistance).⁶⁶ Another key element of Kyrgyzstan's debt reduction strategy is to reduce the Public Investment Programme (PIP) from 4.4 per cent of GDP in 2001 to 3 per cent in 2006 and maintain it at this level throughout the decade (GoKRb, 2003: 18). Mongolia, by contrast, aims to attract increased private financial flows to offset reduced lending, as well as to better manage loans. Creating a positive climate for internal and external investment is also a core aim of Kyrgyzstan's NPRS, and it is hoped that this will also help reduce indebtedness in the future.⁶⁷

The implications of both indebtedness and debt management strategies are substantial for children. The ADB in Mongolia recognises that 'poorly designed projects will remain a lasting burden on future generations'⁶⁸ as will existing debt stocks, unless both economies grow rapidly enough to be able to maintain interest payments and repay the principal.

But strategies to stop the burden of loans increasing have more immediate implications. The reduced volume of lending by the donors who invest in the social sectors may prevent investment that would improve the quality and accessibility of key services. Taking the example of Kyrgyzstan, although the government has committed to increasing expenditure on health, education and social protection, reduced donor investment and the related scaling back of the PIP may result in reduced resources available for key poverty reduction measures of benefit to children, and can mean that one means of stimulating the economy is missed. If, as is proposed, some elements of the planned World Bank PRSC

65 Interview with V B Tulasidhar, Deputy Resident Representative, ADB, Bishkek, August 2003; interview with Darius Teter, ADB Deputy Resident Representative, Ulaanbaatar, October 2003.

66 In the 2003 financial year IDA grants comprised 29 per cent of IDA assistance to Kyrgyzstan (World Bank, 2003b).

67 Roman Mogilevsky, presentation, 'Implementation of Poverty Reduction Strategies in the NIS. Case study for the Kyrgyz Republic', 14 May 2004, School of Oriental and African Studies, London.

68 Interview with Darius Teter, ADB Deputy Resident Representative, Ulaanbaatar, October 2003.

take grant form (World Bank, 2003a: 27), this may help offset the reduced volume of lending. The impact on children will be strongest if, as the World Bank CAS suggests, IDA grants to Kyrgyzstan are allocated principally to activities addressing basic social needs, including health, social protection, education, the environment, and community driven development projects. Despite these and other measures, such as using privatisation receipts to repay debt, the Government of Kyrgyzstan concludes that lasting improvements in the debt situation can only be achieved with further debt rescheduling from the Paris Club (GoKR, 2003b: 18).

Mongolia's strategy of attempting to substitute private flows for aid also raises concerns. Private funds are likely to flow to rather different kinds of activities than aid funds, and thus would not be a substitute for any reduction in social sector investment. For example, private funds could flow to enterprises that create significant employment or create demand for agricultural goods produced by the poor, but they could also flow to the most profitable enterprises, which may have a limited impact on poverty reduction. Careful monitoring and regulation is required. Furthermore, private flows are potentially less predictable than aid funds and there may be a substantial time lag between reduced investment and an increase in private flows. In the meantime, lower external flows are likely to result in reduced investment that in turn may slow growth, thereby sustaining the debt problem.

More aid in the form of grants rather than reduced lending only, as well as better investment of the loans that are taken, appears critical for both countries.

4.2 Balance of 'upstream' and 'practical' support, reforms and investment

Even with the rise of the poverty reduction agenda, institutionalising economic and political transition reforms continues to be an important objective of aid, although support for such reforms is usually framed in terms of their contribution to poverty reduction. Sectoral reforms also continue through sector development programmes. The ADB, for example, combines or 'blends' these funds for development or reform with funds for investment. Although further policy reform continues to be a priority of major donors, there is at the same time a growing recognition that implementation is the critical constraint on poverty reduction. For example, in its most recent CAS, the World Bank observes that 'IDA has extended seven adjustment loans to Kyrgyzstan and that following through on past loans is as important as extending new ones' (World Bank, 2003b: 18). This is an encouraging development in a country that has been reforming constantly since independence and where investment resources are so constrained that donor support for implementing the NPRS may now be more important than further reforms in most areas.

However, many smaller donors are concerned to use relatively small amounts of aid as 'strategically' as possible. By this they mean contributing to specific aspects of policy reform, rather than, for example, simply being another donor contributing to budget support or a sector investment programme. Thus,

many of the smaller donors try to maximise their impact through work in 'upstream' areas such as economic policy reform, governance, and supporting the institutionalisation of planning tools and frameworks such as PRSPs and MDGs,⁶⁹ sometimes alongside co financing larger programmes or practical projects aiming to improve poor people's lives. It remains to be seen whether the trend towards aid harmonisation will increase small donors' willingness to support underfinanced national priorities. (Aid harmonisation is discussed in the following section.)

Although 'upstream' work in particular areas is clearly important for poverty reduction and enhancing child wellbeing, ensuring implementation and genuine change at grass-roots level is critical and may require more complementary action than many donors currently support. These are not mutually exclusive alternatives, although this does seem to be the view of some: one donor in Mongolia told us 'we don't work on children's issues - we work at the "upstream" level on governance and the environment'. This exemplifies the common perception that childhood poverty is a micro level issue, essentially separate from 'upstream' concerns. Such a perspective misses important connections between macro policy reforms and child wellbeing, and means that reforms may unwittingly undermine child wellbeing, for example among families who have to adjust to new livelihoods. And, of course, grass-roots initiatives can also be strategic. UNDP, for example, often works in this way, using small amounts to pilot schemes linked to 'upstream' policy reform that it hopes government and other donors will scale up. The issue is ensuring that aid overall supports a balance of policy change, where this is important for poverty reduction and a priority of national development plans, and enhanced implementation of poverty reduction strategies - both general strategies and those specific to children.

