

Addressing child poverty in the EU: state of play and EU action

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European Commission

Overview

- 1) Child poverty and social exclusion in the EU: an overview
- 2) What can the EU do?
- 3) Next step: an EC Recommendation on child poverty



Drivers of inequality and poverty

- Long run demographic factors (source: OECD)
 - Rise in the number of single parent families
 - Migration
 - Assortative mating
- Rise in jobless households due to the current crisis
- General rise in earnings inequality, higher educated benefit much more from technical progress
- Increasing labour market flexibility, hollowing out, decline of middle class, rise in precarious jobs
- Transmission of poverty across generations, equality of outcome versus equality of opportunity

1) Child poverty and social exclusion in the EU: an overview



20.5% of children at risk of poverty in the EU

- 20.5% of children in the EU at risk of poverty, as against 16.4% of the total population (e.g. live in a household with an income below 60% of the median income)
- From 10.9% in DK, 11.4% in FI and 12.6% in SI to 26.6% in LV, 26.8% in BG and 31.3% in RO
- Three times higher risk for children growing up with one parent, two times higher for non-EU migrants and 40% higher for large families with three or more children
- Other children particularly at risk are children from ethnic minorities, growing up in alternative care, with a disability, street children and a new category of children "left behind"

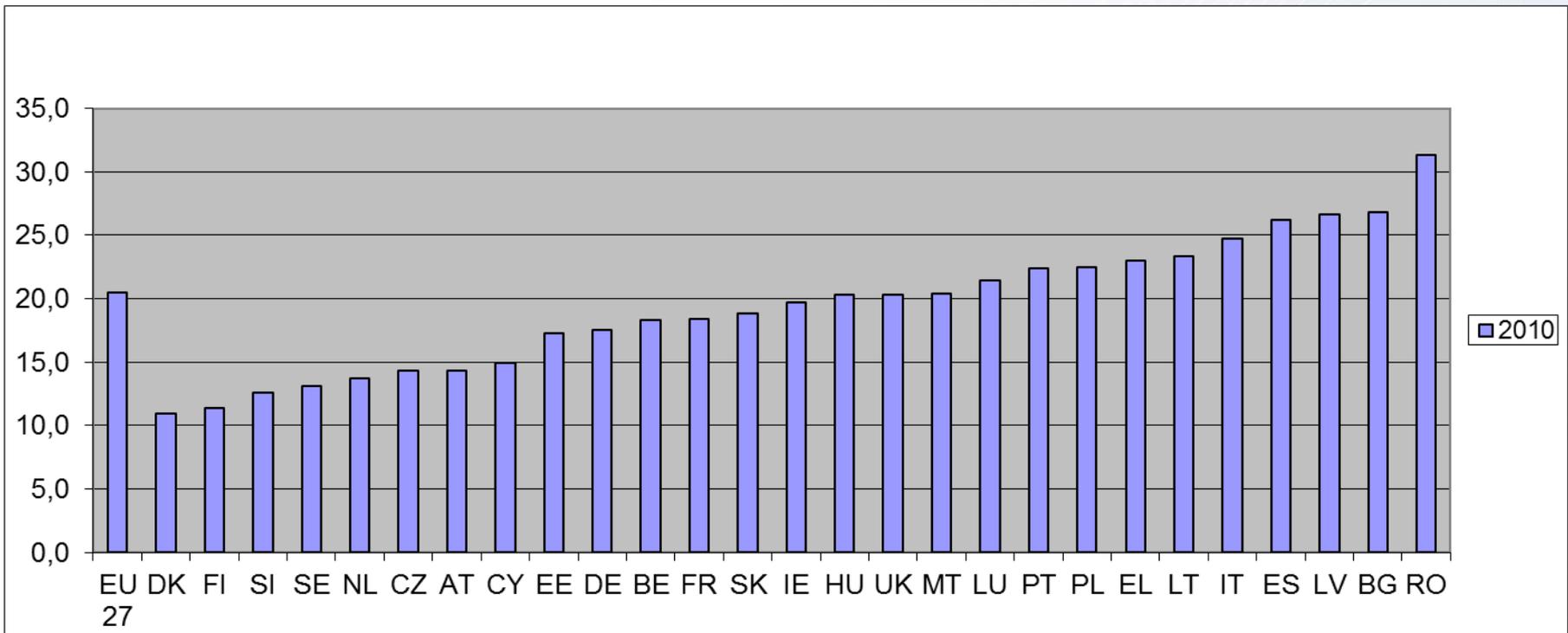


Children at risk of poverty in the EU

Children living in a household at risk of poverty, 2010

The risk of poverty threshold is set at 60 % of the national median equivalised disposable income (after social transfers)

