



Child poverty and child well-being in the European Union

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for
the European Commission**

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Unit E.2**

Summary of main results

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Introduction and Overview

The EU policy context

In recent years, the mainstreaming of child poverty and child well-being has become a priority for the European political agenda. As part of the European cooperation on social protection and social inclusion (the Social Open Method of Coordination, henceforth the Social OMC), the European Union has expressed its strong political commitment to combating child poverty and promoting well-being among children, regardless of their social background. This process has gone through several main steps.

- ✓ The March 2005 EU Presidency Conclusions, which explicitly refer to child poverty¹ and announce the European Youth Pact.
- ✓ The 2005 Luxembourg Presidency initiative on 'Taking forward the EU Social Inclusion Process', which called explicitly for the mainstreaming of children and for the adoption of at least one child well-being indicator at the EU level.²
- ✓ The 2006 March Presidency Conclusions, which called for more action to eradicate child poverty in the Member States.³
- ✓ The adoption in 2006 of the Commission's Communication entitled 'Towards an EU Strategy on the Rights of the Child, Communication from the Commission'.
- ✓ Since 2006, with the streamlining of the Social OMC, there has been a more systematic consideration of several well-being indicators for children.
- ✓ There has been a series of reports and recommendations on tackling child poverty and social exclusion produced within the framework of initiatives funded under PROGRESS, as part of the Social OMC; these include reports from the EU Network of Independent Experts on Social Inclusion, the European poverty networks (e.g. Eurochild, the European Anti-Poverty Network (EAPN), the European Federation of National Organisations Working with the Homeless (FEANTSA) and the European Social Network (ESN)), various peer reviews and other exchange projects.
- ✓ The establishment in 2007 of the EU Task-Force on Child Poverty and Child Well-Being (here referred to as the EU Task-Force).
- ✓ The formal adoption in January 2008 of the report and recommendations of the EU Task-Force by all Member States and the Commission, and the incorporation of these into the EU *acquis* in this area.⁴
- ✓ The inclusion in National Strategy Reports in 2008 of child poverty as a key priority in 24 Member States, many of which set quantified targets for its reduction.
- ✓ The planned publication in 2010 (European Year for Combating Poverty and Social Exclusion) of a Commission staff working paper on child poverty.

¹ It was stressed that 'Social inclusion policy should be pursued by the Union and by Member States, with its multifaceted approach, focusing on target groups such as children in poverty.'

² The Luxembourg Presidency conference on 'Taking Forward Social Inclusion' has thoroughly discussed the analysis and conclusions of the report, which appeared as Marlier et al. (2007).

³ 'The European Council asks the Member States to take necessary measures to rapidly and significantly reduce child poverty, giving all children equal opportunities, regardless of their social background.'

⁴ See EU Task-Force (2008).

The EU Task-Force recommendations adopted by the Social Protection Committee in January 2008 cover six broad areas: 1) Setting quantified objectives; 2) Assessing the impact of policies on child poverty and social exclusion; 3) Monitoring child poverty and well-being; 4) Developing a common framework for analysing child poverty and social inclusion; 5) Reinforcing statistical capacity and improving governance and monitoring arrangements at all relevant policy levels; 6) Improving governance and monitoring arrangements at all relevant policy levels.

It was recommended that reporting on child poverty and child well-being should include (i) a comparative EU analysis of the risk of child poverty on the basis of the framework proposed by the Task-Force and (ii) an analysis of other dimensions of child well-being identified by it.⁵ It was suggested that all the relevant indicators already agreed at EU level should be used in this process, as well as (then) yet-to-be-developed indicators of material deprivation, housing and child well-being, including those available at the national level.⁶

Tasks within this project

This *Study on Child Poverty and Child Well-Being in the European Union* fits into the process described above. The study was commissioned to cover the following:

- ✓ Task 1. An in-depth empirical analysis of child poverty and the related key challenges for each Member State, starting from the analytical framework developed by the EU Task-Force report.
- ✓ Task 2. An assessment of the effectiveness of policies to combat child poverty and promote social inclusion among children, and identification of policy mixes that seem to be most effective in tackling the specific factors underlying child poverty.⁷
- ✓ Task 3. The formulation of recommendations for a limited set of indicators and breakdowns that are most relevant from a child perspective and that best reflect the multidimensional nature of child poverty and well-being in the European Union. These are intended to be in line with:
 - The monitoring framework set up in the context of the OMC on social protection and social inclusion.
 - The recommendations formulated by the EU Task-Force and the work that has already been carried out during the implementation of the Social OMC.
 - The existing practices of Member States in this area.
 - Existing initiatives to capture the main aspects of child well-being (OECD, UNICEF, etc.).
 - The results of empirical analysis and policy assessment carried out as part of this ongoing study.