4.3 Aid harmonisation and instruments

Although there are relatively fewer donors in Kyrgyzstan and Mongolia than in other countries, problems have arisen. In particular, these include duplication of efforts; aid programmes that undermine each other; a focus on donors' rather than national agendas; use of parallel project based rather than national systems; and related substantial transaction costs (such as demands on policy, planning and administrative capacity) for both government and donors. Although not new concepts in either country, making aid more effective through better aid harmonisation,⁷⁰ alignment with government priorities and policy frameworks, donor co ordination and the related use of evolving aid instruments are all now receiving more attention in both countries. Progress, however, is notably lagging behind that in countries such as Ghana and Tanzania (Marshall, 2004).

69 For example, a recent review of DFID's Central Asia Programme recommended that 'DFID's limited resources are likely to be more effectively deployed at a strategic level with government and other donor agencies, rather than engaging in grass-roots level initiatives' (OPM, 2003: 32).

70 As described by the Rome Declaration on Harmonization (2003): 'Our deliberations are an important international effort to harmonize the operational policies, procedures, and practices of our institutions with those of partner country systems to improve the effectiveness of development assistance.'

4.3.1 *Aid alignment, harmonisation and co ordination*

The CDF and particularly the development of PRSPs and related processes has undoubtedly stimulated increased alignment of aid. In Mongolia, the Government has prepared a draft Law on Aid Coordination that aims, overall, to improve the effectiveness and use of aid, and its alignment with government priorities; in Kyrgyzstan, the CDF Secretariat convenes regular co-ordination meetings of donors. As discussed in Section 3, in both countries the majority of donors argue that their portfolios are, or will be, aligned with the PRSP - although they are not willing to provide untied budget support to fund its implementation (see Section 4.3.1). As with previous national plans and strategies, the breadth of both countries' PRSPs means that alignment can also take place without, in some cases, donors fundamentally changing their priorities or necessarily adopting a strongly pro poor policy stance. Given the extent of donor involvement in PRSP processes in both countries, some observers might question the extent to which this represents alignment with nationally led priorities.⁷¹ And, although we acknowledge that the two PRSPs, if implemented, are likely to lead to positive changes for children, as Section 2 outlined, they need to do more. Alignment is only as pro poor or 'pro poor children' as the policies around which donors are aligning.

Several donors are starting to embrace the spirit of aid harmonisation through joint 'missions', review processes and evaluations. For example, in Kyrgyzstan in 2003, the ADB and the World Bank jointly conducted part of their Country Portfolio Review Missions with the government for two days, focusing on issues generic to the two institutions. Kyrgyzstan is also one of the countries piloting harmonisation of donor practices, following the High Level Forum on Harmonisation in Rome in 2003. Initiatives are particularly focusing on harmonisation of financial management, procurement procedures and project implementation units. For the future, harmonisation of monitoring and evaluation is planned.⁷² But there is a long way to go before some of the deep rooted problems of unharmonised aid are wiped out. For example, the Banks' and other donors' sector and thematic investments in particular, are often still managed by project implementation units, which may over time have siphoned off government capacity and meant that such projects have not always been fully owned by or integrated within wider government systems.

In Mongolia, a possible challenge to these agendas is the MCA. It is still unclear what the implications of Mongolia's qualifying for this US fund will be, but the MCA (see Box 5) is likely to significantly increase the aid budget to Mongolia of a donor that has globally not been a key actor in the moves towards aid harmonisation. The latest communications (as of May 2004) stress that investments will 'fit within each country's overall growth and poverty reduction strategy' and the focus is on 'sustainable growth, country ownership, inclusiveness, accountability, and emphasis on results'.⁷³

71 The case is stronger for Kyrgyzstan, where the CDF and NPRS have become the key national development plans, than for Mongolia, where much of government considers the National Action Plan, rather than the EGSPRS, as the key policy framework, partly due to its more recent completion.

72 www.donors.kg/en/aid/, accessed on 18 May 2004.

73 www.mca.gov/about_faq.html#11 and www.mca.gov/Documents/Compact_Proposal_Guidelines.html, last accessed June 2004.

Box 5: US Millennium Challenge Account - implications for aid harmonisation in Mongolia

Mongolia has been identified as one of the 16 countries eligible for funding in 2004/05 under the new MCA programme. Eligibility is determined on the basis of 16 indicators across 3 themes: 'ruling justly' (good governance and levels of corruption), 'investing in people' (social sector spending as a proportion of GDP), and the degree of 'economic freedom' (eg credit rating, days needed to start a business, trade policy, regulatory quality). All the indicators are assessed by a private research company, using publicly available data (eg from Freedom House, World Bank).⁷⁴ With high social sector spending, multi party democracy, a relatively small army and a perception that corruption is less pervasive than in CIS countries, Mongolia scored well, significantly increasing US aid to Mongolia.

The MCA is not managed through USAID: successful governments will submit proposals to the Millennium Challenge Corporation (MCC), under the US Secretary of State. The MCC's mission is to 'achieve economic growth and reduce poverty'. It specifies examples of areas that are directly tied to a country's productivity and economic growth that could be funded including 'agricultural development, education, enterprise and private sector development, governance, health, and trade capacity building' although decisions on specific MCA investments will be made on a country-by-country basis.⁷⁵ It is not yet clear what activities it will finance in Mongolia. It could strengthen government ownership and control of a large sum of aid, and, if used for well planned anti poverty activities agreed within the PRS, the MCA funds could make an important contribution to poverty reduction. However, with two major but separate funding lines from the same government and no explicit efforts to link with the PRSP, the implications of the MCA for aid harmonisation and alignment require monitoring.