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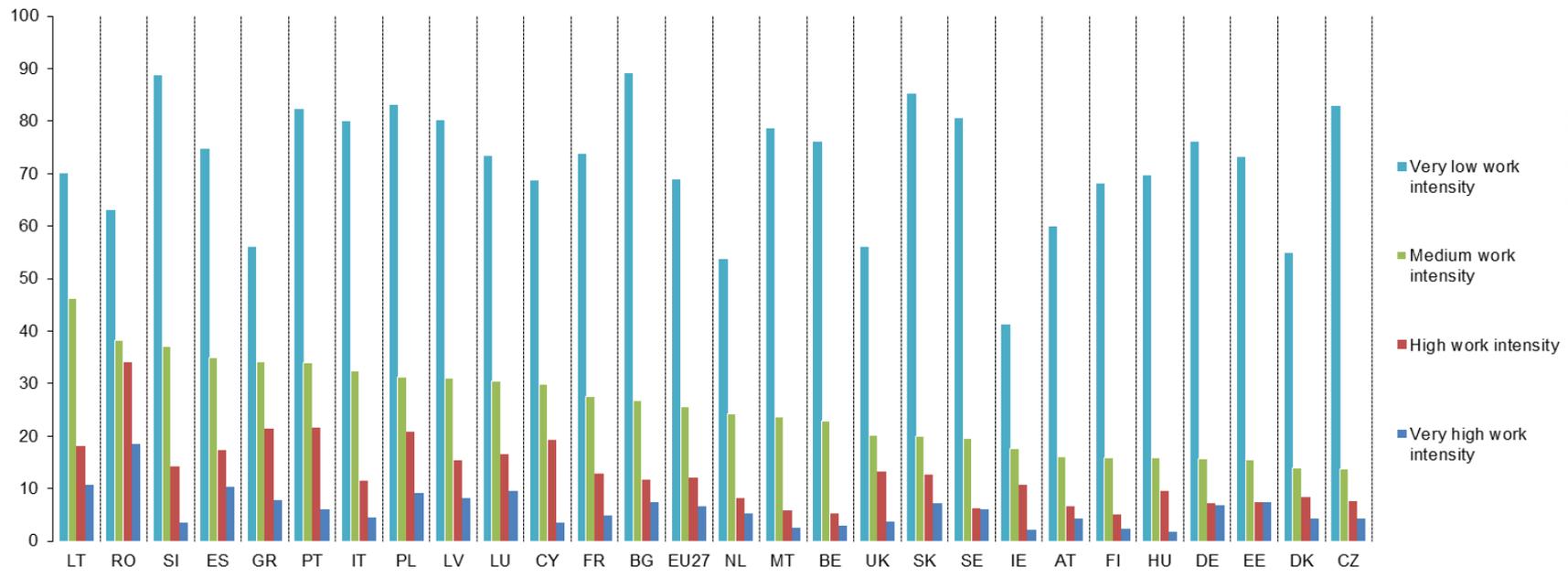


Source: EU-SILC, 2010

Parents' labour market participation as a crucial factor

- Labour market exclusion is the main risk (68.8% of children in households with very low work intensity at risk)
- Yet work does not necessarily prevent against poverty
 - One "breadwinner" in many cases not enough to lift family out of poverty
 - High risk of poverty among children despite high work intensity of households in a number of countries (=>10.7% of working population with dependent children at risk of poverty, as against 8.5% for the overall population)