Dimensions of child well-being

A main point of reference for the widely accepted concept of child well-being, the United Nations Convention on the Rights of the Child (UNCRC) refers to the right to survival (e.g. through access to healthcare and services), the right to development

⁵ See Recommendation 4 of the EU Task-Force report (2008). We discuss these dimensions in detail in Chapter 3.

⁶ See Recommendations 3–5 of the EU Task-Force (2008).

⁷ The analysis of policy impact is based (i) on the use of EU-level datasets relevant to this purpose (EU-SILC, LFS, PISA, HBSC and several others), (ii) a review of the policies in place in all Member States, (iii) case studies of 11 EU countries that complement and deepen the findings of the cross-country comparative analysis, and (iv) the use of EUROMOD microsimulations to explore the effects of policy.

(e.g. right to education), the right to protection (e.g. from abuse or exploitation) and the right to participation (e.g. to form and express opinions on matters of personal concern). Since families have the main responsibility for providing care and support for children, the UNCRC attaches importance to their role in guaranteeing the survival, protection and development of children.⁸ The monitoring of child well-being may either remain within the bounds of strictly policy-relevant domains,⁹ or it may go further and cover a broader set of dimensions.¹⁰

The EU Task-Force report identifies seven dimensions of well-being that are worth monitoring: (i) economic security and material situation, (ii) housing, (iii) education, (iv) health, (v) exposure to risk and risk behaviour, (vi) social participation and relationships, family environment, and (vii) local environment. In this study, we consider all seven of these, but – the better to present the potential indicators under each – we split the first dimension into ‘Income’, ‘Material deprivation’ and ‘Labour-market attachment of the members of the child's household’. The classification used is, therefore, as follows:

A. Material well-being: factors relating to the material **resources** of the household that the child has access to (or lacks) during his/her life and development, including indicators of:

(A1) income

(A2) material deprivation

(A3) housing

(A4) labour-market attachment of the members of the child's household.

B. Non-material dimensions of child well-being, which may reflect both the resources a child has access to (or lacks) during his/her development and **outcomes** at different stages of this development:

(B1) education

(B2) health

(B3) exposure to risk and risk behaviour

(B4) social participation and relationships, family environment

(B5) local environment.

The coverage of these dimensions is similar to that of a number of child poverty studies, though the weight given to the different dimensions does differ somewhat. The EU Task-Force typology outlined above has the advantage of a relatively wide coverage of dimensions (which reflects the multidimensional nature of child well-being).¹¹ Throughout our report, we follow this categorisation of domains of child well-being. In our approach, the focus is more on material well-being and poverty;

⁸ UN Convention on the Rights of the Child. Adopted and opened for signature, ratification and accession by General Assembly Resolution 44/25 of 20 November 1989; entered into force 2 September 1990, in accordance with article 49. www2.ohchr.org/english/law/pdf/crc.pdf

⁹ Basically this is the approach adopted in OECD (2009).

¹⁰ As presented, for example, in UNICEF (2007).

¹¹ The dimension of material deprivation is understood more broadly here than under the OECD typology. Though, from the perspective of children, the OECD approach of focusing on educational deprivation items only may well be justified, we work with the items of general material deprivation. The reasoning behind this is partly pragmatic (this indicator has just been approved and probed in the Social OMC), and partly theoretical (material deprivation of the family is a fairly good proxy for educational deprivation as well, and it might be assumed that there is a closer link between material deprivation and the general well-being of the household). The indicators on the local environment are grouped with housing in the OECD report (OECD 2009) but considered separately in the EU Task-Force typology. Otherwise, the OECD and the EU Task-Force lists of relevant dimensions are the same. The UNICEF typology has a broader coverage for relationships and considers subjective well-being of children as a separate dimension, while it includes fewer details of material well-being (UNICEF 2007).

however, in various parts of the report, we consider a broader range of non-material aspects.