4.3.2 Use of budget support

Donors in both countries use a range of forms of aid - programme aid that is macro-level and sector-based and project aid that is sector targeted and thematic - and the use of different definitions and terminology by different donors often makes comparisons difficult. Budget support, as a form of programme aid, is therefore not a new aid modality to Kyrgyzstan and Mongolia. But unlike in some other countries where poverty reduction budget support, aligned with the PRS and disbursed through multi donor funding mechanisms, is being developed, budget support in Mongolia and Kyrgyzstan is still very much associated with the programme aid of the individual MDBs (Marshall, 2004). The fact that so much assistance to both countries consists of macroeconomic and sectoral adjustment loans from these banks (and in Kyrgyzstan, more recently, debt relief) means that a substantial proportion of aid is channelled through the government budget. World Bank negotiations for agreeing their PRSC are underway in both countries and will increase these amounts and focus budget support more explicitly on poverty reduction. The increased actual and potential use of budget support by donors leads to an

74 See www.mca.gov, for more information, last accessed June 2004.

75 www.mca.gov/about_faq.html#11, last accessed June 2004.

increased focus on national budgeting processes, hence the focus by the World Bank in both Kyrgyzstan and Mongolia on enhancing the transparency and efficiency of public expenditure management (World Bank, 2003b: 15; World Bank, 2004).

Bilateral donors appear much more cautious about channelling aid through budget support. For example, at the Almaty CIS 7 Poverty Reduction Strategies Forum (11-13 December 2002) representatives of two bilaterals - one a substantial donor to Kyrgyzstan - observed privately that they might 'test the water' with small scale budget support in the region, but that the overall governance and public expenditure management environment was not yet conducive to putting the bulk of their aid through budget support. Many smaller donors fear that their funds will add little value compared to the multilaterals' contribution, and would prefer to deploy their assistance more flexibly.⁷⁶ Some staff are also concerned that an increased emphasis on budget support risks skewing the balance of support even further 'upstream' and away from grass-roots level, in a context where government and major donors are already seen to be under informed about grass-roots realities, and simply that projects 'have greater impact'. In Mongolia, the chances of major shifts taking place soon appear slim, although JICA said that it is reviewing the effectiveness of its project approach; USAID said that it has 'a modest programme which is likely to remain project based not government channelled'.⁷⁷

Strong supporters of budget support, such as DFID, themselves recognise that the modality should be used 'when circumstances are appropriate' and that a range of instruments can be used for poverty reduction (DFID, 2004: 116). A cautious approach to budget support for funding PRSP implementation is therefore not necessarily a problem. However, the expressed lack of enthusiasm by bilaterals and the notable lack of prioritisation of harmonisation and alignment issues during interviews with most donors do not provide promising signs for more significant advances in harmonisation and alignment of aid.

4.3.3 *Sector development, investment and sector wide approaches*

At a sector level, in both countries, donors continue to provide substantial assistance, which combines support for policy and management reform, usually at ministry level, and investment. This is through sector budget support or project aid, for example Swiss support for hospital rehabilitation in Naryn, Kyrgyzstan, or both, as in the case of the ADB's blended loans discussed in Section 4.2. So far, in neither country has this taken the form of a sector wide approach (SWAp), although in Kyrgyzstan the World Bank is considering supporting a health and social protection sector SWAp from 2006 if the

76 At the same time, many small bilateral donors do co-finance the grant elements of major multilateral programmes. For example, in Kyrgyzstan Switzerland co-financed the World Bank Consolidated Structural Adjustment Credit (focusing on a safety net for those affected by electricity price rises), and together with DFID and IFAD has contributed to aspects of the agricultural reform programme supported by the World Bank. It has also financed external and public debt management in partnership with the IMF, while DFID has also co-financed a water and sanitation programme with the World Bank.

77 Interviews, Setsuko Matsumoto, Project Formulation Adviser, JICA and Jonathon Addleton, Mission Director, USAID, Ulaanbaatar, August 2003.

government and other donors are interested (World Bank, 2003b: 15). A SWAp, as the name implies, is an approach rather than an aid modality: some SWAps are funded by sector budget support, some by project aid aligned with the sector strategy. However, given the emphasis in SWAps on harmonisation and strengthening sector systems, the latter project based approach is often seen as a stepping stone to reaching a SWAp funded by budget support. Therefore, the SWAp proposed in health in Kyrgyzstan would build on the substantial donor co ordination built up around the Manas Health Reform programme, which has been a set of projects linked to the national health reform agenda. In Mongolia, an education sector SWAp is also being discussed. If these SWAps go ahead, they could lead to more co ordinated and effective aid in the sectors concerned, and thus potentially improved quality and more accessible key services, with clear potential to enhance child wellbeing. Experience from other countries suggests that realising the potential of a SWAp depends on donor commitment to effective harmonisation of support and refraining, for example, from imposing conditions that undermine the principle of ownership, as well as reducing transaction costs (Marshall, 2004).

4.3.4 *The implications for children in poverty*

In general, the implications for poverty reduction and improving child wellbeing of any aid mechanism depend largely on:

- The content of the policies that aid is supporting. As observed in Section 3, alignment with PRSPs should have positive poverty reducing benefits for children, although both countries' strategies could go further, and the situation of some poor families may worsen.
- The balance between 'upstream' and 'downstream' support. We noted in Section 4.2 that the current emphasis on 'strategic support' might mean that there is insufficient aid making a difference at grass-roots level. Further moves towards budget support should be assessed carefully to ensure that resources reach children, their families and communities at the same time as national systems are strengthened.
- The systemic effect of the mechanism, ie how far aid strengthens or undermines government capacity and ownership of policies and programmes. The strongest impacts of aid harmonisation, alignment and changing aid mechanisms are likely to be in enhanced government ownership of aid that is more closely tied to national priorities and thus enhanced commitment to implementation, and, if it is successful in reducing transaction costs, in freeing up government staff time and resources.⁷⁸ The poverty reduction implications will, of course, also depend on how freed-up government time and resources are deployed. However, as noted, some of the donors operating in both countries, and particularly in Mongolia that has a much weaker CDF than Kyrgyzstan, have far to go before harmonisation and alignment become a reality to achieve these ends.