The child poverty risk decreases with the household's work intensity



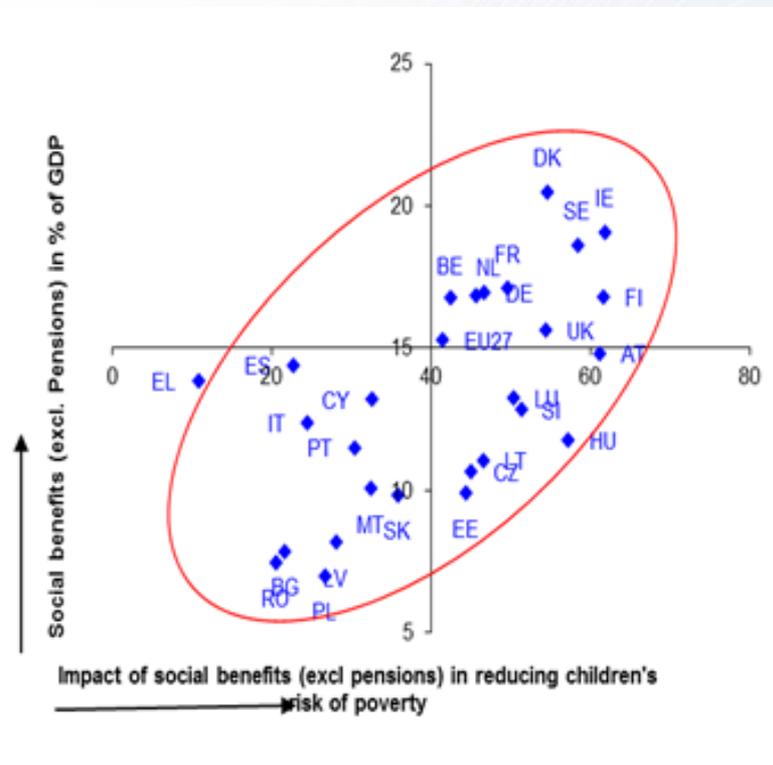
Risk of poverty of children by work intensity of the household
(Source: Eurostat, EU-SILC, 2010)

Access to early childhood education and care remains a challenge for families on low income

- ECEC essential to support parents' participation in the labour market but also to break cycle of inequality from the start (years under 3 crucial for language and cognitive skills)
- 73% of children under 3 not in formal childcare, as against 17% of children between 3 and 6 (Barcelona targets)
- Important challenges as regards:
 - access and availability (e.g. accessibility in rural areas, eligibility for parents further from labour market, articulation with parents' working hours)
 - affordability (childcare costs can generate disincentives to work for families on low income, despite support measures)
 - Quality (staff training)

The essential role of social transfers

- Social transfers reduce child poverty by 40% in the EU
- Countries that spend most have lowest child poverty rate
- Yet some Member States have better impact for equivalent level of spending
- Differences in effectiveness can be attributed to
 - design of benefits (e.g more or less redistributive)
 - adaptation to socio-demographic context
 - articulation with labour market policies