Methods and procedures

The general approach of the report is to carry out international benchmarking and country-level analysis in parallel. This requires the simultaneous application of various methodological approaches. An extensive part of our work is based on analysis of microdata from various European-level micro-surveys of households and individuals. The most extensively used survey is the European Union Statistics on Income and Living Conditions (EU-SILC), which is carried out annually by the national statistical institutes of the European Union, coordinated by Eurostat. The European Labour Force Survey (LFS) is also extensively used. In order to provide an in-depth account of the basic trends of child poverty and child well-being, descriptive statistics are provided, as are the results of multivariate analyses (designed to show controlled relationships between variables). For most of the bivariate and multivariate analyses, the results are summarised in synthetic tables to help in drawing general conclusions. For the in-depth analysis of child poverty and social exclusion, the most recent available release of the datasets was used.¹²

To evaluate the possible impact of policies on child poverty rates and on the incidence of social transfers, we used EUROMOD, a unique microsimulation model that enables analysis to be carried out in a harmonised way on the effects of tax-benefit systems in a large number of EU countries.

The country-level analysis requires in-depth knowledge of the key challenges, the features of local institutions and recent policy developments. We were fortunate enough to have the help of an internationally renowned team of national experts with this knowledge to produce 11 country reports, which are at the core of this study.

During our selection of a suitable and relevant set of indicators to monitor child poverty and well-being across the EU, we consulted a large number of research studies, collected a great deal of data and carried out extensive statistical analysis of these data, following the procedures developed by the Indicator Subgroup (ISG) of the Social Protection Committee of the European Commission. A paper was presented to the ISG on 28 October 2009. The authors benefited considerably from the exchange of views with ISG members at the meeting. In addition, child advocacy organisations were approached for their views on the potential merits and pitfalls of the indicators concerned. Most notably, discussions held at the Eurochild Annual Conference on 11–14 November 2009 proved very useful.

To discuss the methods, findings and suggestions of this report, a conference organised by the European Commission on 26 November 2009 brought together researchers, policy-makers, experts and representatives of organisations working in this area to discuss the results of the study. The comments and suggestions received (from a wide range of professionals, policy-makers and stakeholders) have been taken into account when drafting the final version of this report.

The participants at the conference endorsed the importance of monitoring child poverty and child well-being in the European Union. There were calls to extend the coverage of the review and of indicator development to marginalised groups who are not properly represented in general social surveys. It was also emphasised that there is a need to explore the views of children when defining the dimensions of child well-being. The participants suggested that greater emphasis be placed on the policy relevance of the conclusions and on the demand for better monitoring in order to

¹² For denoting the reference years in various tables and figures, the EUROSTAT protocol has been followed: It is the year of data collection that is referred to in the table headings, rather than the income reference year. When 2007 is mentioned, for example, it should be interpreted as: data were collected in 2007, with an income reference year 2006. For most of the non-income variables, the difference between the survey year and the data collection year is much less significant.

facilitate better policies for children. The text below has benefited from the wealth of suggestions received during the conference.

The concluding panel discussion of the conference, with representatives of stakeholders, the ISG of the Social Protection Committee and the forthcoming Spanish and Belgian presidencies, endorsed the need to take forward the EU initiative and to further elaborate a new child-related indicator portfolio, in order to have a better monitoring system for children in the European Union.

Structure of the report

Chapter 1 provides an overview of the most important characteristics and determinants of child poverty in the Member States of the European Union, with a focus on child poverty outcomes (the at-risk-of-poverty rates to show the extent of child poverty, the poverty gaps to show the severity of child poverty and measures of persistent poverty to analyse the duration of child poverty). After an analysis of household-level factors of poverty (household composition and labour-market attachment), the role of tax and transfer programmes is assessed. Children's material conditions are further analysed using the newly adopted indicators of material deprivation and housing. Though further work is required for a full integration of indicators of non-material aspects of poverty to assess the situation of children, evidence on health status, education, risk behaviour and the quality of the social environment is examined to show the differences across Member States, as well as the ways in which they affect the physical, mental and societal development of children. In the final section of this chapter, a classification of country performance is provided, following the guidelines for clustering presented in the EU Task-Force report. This has the aim of drawing out the main challenges facing the different countries and of grouping the countries according to those main challenges.

Chapter 2 provides an overview of the policies in place in each Member State of the European Union. As well as a country-by-country overview of policies, there is an in-depth analysis of the national social and policy context of the major factors driving child poverty, based on country case studies prepared by a network of experts on the relevant countries. The experiences and situations of the various countries are compared, and the similarities and points of difference are identified, in order to gain a better understanding of the effectiveness of policies and the effects of underlying factors.