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Killick (2004) cautions that despite current enthusiasm, there is so far little evidence that budget support reduces the transaction costs of aid vis à vis projects.

Continued monitoring of all of these aspects is vital to track whether the developments are positive for children, particularly the poorest, and to stimulate national level dialogue on better aid and resource effectiveness.

4.4 Technical assistance

The particular emphasis of aid in post-socialist countries on transforming economic, political and social institutions has meant that technical assistance has formed a substantial element of aid to Kyrgyzstan and Mongolia. As Table 9 shows, by the early twenty-first century technical assistance made up almost one-third of aid to Mongolia and one-fifth of aid to Kyrgyzstan. While the volume of technical assistance to Kyrgyzstan was average for low income countries, that to Mongolia was of a similar level to that for lower middle income countries (Fukuda-Parr, Lopes and Malik, 2002). We therefore examine the main policy or programmatic areas for which technical assistance is provided, and its implications both for the development of capacity to tackle poverty reduction and for national ownership of policies and practices.

Table 9: Percentage of ODA disbursed as technical co-operation (1992-2001)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Mongolia	17.5	29.5	28.8	26.7	25.6	22.2	28.7	29.1	28.1	31.3
Kyrgyz Republic	-	8.4	6.7	10.0	18.5	13.4	17.8	14.9	17.5	22.2
Total CIS-7	11.1	12.2	6.3	17.5	21.5	14.5	17.0	20.3	28.8	28.6

Source: OECD/DAC (2003)

4.4.1 Content of technical assistance

Technical assistance to both countries has involved skills upgrading, strengthening of organisations and changes in the ways that key institutions function, as well as direct assistance for policy and programme development. In Kyrgyzstan, the thematic emphasis of technical assistance has been on human resource development, economic management, health, agriculture and public administration reform (Cukrowski et al, 2002), and has principally been directed to central government, although NGOs, private companies and universities have also been major recipients. A similar overview of technical assistance is not available for Mongolia; here the ADB has been a major donor, supplying almost \$50 million of technical assistance between 1991 and 2001. Governance reform and agriculture together accounted for 37 per cent of ADB technical assistance over this period, and other priority sectors have been energy and finance. The social sectors accounted for 12.7 per cent of ADB technical assistance over this period (ADB, 2002c).

In both countries, there has been some specifically child oriented technical assistance. Some of this has been part of major multilateral donor projects, such as education and health sector reforms, and the

ADB financed early childhood development project in Kyrgyzstan. The ADB also provided funds for technical assistance on various issues to feed into PRSP development, one of which was the promotion of child wellbeing. Much child oriented technical assistance has been provided or arranged by international NGOs rather than official donors (and is thus not recorded in the figures given above for Kyrgyzstan), and has often been provided to implementing agencies, at least as much as to central government policy makers. For example, in Mongolia, Save the Children UK worked with the police to develop less punitive approaches to street children, while in Kyrgyzstan Everychild works with local authorities to support alternatives to institutionalisation of children.

Overall, though, in comparison with aid recipient countries in sub Saharan Africa, it is notable how little of the technical assistance has a social development perspective - even within the social sectors, much assistance concentrates on the 'hard' financial and institutional reforms, with relatively little consideration of social dimensions. In sectors such as economic policy reform and infrastructural investment, it is even less clear whether technical assistance routinely considers the social impact of advice.

4.4.2 Quality and relevance of technical assistance and ownership of its outcomes

Good quality technical assistance increases recipients' capacities to carry out activities, whether policy or implementation. Whether it achieves this depends on its relevance to recipients' concerns, whether they feel the need for it, and the way in which it is carried out.

There has been a high turnover of government officials whose capacity 'needs' were being addressed in both countries - a result of retrenchment, changes in government following elections and the appeal of working for the private sector, donors or NGOs. But Cukrowski et al (2002) suggest that much technical assistance to Kyrgyzstan has been used to promote donor favoured policies and models, rather than genuinely responding to the country's development needs. The way in which technical assistance has often been provided has failed to strengthen analytical or implementation capacity. Where national consultants have been bypassed in favour of expatriates, and where expatriates have given a low priority to skill sharing and responding to local rather than donor priorities, national capacity may have been undermined, rather than strengthened. In recent years, some major donors appear to be making more use of local or regional technical assistance, which should have positive implications for relevance and ownership.

Given that for both countries implementation of poverty reduction policies rather than policy formulation is now the key challenge, relatively greater emphasis on forms of technical assistance that strengthen capacity among those charged with delivery is probably a priority. Donors should also be considering the significance of capacity constraints compared with other obstacles (eg adequacy of financing) for effective poverty reduction, and their potential role in addressing these constraints in partnership with governments. Finally, given the volume of technical assistance that both countries receive, it is important to consider whether technical assistance displaces other forms of aid that may

make a stronger or more direct contribution to development and poverty reduction, and may thus have a more direct impact on childhood poverty.

4.5 Implementation through NGOs

Several donors, particularly bilaterals, in both countries channel part of their aid through NGOs. Whether justified or not, donors often cite their reasons for this as NGOs' greater effectiveness in reaching poor people and specifically children, compared to governments. See Box 6 for some examples. There are certainly many national and local NGOs with a child focused mandate - some 250 in Mongolia and 300 in Kyrgyzstan, 12 per cent of that country's NGOs, many of which actively seek international donor funds for their activities.⁷⁹ Donors' enthusiasm for working with NGOs also reflects a particular emphasis of aid to transition countries for civil society development, which has been equated until recently with supporting NGOs.

Box 6: Donor support for child-focused NGO activities

Much of the funding for the explicitly child oriented activities supported by donors in Kyrgyzstan and Mongolia is channelled fully or partially through national and international NGOs. In some cases, this is substantial. Examples in Kyrgyzstan include the ADB's Early Childhood Development Programme, the preliminary phase of which was implemented through the Academy for Educational Development (a US based NGO) and Save the Children UK, and USAID's Participation, Education and Knowledge Strengthening (Peaks) Project, implemented by these two organisations and the Soros Foundation. In Mongolia, Save the Children UK manages a DFID funded Small Grants Programme that supports poor children and their families through small projects (carried out by education facilities, self help groups and national NGOs). Most smaller scale child oriented activities, including support to street children, are implemented through some of the many small scale national NGOs that have a child focus.