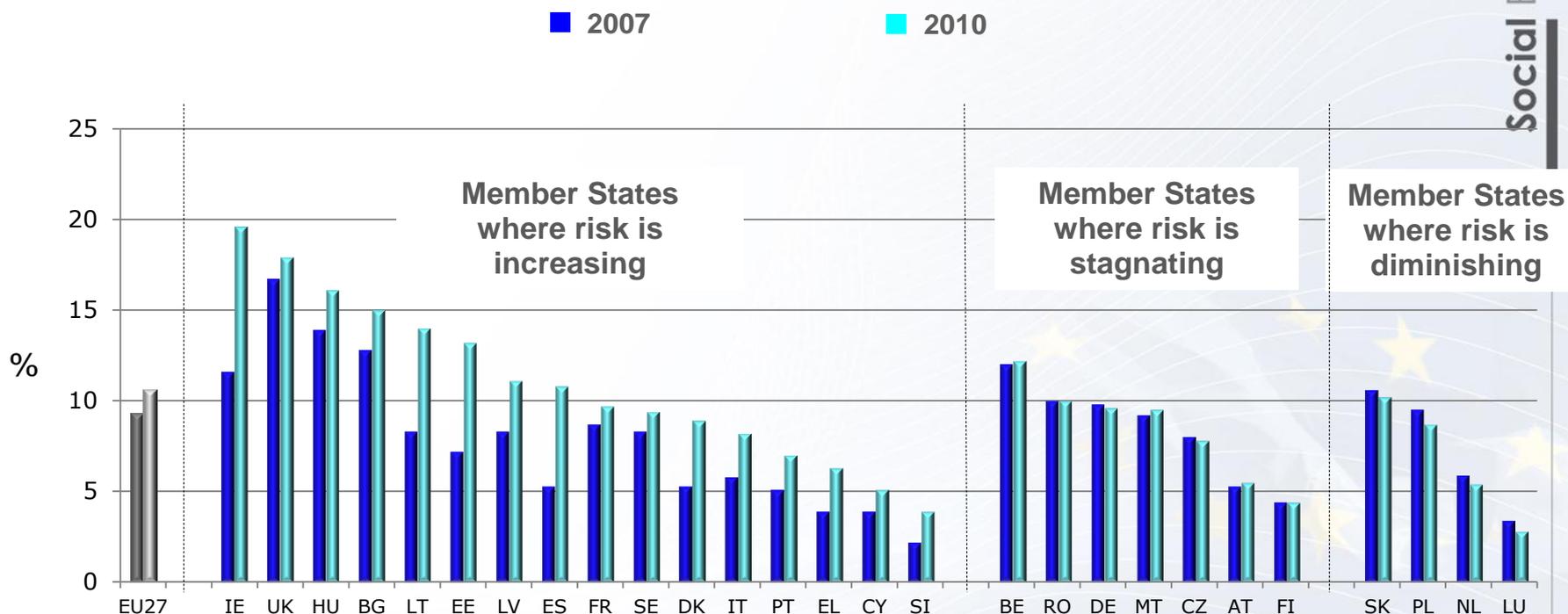


Effects of the crisis

- No significant decrease of child poverty over last years even in times of growth (few exceptions, e.g. UK)
 - Some signs of increase of both relative and most absolute forms of child poverty; decrease in living standards in most EU countries
 - Despite enhanced support in initial phase, reduction of expenditure towards children and families
 - Tightening eligibility rules (e.g. new income ceiling for family benefits in CY, UK, limitation in number of eligible children in NL)
 - Reduction in level of benefits (e.g. family benefits in HU, NL, RO, IE, UK, DK)
 - Suppression of some support schemes (e.g. birth grants in UK, ES)
- *Signs that some universal forms of support are being abandoned (support shifted towards households on lower income)*

Increase in the number of children in jobless households

Children living in jobless households*



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* Children in jobless households refer to children living in a household where none of the parents are a work.

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Source: European Commission

Finding the right mix of universal and targeted benefits in times of austerity

- Most EU countries provide both universal (e.g. unconditional) and targeted child and family benefits (e.g. means tested or targeted towards specific groups)
- **Universal provision** reaches out to all those in need and focuses on prevention:
 - Fewer risk to miss those at risk, less stigmatising, fewer trap effects,
 - Respond to other objectives of child/family benefits (reconciliation, fertility...)
 - But more costly: benefits all households regardless of income (possible 'leakage effect', 70% of expenditure ends up with middle class incomes)
- **Targeted approaches** focus on those most at risk:
 - More tailored made intervention, spending focused on those most at risk (fiscal austerity context)
 - But possible failure to reach out to all those at risk, stigmatising effect and possible poverty traps (+ some administrative costs linked to tracking)
- Balance of both has proved to be most effective in preventing and combating child poverty: necessity of a good mix of means-tested and categorical benefits, sensitive to characteristics of the families
- See *EUROMOD working paper: Is the neighbour's lawn greener? Comparing family support in Lithuania and four other NMS* , Salanauskaite, L. and Verbist, G.

Relative outcomes of countries related to the main determinants of child poverty

 Impact of social transfers is high  Low share of children in jobless households  Children in working households face low risk of poverty	CZ EE AT  NL SI FI  FR (BE) DK SE  DE(CY)
 Children in jobless households are numerous and relatively less exposed to risk of poverty than in other EU countries  Impact of social transfers is high	HU  UK  IE 
 Low impact of social transfers  Children in medium-high work intensity are exposed to risk of poverty	PL PT SK  IT RO  EL ES LT  LV BG

Source *ESSPROSS 2009, EU- SILC2010*
 (LU and MT not represented as they appear as outliers)

Beyond a monetary approach : material deprivation of children

Outcomes from EU SILC 2009 module (*EU Survey on Income and Living Conditions*) give complementary information on children's living conditions :

- 5.9% of children in Europe cannot afford new clothes (35% in Bulgaria, 25.2% in Romania and 24.5 % in Latvia)
- 34.5% of children in Bulgaria cannot afford to eat fresh fruits and vegetables once a day (Romania 23.8%, Hungary 17.2%, Latvia 15.4%)
- 12% in the whole EU cannot afford leisure activities such as swimming, playing an instrument or participating in a youth organization
- *Eurostat publication "Measuring Material Deprivation in the EU" (June 2012)*
- *Some of these questions will serve as a basis for a child deprivation indicator (in development, Eurostat, NET SILC 2)*

Providing adequate income not sufficient to address and prevent child poverty

Preventing the transmission of disadvantage across generations implies early intervention in:

- Education (early childhood education, preventing early school leaving)
- Health (access in disadvantaged areas, prevention programmes, focus on healthy lifestyles)
- Housing (overcrowding, healthy environments)
- Social and child protection services (parenting support, quality care for those growing up out of their family environment)
- Participation opportunities (sport, culture, social, civil participation)

2) What can the EU do to address child poverty?