Chapter 3 identifies indicators of child poverty and well-being in the EU, relying strongly on existing work in this area and on the analytical part of the study. The basic rationale for this part of the work is twofold. First, taken together, the indicators that are identified need to provide an adequate framework for the monitoring of child well-being in the Member States of the European Union, when this is required. Second, the ISG needs to be able to select from the general pool of indicators a limited number that could fill the child well-being slot in the EU social inclusion portfolio. Following the guidance of the EU Task-Force report, Chapter 3 describes the seven dimensions that can give a balanced and broad-based picture of the factors that are relevant in describing and monitoring child well-being in the EU countries. Then, by applying the agreed Social OMC rules for indicator selection, we review a set of potential indicators, including further breakdowns of already agreed indicators of the social inclusion and health portfolios. Following this, we review a large number of potential non-material indicators of child well-being, building on previous work by the EU and other international organisations like the OECD and UNICEF. Wherever possible, we suggest further breakdowns for the newly proposed indicators, to tailor them to the requirements of the Social OMC.

The major findings of the study are summarised below. The main points made in Chapters 1 and 2 of the study are presented together, while suggestions for indicators of child well-being are set out separately in the final section.

Child Poverty: Outcomes, Key Challenges and Policy Responses

Child poverty outcomes: general patterns in the European Union

Recent survey data indicate that the **risk of poverty** among children is, in general, higher than among the population as a whole in most of the Member States (3 percentage points higher on average). While children face the highest risk of poverty in the two newest Member States (Bulgaria and Romania), the relative risk of poverty among children (as compared to the adult population) is highest in Hungary and the Czech Republic. By contrast, the risk of poverty among children is lower than for the population as a whole in Denmark, Germany and Finland.

The **severity of poverty** among children, which is generally similar to the severity for the population as a whole, is particularly high in Bulgaria, Romania and the Baltic States (also in Poland and Portugal), and is relatively low in France and Finland.

The risk of poverty among children and the severity of child poverty are strongly correlated. Countries where the at-risk-of-poverty rate for children is above the EU-27 average also tend to have above-average severity of child poverty. Both the severity and the persistence of poverty among children tend to be high where the extent of poverty is also high. The UK is an exception: there both the severity of poverty and its persistence are low by comparison with other countries that have a similar risk. On the other hand, in Luxembourg and Portugal, a slightly lower than average risk and severity of child poverty is accompanied by relatively high persistence. In Italy, high risk and high severity coincide with high persistence, while in Spain, the proportion of children who remain at persistent risk is much smaller.

The risk of poverty tends to increase with the age of children in most countries, the main exceptions being Belgium, Denmark, Hungary, Austria, Finland and the UK, where the youngest are most at risk.

Factors underlying child poverty

Demography

Patterns of family formation, family break-up, the number of children people have and when they have them all affect children's risk of poverty. In nearly all countries of the EU, children who live with **lone parents** or in **large families** are at greatest risk.

On average, more than one child in 10 in the EU lives with a lone parent; their risk is higher than that of other children throughout the EU – except in Italy, Latvia and Portugal, where children who live in large families (with three or more children) are at higher risk. In Spain, Poland and Slovakia, the risk is similar for both types of family.

While the risk of poverty is generally lower among children in large families than among those with single parents, they represent a larger **proportion** of all children at risk in the EU. In Belgium, Germany, Estonia, Ireland, Sweden and the UK, however, children with a single parent account for a significant proportion of the total at risk.

Labour-market attachment

Lack of employment (and of the related earnings) is a major cause of poverty. For children in households at risk, earnings from employment account for a particularly small share of income in Belgium, the Czech Republic, Denmark, Ireland, Hungary and the UK, giving a first indication of the importance of **joblessness** as a factor in these countries. On the other hand, in the Southern EU countries and Poland, the share of earnings in the household income is much greater, suggesting that the risk of child poverty is linked to **low earnings** rather than to joblessness.

Almost one child in 10 in the EU lives in a jobless household (i.e. where no one of working age is employed), though the share is much larger in Belgium, Ireland, Hungary and the UK. By contrast, less than 4% of children live in jobless households in Greece, Cyprus, Luxembourg and Slovenia.