In practice, however, it is not clear whether grants to NGOs for activities supporting disadvantaged children are necessarily contributing to the goal of strengthening civil society's ability to promote the interests of poor and disadvantaged people. Some international and local NGOs have developed innovative partnerships with local government and alternative ways of addressing children and young people's disadvantage, and have thus managed to 'scale up' their impact (for example, Save the Children UK's work with local authorities on inclusive education in Kyrgyzstan). Others have started to engage in policy dialogue at national or local level, although these NGOs are not generally particularly child focused. However, many others are effectively contractors, simply implementing donor financed charitable projects that deliver immediate benefits to disadvantaged children and families but have little wider impact.

This raises the question of how far donors' modes of supporting NGOs are contributing to, or

79 www.cango.net/db/navigate.asp?Country=1&Sector=5, accessed on 20 April 2004.

undermining, their potential to be an effective voice on behalf of disadvantaged children and families. In both Kyrgyzstan and Mongolia, national policy frameworks are supportive of NGOs playing a role as development partners, both in implementing poverty reduction strategies and in helping develop the focus of national and local strategies. Donors could do more to support them to achieve this.

Having examined some of the main issues arising from current approaches to aid in Mongolia and Kyrgyzstan, we now draw some general conclusions about both the content of policies that donors are supporting and approaches to aid delivery.

5. Conclusions

What is aid to Kyrgyzstan and Mongolia likely to achieve for children and young people? As noted in section 1, this study has not attempted an assessment of whether and how aid is changing children's lives - this would require more detailed and complex quantitative studies. Instead, this study has concentrated on the potential of current approaches to aid to tackle childhood poverty. We suggest that overall aid has great potential to improve the situation of children and young people, but it could certainly achieve more, through changes both in the content of policies and programmes supported and in the 'architecture' of aid to both countries. Many of the actions required outlined below require a combined effort of government, donors, civil society and other actors. The focus on donors is intended to highlight the role of a particular group of stakeholders whose actions have important implications for poverty reduction and child wellbeing.

5.1 Content of policy

a) A more visible and strategic approach to childhood poverty issues. Although it is certainly possible to impact on childhood poverty without this being an explicit objective, a concerted and holistic approach, which makes the case for the importance of investing in children and young people to prevent intergenerational poverty cycles, is much more likely to do so. Donors in both countries could play a stronger role in making the strategic case for tackling childhood poverty as part of policy dialogue, ensuring that the impact on children is routinely considered as an important part of development policy. This could help shift thinking and action about childhood poverty away from support to specific vulnerable groups towards more integrated and holistic policies and approaches. The institutionalisation of gender issues in mainstream development thinking provides useful lessons here. Part of this 'mainstreaming agenda' might involve an increased role for civil society - both organisations that work with children and young people and children and young people's own organisations.

b) Careful and more holistic analysis of the potential impact of particular reforms and investments, including their impact on children and young people, and action to prevent negative effects, is essential, since major economic and social policy reforms have a stronger impact on children and young people than micro projects aimed at particular vulnerable groups. For example, reforms that put pressure on poor or vulnerable people's livelihoods, such as increasing utility costs or removing (trade) tariffs on key commodities produced by poor people, could result in children having to take on greater work burdens to help meet costs and could reduce levels of school attendance or achievement. Donors could play an important role in supporting such analysis as part of their wider support for poverty and social impact analyses. Appendix 3 provides details of the kinds of issues that should be analysed in examining the potential impact of reforms on childhood poverty.

c) Maintaining planned social sector budgets and sectoral programmes of action. In both countries, strong commitments to investment in key social sectors (health, education, social protection), and in improving accessibility of services to poor people, should have a strong positive impact on children in poverty. Reforms that increase 'marketisation' (ie costs to users) without safeguards for poor families may undermine the beneficial effects of increased spending. The move towards better co-ordination - between sectoral strategies, between sectoral strategies and overall poverty reduction strategies, and of aid to the social sectors - should maximise the effectiveness of donor support to these areas. More attention to evaluating the impact of investments in the social sectors should provide a good evidence base concerning their impact on poverty reduction in general and on children in particular.

d) Vulnerable groups. Addressing childhood poverty through a focus on specific vulnerable groups, with a particular emphasis on 'rehabilitation' of street children, and social work approaches is insufficient to tackle deep rooted, systemic problems of poverty among children and young people. While these approaches can be helpful in alleviating poverty, they must be coupled with efforts to tackle the root causes of inadequate family livelihoods, poor services and the difficult family environments that often push children onto the street or bring them to the attention of social workers.

e) Relatively neglected groups and issues. Clearly, effectively identifying disadvantaged, neglected and marginalised groups of children and young people requires a context specific analysis that takes into account the range of livelihood and social contexts in a particular country. Nonetheless, it is clear from our analysis that certain issues and groups are little taken into account in donor support to Kyrgyzstan and Mongolia.

- *Early childhood development.* Having had national pre-school networks during the socialist period, both countries have foundations for enhancing early childhood care and development that have been undermined through disinvestment during the transition period. Early childhood development can make a strong contribution to children's welfare, and can also free up adults and older children for other activities. Though there is some investment in this sector in both countries, further support, with a particular focus on enhancing the accessibility of pre-schools to children from poor families, could make an important contribution to tackling childhood poverty.
- *Young people.* Apart from some relatively small scale projects, mostly in Kyrgyzstan, in HIV awareness and prevention (supported by a range of donors) and promotion of youth employment opportunities (supported by German aid), young people are, on the whole, neglected by donors.⁸⁰ This partially reflects the fact that young people as a group do not receive much attention in either Kyrgyzstan's or Mongolia's PRSPs. It may also reflect an inclination among donors to invest in key services that are often of principal benefit to younger children. However, young people are tomorrow's, and sometimes today's, parents - tackling

⁸⁰ This is not to say that they do not benefit from wider employment-promoting initiatives, though levels of unemployment remain disproportionately high.

poverty among this age group is therefore a strategic investment in poverty reduction for society as a whole.