What can the EU do to address child poverty?

- Policies to address child poverty primarily in hands of Member States, local, regional authorities
- The EU supports and complements Member States' action in the fight against poverty (art. 153 TEU)
- All the more necessary as Member States are facing similar challenges (crisis, demographic change, access to services, labour market segmentation...)



Child poverty: a priority within EU coordination on social inclusion

Open Method of Coordination on Social Protection and Social Inclusion launched in 2000:

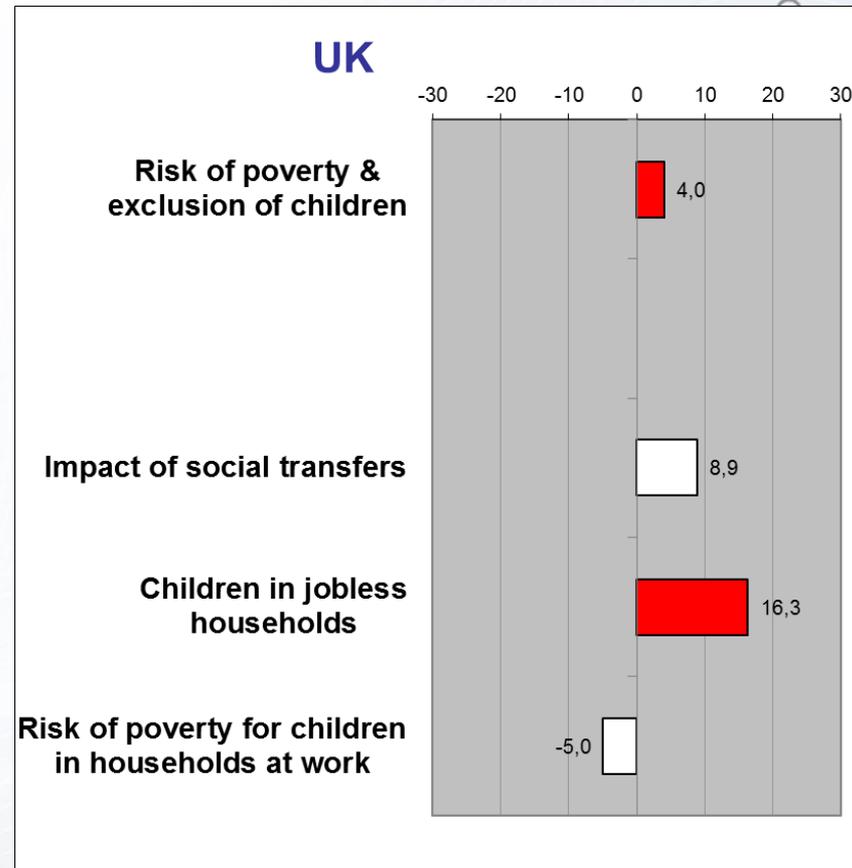
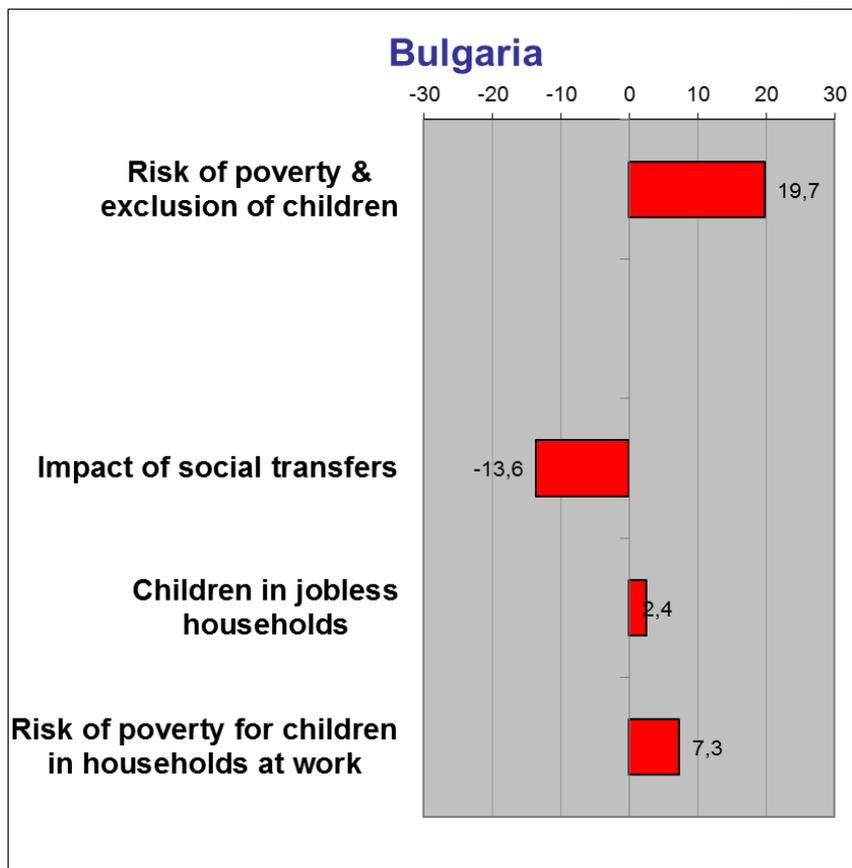
- Strengthened **analytical tools** and **indicators**
 - better reflect situation of children in main social indicators
 - going beyond approach focused on income only (e.g. work ongoing to develop a special child deprivation indicator)
- Child poverty priority theme for **policy coordination**
 - Member States' highlighted child poverty developments in National Action Plans
 - Benchmarking and regular review by Commission and Council (2008 Joint Report)
 - Focus on good governance and stakeholder involvement
- **Peer reviews, studies**, support to **networks** and **transnational projects** through the PROGRESS programme