According to the EU-SILC, children in jobless households account for a quarter of all children at risk of poverty and for more than 40% in Belgium, Ireland, the UK and the Czech Republic. In the first two countries, the proportion rises to over 70% if households with no one in full-time employment are included, and in the last two to over 60%. Joblessness is strongly related to lone parents in the first three countries.

In all Member States, most children live in households where at least one person is in full-time employment. The extent to which both parents work full time, however, is far from uniform. In Denmark, Portugal, Slovenia and the UK, more than half of the children have both parents in full-time work. In the Netherlands (where part-time working among women with children predominates), the proportion is just 6%, and in Germany – 11%. In cases where both parents work, the predominant arrangement in most EU-15 Member States (mainly the Continental countries, Ireland and the UK) is for one to work full time and the other (usually the mother) to work part time. The risk of poverty among children living in such a situation tends to be relatively low, though it is still around 10% in the UK and slightly more in Luxembourg.

In Greece, Italy and (to a lesser extent) Spain, as well as in Germany, the Czech Republic and Hungary, a significant proportion of children live in households where only one parent – most often the father – is in full-time employment. The risk of poverty among children living in such a situation varies greatly from country to country. The risk is particularly high in the three Southern countries, where, in many cases, one full-time salary is not sufficient to prevent household income from falling below the poverty line. In the Czech Republic, Germany and Hungary, the risk is much lower, though not negligible (11–15% have income below the poverty threshold). In the EU as a whole, children in single-earner households are at four times greater risk of poverty than are children in households where both parents work.

Having both parents employed full time is the surest way of avoiding the risk of poverty among children, though this is less the case in Estonia, Latvia, Poland, Luxembourg and the Netherlands, where 9% or more of children in this situation have income below the poverty threshold.

The role of income support

On average, European governments spend about 2% of GDP on child-related benefits, which account for around 8% of all social protection transfers (including pensions). Denmark, Luxembourg and Sweden spend above 3%, while Bulgaria, Estonia, Spain, Italy, Malta and Portugal spend less than 1.5%. In Poland, the level of child-related transfers is less than 1% of GDP.

The share of social transfers received by children relative to their share of the population (the **transfer distribution index**) gives some indication of the degree of

horizontal redistribution towards upcoming generations (and their parents). Children in the EU receive on average some 10% more of all cash transfers (excluding pensions) than their proportion of the population. The index is highest in Estonia and the UK, and lowest in Greece, Denmark and the Netherlands (though in the last two, this tends to be compensated for by significant in-kind benefits and support services).

While the transfer distribution index indicates the level of horizontal redistribution towards children, the share of transfers received by children at risk of poverty relative to their proportion of all children indicates the degree of **vertical redistribution**. In the EU as a whole, children at risk receive 27% more in transfers than their proportion of all children. This figure rises above 60% in Belgium, the Czech Republic, Denmark and the Netherlands, while the share of transfers that go to such children is smaller than their proportion of all children in Spain, Italy and the Baltic States. It is hard to draw general conclusions, since high levels of vertical redistribution might be attributed either to means-testing or to the targeting of special categories (or indeed to both). On average in the EU, social transfers (excluding pensions) reduce the proportion of children at risk of poverty by 42%. Cross-country variation in the effectiveness of income support reflects both the level of expenditure and the extent to which transfers are targeted at children, and especially at those with low income.

Obviously, very low effectiveness is observed when a low level of expenditure is combined with poor targeting (Greece, Spain). The situation improves slightly when either horizontal (Italy and the Baltic States) or the vertical (Netherlands, Poland, Portugal) redistribution is more accentuated. High effectiveness is obtained when the level of expenditure on income support is high, and when there is either considerable horizontal (France, Hungary, Austria) or vertical (Finland) redistribution. The case of the UK shows that effectiveness can be increased by strengthening both the horizontal and the vertical dimensions of redistribution, even at lower levels of overall spending. By contrast, in Sweden the high level of expenditure ensures a high poverty-reduction impact, even though neither the horizontal nor the vertical redistribution level is above the EU average.¹³ In addition, even when relatively high effectiveness is observed as a result of targeting, the benefits may prove a disincentive to labour-market participation and may have severe, negative long-term consequences (e.g. intergenerational transmission of poverty through the permanent joblessness of parents). However, the estimates of the social transfers that go to children (or to households with children), which are derived from the data in the EU-SILC and which are presented in the report to give an indication of the extent to which policy in different countries is targeted at children (and especially at children in low-income families), are potentially misleading for three main reasons. First, they do not take full account of the taxes and social contributions that the transfers generate (i.e. some of the amount transferred is taken away again). Second, they fail to take account of income support provided through the tax system, through tax concessions to income earners with dependent children.