- *Migrants.* Given the importance of migration, particularly from rural to urban areas, in both countries, donors have been relatively slow to address the issues it raises. Thus anti-poverty action in Kyrgyzstan has largely focused in rural areas until recently, and the availability of microcredit and other development programmes has been limited. Some sectoral development assistance, such as that for education in Mongolia, goes some way to address some of the problems facing migrant children and their families. However, a more comprehensive approach is needed, which ensures quality services in areas which send and receive migrants, which provides strategic support for regional and rural development and which addresses push factors such as environmental shocks, and the impacts of national, regional or international economic policies.

f) Keeping issues of inequality and social exclusion mainstream. Ensuring that strategic support for 'top line' government priorities such as economic growth or good governance does not unwittingly mean that resources are directed away from implementation and that issues of social exclusion and inequality are ignored. Supporting good governance or pro poor growth does not mean ignoring issues of inclusion or investment in particular groups of the population such as children or young people - on the contrary, the effectiveness of poverty reduction is likely to be undermined if these groups are ignored.

g) Governance. If the substantial programme of donor investment in improved governance is effective, it could have strong, positive implications for children and young people - both in terms of enhanced budgets for, and management and delivery of key public services, and through greater scope for young people to voice their priorities. Ensuring its effectiveness is therefore critical.

5.2 Architecture of aid

a) A greater degree of grant aid in both countries would help ensure that essential development investment is not undermined by debt management strategies. This is particularly the case for Kyrgyzstan where per capita aid is around half that of Mongolia but where levels of indebtedness are even more serious.

b) Ensuring a balance between reform and investment/implementation is vital. Traditionally, much aid to Mongolia, Kyrgyzstan and other post socialist countries has focused, and continues to focus, on policy reform. Although policy reform continues to be important in some areas, it needs to be complemented by increased investment. This may require a shift on the part of some donors to achieve a better overall balance between support for the implementation of anti poverty strategies and 'upstream' analytical and policy dialogue work. It may also involve consideration of which aid modalities are most likely to achieve this.

c) Even with donors continuing to use a mix of aid instruments to support reform and investment, increased efforts could and should be made towards better donor harmonisation with national procedures and alignment with national policies to strengthen rather than undermine national systems. Coupled with supporting increased capacity for poverty analysis and policy debate, and mechanisms for domestic accountability, donor alignment around poverty reduction policies has the potential to enhance the effectiveness of aid in tackling poverty in general, and thus poverty among children and young people in Mongolia and Kyrgyzstan. It also has the potential to reduce the demands that aid makes on governments (ie transaction costs) and thus to free up resources. The extent to which this may make a difference for children in poverty depends largely on how far donor harmonisation genuinely reduces demands on government, and how the freed-up resources are deployed. New initiatives like the MCA should be monitored.

With these changes and a strong commitment from all involved aid could make a bigger contribution to the reduction of poverty affecting children and young people in countries that have experienced such dramatic transition over the past 15 years.

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Appendix I

Interviews conducted for this study

Kyrgyzstan

Donors

V B Tulasidhar, Deputy Resident Representative, **Asian Development Bank**, 5 August 2003

Asel Chyngysheva, Project Implementation Officer, **Asian Development Bank**, May 2003

Shuto Megumi, Project Formulation Officer, **JICA**, 12 August 2003

Vladimir Rakov, **Swiss Agency for Development and Cooperation**, Bishkek, 4 August 2003

David Akopyan, Deputy Resident Representative, **UNDP**, 12 August 2003

Staff of UNDP Participatory Poverty Alleviation Programme, May 2003

Adash Toktosunova, **UNESCO**, 16 August 2003

Marianne Ohlers, Assistant Project Officer, **UNICEF**, 5 August 2003

Chris Lovelace, Country Director (Kyrgyzstan), Asel Sargaldakova, Operations Officer (Kyrgyzstan) and David Mikosz, Knowledge Management Officer (Almaty, Kazakhstan), **World Bank**, Bishkek, 1 August 2003

Phone discussions were also held with Eamon Doran, Private Sector Adviser, **USAID**, Bishkek in an attempt to set up an interview.

Government

Leonid Komarover, Head of **CDF** Secretariat

Kubat Kanimetov, Deputy Head of **CDF** Secretariat

NGOs

Erkinbek Kasybekov, Director, **Counterpart Consortium**, 1 August 2003

Evelyn Granville-Ross, Country Director, **Everychild**, 7 August 2003

Director of Educational Museum (Centre), **Meerim Foundation**, 5 August 2003

Josh Denys, School Feeding and Grants Manager, **MercyCorps**, 31 July 2003

Mongolia

Donors

Darius Teter, Deputy Resident Representative, **Asian Development Bank**, Mongolia Resident Mission, Ulaanbaatar, 27 October 2003

David Hepburn, EU Adviser, TACIS, Ulaanbaatar, 15 August 2003

Setsuko Matsumoto, Project Formulation Adviser, **Japan International Co-operation Agency (JICA)**, Ulaanbaatar, 20 August 2003

Richard Marshall, **Adviser to the Poverty Research Group**, Ministry of Finance and Economy/UNDP, Ulaanbaatar, personal communication, February 2003-January 2004

Saraswathi Menon, **UNDP** Resident Representative/**UN** Resident Co-ordinator, Ulaanbaatar, personal communication, March 2002, November 2002