An important concern within Europe 2020

Europe 2020 is the EU's overall strategy for "smart, sustainable and inclusive development" (launched in 2010):

- Reduce number of people in poverty by 20 million (i.e. -25%)
- Some Member States have set up targets or sub targets for reducing child poverty as their contribution to the EU "headline target" (e.g. BE, UK)
- Annual Growth Survey 2012 underlined need to protect most vulnerable from the crisis and crisis' consequences on children
- Many MS mention child poverty as a important issue in their National Reform Programme 2012
- *EC proposals for CSRs published in May 2012 reflect growing concern for the prevention of poverty*

Main drivers of child poverty in BG and the UK (based on Joint Assessment Framework)



Child poverty drivers in BG and the UK: policy conclusions

United Kingdom:

- generous benefits but
 - many children in jobless households
 - high inactivity due to care responsibility
- => *design of benefits*
=> *lack of child care*

Bulgaria

- High poverty and material deprivation
 - In-work poverty
 - Low impact of transfers
- => *improve economic and labour market conditions*
=> *improve family support*

Diagnosis of main drivers by country

 High impact of social transfers	 Few children in jobless households	 Children in working households face low risk of poverty	 Impact of social transfers is high	 Many children in jobless households	 Low impact of social transfers	 In-work poverty: children are poor even though parents are working	CZ EE AT	
							NL SI FI FR (BE)	
							DK SE DE(CY)	
			HU					
			 UK					
			IE					
			PL PT SK					
			IT RO					
			EL ES LT					
			 LV BG					

Source: ESSPROSS 2009, EU-SILC 2010, DG EMPL calculations.

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Extracts from CSRs for Bulgaria and the UK

BULGARIA

To alleviate poverty, **improve the effectiveness of social transfers** and the access to quality social services for **children** and the elderly and implement the National Roma Inclusion Strategy.

UNITED KINGDOM

Step up measures to facilitate the labour market integration of people from **jobless households**. **Ensure that planned welfare reforms do not translate into increased child poverty**. Fully implement measures aiming at facilitating access to **childcare services**.