Third, and more fundamentally, the estimates relate to social transfers received by households with children. While they do distinguish between family- and child-related transfers (such as maternity allowances or child benefits), they also include other transfers that are important in maintaining the income of the households concerned. To assume that the total amount received is contingent on children is clearly unrealistic, but – given the data available in the EU-SILC – there is no way of identifying the actual child-contingent payment. It also fails to take account of the provision of services in kind, such as free healthcare or free education – this can differ considerably across countries for children under school age.

¹³ The estimated effectiveness for the Nordic countries is biased by the large proportion of in-kind benefits within all social transfers. Also, the same is true of those countries, where the tax system is an important channel of redistribution.

Microsimulation results, which need to be interpreted with caution,¹⁴ show that tax benefits have most effect in reducing the risk of poverty in France and Hungary, followed by the UK, Luxembourg and Austria. They have least effect in Greece, Spain and Portugal. While the results are broadly in line with those derived direct from the EU-SILC data, there are some differences. In particular, net child-contingent transfers in Denmark, the Netherlands and Ireland seem to have much less effect in reducing the risk of poverty among children than the EU-SILC-based estimates would suggest.

The age dimension

As noted above, the risk of poverty among children tends to increase with age in most EU countries. This is especially true of Spain, France and Estonia, where the proportion of children at risk is around 10 percentage points higher for those aged 12–17 than for those aged under 3, though the difference is also substantial in Ireland, Greece, Luxembourg and Poland (6–8 percentage points in each case). In Belgium, Finland and the UK, the risk of poverty tends to decline as children get older.

There are a number of reasons for these differences, not least the extent to which women are in employment and the distribution of child-related benefits between children of different ages. In France, Luxembourg and Estonia, in particular (though also to a lesser extent in the other countries), child-related benefits tend to be concentrated on babies and very young children; especially in France, this is done not only to provide support, but also as an incentive to have children. In Belgium and the UK, the fact that mothers of very young children – many of them single parents – tend not to be in employment tends to push down income and to outweigh the support provided by maternity benefits.

It is important to bear these differences in mind when assessing the nature of the risk of poverty among children across the EU and the kinds of policy required to reduce the number at risk. Thus, there is a need to consider the situation of children in different broad age groups, rather than simply to treat children as a single group. This need is reinforced by the fact that the various aspects of child well-being themselves tend to change as children get older, as is emphasised in Chapter 3, which points to the importance of indicators being adapted to the age of the child.

Country-level combinations of outcomes, factors and policies

Following the methodology developed in the EU Task-Force report (2008), countries have been clustered according to their performance in relation to the risk of child poverty, so as to provide a means of **benchmarking** policies and outcomes and relating three key determinants of child poverty: labour-market exclusion, in-work poverty and impact of government transfers.

Analysis of child poverty outcomes and of the main underlying factors indicates that the problem of child poverty varies markedly in scale and nature across the EU. The policies in place to support families with children, to reduce the risk of poverty and to tackle the other problems associated with a high risk vary as widely as does child poverty across the Member States. The focus here is on the policies to combat child poverty, and not on policies to tackle other factors that contribute to child well-being – or, more accurately, to child ‘non-well-being’. This reflects the focus of the policies

¹⁴ The estimates made of child-contingent payments in the report are, therefore, likely to be overestimates in all these respects. While these various considerations cannot be accommodated on the basis of the information given in the EU-SILC, they can be explicitly allowed for through the use of a microsimulation model, and specifically through the use of EUROMOD. The report presents the results of a microsimulation analysis, assessing the role of child-contingent transfers within the disposable income of households with children and the effectiveness of the tax-benefits system in reducing poverty among them.

themselves, which is not to imply that other policies are less important or less relevant.

Four groups of countries may be distinguished:

Group A consists of countries with good child poverty outcomes. These outcomes are the result of a combination of three main factors: high labour-market participation of parents, low in-work poverty and effective income support.¹⁵ This group includes the Nordic countries, France, Cyprus, the Netherlands, Austria and Slovenia.