Frances Cosstick, Programme Officer, **UNICEF**, 19 August 2003

Jonathon Addleton, Mission Director, **USAID** Mongolia, Ulaanbaatar, 18 August 2003

Munkhbaatar, Urban Project Officer, **World Bank** Mongolia, Ulaanbaatar and brief discussions with Caterina Ruggeri Laderchi, World Bank, Washington

Government

Ts. Bumkhorol, Adviser to the Minister, **Ministry of Finance and Economy**, January 2004

Mrs Togtokhnaym, Chairperson, **National Board for Children**, Ulaanbaatar, August 2003

Appendix 2: International Millennium Development Goals (MDGs) and their formulation for Kyrgyzstan and Mongolia

(differences from the international targets highlighted in italics)

Goals	Targets		
	International formulation	Formulation for Kyrgyzstan	Formulation for Kyrgyzstan
Goal 1: Eradicate extreme poverty and hunger (NB: Kyrgyzstan's MDG is the 'radical reduction of extreme poverty')	Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day (PPP) Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Target 1: <i>Halve, between 2001 and 2015, the extreme poverty level</i> Target 2: Halve, between 2001 and 2015, the proportion of people who suffer from undernourishment	Target 1: Halve, between 1990 and 2015, the proportion of people whose income is below the annual poverty line Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger
Goal 2: Achieve universal primary education	Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Target 3: <i>Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of basic secondary schooling</i>	Target 3: Provide primary education to all girls and boys by 2015
Goal 3: Promote gender equality and empower women	Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels of education no later than 2015	Target 4: <i>Eliminate gender disparity in employment and managerial opportunity</i>	Target 4: Eliminate gender disparity in primary and secondary education <i>by 2015 and at all levels by 2025</i>
Goal 4: Reduce child mortality	Target 5: Reduce, by two thirds, between 1990 and 2015, the under fives mortality rate	Target 5: Reduce, by two thirds, between 1990 and 2015, the under fives mortality rate	Target 5: Reduce, by two-thirds, between 1990 and 2015, the under fives mortality rate
Goal 6: Combat HIV/AIDS, malaria and other diseases	Target 7: To have halted by 2015, and begun to reverse, the spread of HIV/AIDS Target 8: To have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases	Target 7: To have halted by 2015, and begun to reverse, the spread of HIV/AIDS Target 8: To have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases	Target 7: To have halted by 2015, and begun to reverse, the spread of HIV/AIDS Target 8: <i>To have halted by 2015, and begun to reverse, the spread of tuberculosis</i>

Continued overleaf

Continued...

Goals	Targets		
International formulation	International formulation	Formulation for Kyrgyzstan	Formulation for Mongolia
<p>Goal 7: Ensure environmental sustainability</p>	<p>Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</p> <p>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water</p> <p>Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers</p>	<p>Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</p> <p>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water</p>	<p>Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</p> <p>Target 10: Halve, by 2015, the proportion of people without access to safe drinking water</p> <p>Target 11: By 2020, to have achieved a significant improvement in the lives of slum dwellers</p>
<p>Goal 8: Develop a global partnership for development</p>	<p>Target 12: Develop further an open, rule based, predictable, non discriminatory trading and financial system. Includes a commitment to good governance, development and poverty reduction - both nationally and internationally</p> <p>Target 13: Address the special needs of the least developed countries. Include: tariff- and quota-free access for least developed countries' exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction</p> <p>Target 14: Address the special needs of landlocked countries and small island developing states</p> <p>Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p> <p>Target 16: In co operation with developing countries, develop and implement strategies for decent and productive work for youth</p> <p>Target 17: In co operation with pharmaceutical companies, provide access to affordable essential drugs in developing countries</p> <p>Target 18: In co operation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>Target 12: Strengthen international co operation for the country's development</p> <p>Target 13: Develop and implement strategies for decent and productive work for youth</p> <p>Target 18: In co operation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>Target 12: The development of an open, rule based, predictable, non discriminatory trading and financial system</p> <p>Target 14: Deal comprehensively with the special needs of Mongolia as a landlocked nation</p> <p>Target 15: Deal comprehensively with debt problems</p> <p>Target 16: In co operation with developing countries, develop and implement strategies for decent and productive work for youth</p> <p>Target 18: In co operation with the private sector, make available the benefits of new technologies, especially information and communications</p>

Source: UNDP, 2003; GoM, 2003

Appendix 3: Making aid more child-focused: a framework

This framework is based on the premise that policies and programmes supported by donors will impact on children in three main ways:

- Through their effects on household livelihoods
- Through their effects on key services that benefit children
- Via their systemic effects on national poverty reduction capacity

This table summarises some of the issues to be considered in adopting approaches to aid that will enhance child wellbeing. It is based on the key areas explored in this study. See CHIP Briefing *What Works: Key policies for tackling childhood and youth poverty* for further detail on these issues.

Policy/Approach	Issues/Comments
<p>Economic policy and livelihoods</p> <p>a) Macroeconomic policy</p> <ol style="list-style-type: none"> 1. How far do growth policies increase the asset bases of poor families? 2. Could trade, privatisation or financial liberalisation policies undermine the livelihoods of particular groups of producers or consumers? How can this be avoided or alternatives be sought? 3. Could trade policy, especially liberalisation, reduce tariff revenues? If so, cuts to core services benefiting children should be avoided. 4. Do financial policies promote stability and employment and help avoid crises that might impoverish poor families? 5. Could fiscal deficit and debt management strategies reduce funds available for investment in key services? If so, how can core expenditure on key services benefiting children be protected? <p>b) Sectoral and livelihoods policy</p> <ol style="list-style-type: none"> 1. Do sectoral economic and livelihoods policies (eg agricultural, industrial or financial policies) promote/remove constraints on the livelihoods of particularly poor groups (based on both socio-economic and geographical disadvantage)? 2. Are there adequate regional investment policies to promote employment and livelihoods in poor regions? 3. Do sectoral economic and livelihoods policies create viable employment or productive opportunities for particularly poor and disadvantaged people, including young people? 4. Does labour legislation provide adequate protection in terms of wages and job security, protection from hazards, maternity leave? 5. Is targeting of livelihood enhancement programmes (eg micro-finance, agricultural support, training programmes) based on analysis of economic opportunities and gender divisions of labour? 6. Could macro or sectoral policies undermine poor households' livelihoods, resulting in additional strain on children (eg pushing them into child labour, reducing adult availability for childcare)? 	<p>Important that assessment of potential impact of economic policies includes analysis of impact on children and young people. See analysis evaluation and assessment section below.</p>