Examples of 2012 Country Specific Recommendations

EC proposals adopted in May 2012 cover:

- Addressing possible rise in child poverty (UK)
- Child and family support measures (ES, EE, BG)
- Disincentives for second earners (NL, DE)
- Social services for children (BG)
- Childcare
 - Provision (IT, SK) and access (UK)
 - Affordability (CZ, MT, PL)
 - Availability (CZ, DE, MT)
 - Quality (CZ)
 - Children enrolment and qualification of staff (PL)
 - Investment in infrastructures (PL)

New opportunities within cohesion policy 2014-2020

- Both ERDF and ESF already support a range of relevant activities, with strong focus on reconciliation arrangements (e.g. quality, affordable childcare) and education
- New opportunities for 2014-2020 programming period (see proposals for ESF, ERDF regulations + Common Strategic Framework):
 - 20% ESF earmarking for social inclusion (e.g. interventions on groups further from the labour market)
 - Stronger link with Europe 2020 (process and priorities)
 - Stronger focus on support to social protection reforms
 - Conditionality (active inclusion and de-institutionalisation)
 - More focus on early years and integrated support to children at risk, on de-institutionalisation
- *Much will depend of outcomes of current negotiations*

Relevant investment priorities (Common Strategic Framework, March 2012)

Objective « Promoting Social Inclusion and Combating Poverty »

ESF

- Integrated pathways into employment (e.g. of parents)
- Designing reforms of social protection systems, minimising trap effects (no direct mention of child/family benefits but potentially covered)
- Access to quality, affordable and accessible social services (in particular childcare, healthcare)
- Anti-discrimination (e.g. in educational attainment and health status)
- Community led development strategies (education, social inclusion)

Specific focus on children

- Elimination of school segregation and better access to ECEC (Roma children)
- Targeted ECEC services, including integrated approaches combining childcare, education, health and parental support (e.g. “Sure Start”)
- Support for the transition from institutional care to community-based care services

Relevant investment priorities (Common Strategic Framework, March 2012)

Objective « promoting employment and supporting labour mobility »

ESF

- developing work-life balance policies, support for reintegration of persons who have not been working due to caring duties
- innovative ways of work organisation, including teleworking and flexible working arrangements allowing people to combine informal care duties with work
- access to affordable care services, such as child care, out of school care

Objective «Investing in education, skills and lifelong learning»

ESF

- Reducing early school leaving
- Capacity building for teachers and trainers
- addressing obstacles in access faced by children from disadvantaged families, in particular during years 0-3;
- Assisting children and young people with learning disabilities to integrate mainstream system

ERDF

- Investment in child care infrastructures, with a view to reducing territorial disparities and fostering non-segregated education

Other key EU initiatives

- EU Agenda on the Rights of the Child (promoting children's rights EU objective since Lisbon Treaty)
- Education and training agenda (early childhood education, early school leaving)
- Health Policy (2010 Communication on Health Inequalities)
- Gender equality, reconciliation of work and family life and family policy (legislation, European Alliance for Family)
- European School Fruit and Milk Schemes (distribution in schools)
- European Food Aid Programme (supporting "food banks")



3) Next step:
a Recommendation on child poverty



Upcoming Commission Recommendation on Child Poverty

To be adopted at beginning of 2013 as part of the Social Investment Package, with input from special advisory SPC report "tackling child poverty and social exclusion, promoting child well being" (adopted on 7th June 2012)

Common principles for effective action in key areas

- Access to adequate resources (support parents participation in LM, provide financial benefits for adequate living standard)
- Access to quality services (invest in child care -in particular ECEC-, enhance impact of education, early health interventions, improve housing and living environment, social and child protection services)
- Promote Children's participation (in civil, recreational or sport activities)
- Governance and implementation (put on top of 2020 agenda, mainstream cooperation with authorities and stakeholders, EU financial instruments, evidence based evaluation)

Set of indicators to be used for in-depth reviews and monitoring child poverty and social exclusion across Member States

Accompanying Communication or Staff Working Document

The Recommendation will focus on key policy messages and priorities addressed to Member States

Need to be underpinned by analytical evidence and concrete actions, for instance:

- Monitoring of Recommendation, possibly including a scoreboard of Member States' performance
- Support Member States designing child and family benefits reforms and test possible approaches (e.g. studies, Euromod)
- Financial support to social policy experimentation in key policy areas (e.g. disincentives to work for parents on low income, preventing children's placement in alternative care, transition from alternative care to adulthood...)
- Mobilisation of structural funds in Member States and through development of a transnational ESF networks on early childhood education and care (ECEC) and des-institutionalisation.

Thanks for your attention!

Any question?

Any idea of concrete actions to accompany
the Recommendation?