Policy/Approach	Issues/Comments
<p>Social policy</p> <p>1. Do public spending commitments prioritise and provide adequate finance for key sectors of benefit to children? Specifically:</p> <ul style="list-style-type: none"> ● <i>Commitments to key services</i> (eg health, education, social protection, water) ● <i>Distribution of expenditure within sector</i> (eg balance between primary and tertiary healthcare) ● <i>Mechanisms for ensuring that allocated funds reach front-line services and implementing bodies</i> (eg government departments, local authorities) ● <i>Emphasis on tackling childhood and family poverty through social protection system</i> (eg partially focusing social assistance on poor families with children; ensuring that social assistance payments do provide protection against poverty). <p>2. Are obstacles to poor families' take-up of services addressed?</p> <ul style="list-style-type: none"> ● <i>Mechanisms for ensuring that poor families can access services</i> (eg free services, waivers or exemptions based on poverty or membership of vulnerable group - children under five, pregnant women, etc - university scholarships for children from poor families) ● <i>Are other</i> (non-financial) barriers to good quality services being tackled? (eg motivation of public sector staff; gender or age discrimination). <p>3. How can synergy between different areas of sectoral provision be strengthened? For example, does water sector strategy maximise potential benefits to health and education (eg by reducing children's water-gathering workloads and time burdens)?</p> <p>4. Specific provision for vulnerable children</p> <ul style="list-style-type: none"> ● Are services that support particularly disadvantaged children integrated with broader services? (eg do programmes for working children enhance their access to mainstream schooling?) ● Do support services for particularly disadvantaged children help tackle causes as well as symptoms of childhood poverty? For example, do street children programmes tackle family disadvantage? Do they help street children escape from poverty in future, eg via education (school-based or vocational)? 	<p>Key issues include analysis of which services poor families and children are unable to access, and why, and designing policy to enhance their access.</p>

Policy/Approach	Issues/Comments
<p>Approaches to aid</p> <ul style="list-style-type: none"> ● Are key aid mechanisms and practices likely to have <i>systemic effects</i> that could encourage rather than undermine the development of national capacity for sustained poverty reduction for all? This includes reducing the burden of transaction costs on recipient and donor. ● Is aid responding to locally determined priorities for all? This includes whether aid mechanisms (or the policy and budgeting processes they are tied to) promote the priorities relevant for children. ● If aid mechanisms are earmarked or targeted, are they targeted at sectors or activities that will benefit children in poverty. Does the level an aid instrument operates at (eg macro or micro) seem to be affecting whether or not children are reached? ● Particularly relating to debt relief and the choice of terms of disbursement, is aid likely to prevent today's children and future generations from staying in or falling back into poverty? 	<p>Key issues include analysis of which services poor families and children are unable to access, and why, and designing policy to enhance their access.</p>
<p>Analysis, evaluation and assessment</p> <ul style="list-style-type: none"> ● Is analysis of potential impact of policy choices on children and young people included in appraisal of policy options? ● Do evaluations and impact assessments of aid-supported activities include analysis of impact on children and young people? ● Do national poverty monitoring systems (eg PRS monitoring system) examine changes in children and young people's wellbeing? 	<p>Poverty and social impact analyses are likely to be a useful tool and should involve both quantitative and qualitative assessments. Focusing on a few key indicators is important in order not to collect data that will not be used.</p>

The Childhood Poverty Research and Policy Centre (CHIP) is a collaborative venture between Save the Children and the Chronic Poverty Research Centre (CPRC). CHIP is working with both researchers and advocates, north and south, to produce research, and influence policy and practice on childhood poverty in the wider context of chronic poverty.

CHIP is funded by DFID, Save the Children and the CPRC.

Directors: Dr Caroline Harper and Professor David Hulme

This report examines how donors approach poverty among children and young people in Kyrgyzstan and Mongolia. Poverty affecting children and young people increased substantially during the transition period in the two countries and aid could contribute significantly to tackling childhood poverty and deprivation.

The report finds that few donors explicitly aim to reduce poverty among children and young people, though many are supporting actions that should contribute to doing so. Factors that appear to be preventing more concerted action are the current emphases of the countries' national poverty reduction strategies, and a perception that donor support should be focused on 'upstream' areas of policy and implementation, rather than specific social groups.

The paper recommends that donors, working with governments and other actors, take a more strategic approach to childhood poverty that recognises how childhood deprivation can lead to future poverty, and tackles it holistically. This involves investment in quality social services, ensuring livelihood security among poor families through economic development and social protection measures. It also means ensuring that support to specific groups of children (such as street children) is linked to wider action to tackle the causes of their deprivation. The report recommends greater attention to action in early childhood and youth as critical, yet often overlooked, stages of development.

The study also examines the implications for government poverty reduction capacity of the ways that aid is delivered to Kyrgyzstan and Mongolia, drawing out the potential implications for children. Though there has been some progress towards greater harmonisation and alignment of aid with government priorities and procedures, more is needed, as are greater efforts to reduce external debt, and to ensure debt reduction strategies do not undermine poverty reduction and child wellbeing.

Published by Childhood Poverty Research and Policy Centre (CHIP)

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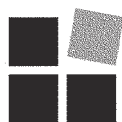
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