These countries differ in terms of how the labour supply of adult household members is combined. In Denmark, Finland, Sweden, Cyprus and Slovenia, children live mainly in households where both parents are in full-time employment (though part-time work is widespread in the Nordic countries, especially in Sweden). In the Netherlands, a large proportion of second earners are in part-time jobs. In Austria, a significant proportion of households have only one earner, and even more have one main earner plus one part-time earner.

In these countries, an extensive range of policies is in place to support families with children. The three Nordic countries, in particular, have relatively generous maternity benefits, combined with relatively high child or family benefits (to help defray the cost of having children) and wide availability of free or low-cost childcare (to enable both parents – and women in particular – to work). There is also a generous parental leave entitlement (to make it easier for women with children to take up paid employment) and active labour-market policies, which provide significant assistance and support for those who have difficulty in finding a job. In Slovenia, by contrast, income support is largely means-tested and is directed specifically at low-income families, while measures are in place to ensure that all families have access to affordable childcare, so that mothers are able to work. The general conclusion to be drawn from the experiences of these countries is that the employment of mothers, which is crucial in terms of the risk of poverty of children, is facilitated both by the level and design of cash benefits, and by the fact that these are combined with enabling services.

The situation in Cyprus contrasts with that in most of the countries in this group (and also with the other Southern countries discussed below, in Group D). The lack of childcare provision is compensated for by informal arrangements with parents and others, enabling women with children to work; accordingly, the large majority of children have both parents in employment. As a result, the proportion of children at risk of poverty is half that in Greece (though it is questionable whether the situation will remain tenable in the long term, as older women become accustomed to being in paid employment). It should also be noted that relative child poverty is low because of the exceptionally high poverty level of the elderly in this country.

Group B includes countries with high numbers of children in jobless households and low in-work poverty: Belgium and Germany, the Czech Republic, Estonia, Ireland, Hungary, Slovakia and the UK. In most of these countries, joblessness is strongly related to living with lone parents. In Belgium, Estonia, Ireland and the UK, not only is the share of children with lone parents high, but these parents are also likely to be jobless. In Hungary, joblessness is related to both persistent unemployment and low labour-market participation, affecting mostly children in large families; this is compensated for by generous income support (mostly family cash benefits).

The large number of children in jobless and low work-intensity households (i.e. no one in full-time employment) is related to a number of factors apart from household composition, such as the low level of parental education.

¹⁵ As was also highlighted in EU Task-Force (2008) and in EC (2008).

In Ireland and the UK, childcare arrangements are inadequate. The number of affordable childcare places is insufficient, and too few of them provide care for the whole of the working day. As a result, many women in both countries work part time because they are unable to cover the cost of the childcare they would need if they were employed full time. This is combined, moreover, with a large number of women who are lone parents and who therefore often have nobody to help them look after their children. Accordingly, many children in these two countries live in households where either no one is in employment, or (if they are) the work is only part time.

This illustrates the general point that the risk of poverty among children is strongly linked to the underlying structure of the households in which they live. In some of these countries (like Belgium, Estonia, Ireland or the UK), large numbers of single mothers are jobless at the same time, and the lack of a second (employed) parent strongly decreases the chances of labour market-oriented life strategies and increases the risk of poverty among their children. The case of the Nordic countries, however, shows that, even when they are numerous, children with lone parents do not necessarily face a high risk of poverty; this is due mainly to the afore-mentioned combination of labour-market participation, income support and enabling services, but also to the differing points on the life-cycle the mothers occupy when they become lone parents (in the Nordic countries, single mothers tend to be older and divorced, whereas in the UK they tend to be younger and never married).¹⁶

Child poverty outcomes in these countries are either good (Belgium and Germany) or only slightly below average (Czech Republic, Ireland, Hungary and the UK). Policies, mainly in the form of relatively generous income support, play an important role in this respect, ensuring that the severity of poverty among children stays below the EU average (except in Estonia). Different types of support (largely means-tested benefits in the Czech Republic, Ireland and the UK; largely universal benefits in Germany and Hungary) produce similar results.

Group C consists of Member States with below-average performance in all dimensions: Latvia and Lithuania. Lithuania performs particularly badly in terms of risk of poverty, mainly because of less-effective income support provided to families with children. These countries still perform better than countries in Group D. If they were included in the analysis, Bulgaria and Romania, as well as Malta, would probably be placed in this group.

Group D includes countries with a high risk of poverty – in most cases despite having at least one parent in work (i.e. relatively few children live in jobless households). This group includes all four Southern EU countries (Greece, Spain, Italy and Portugal) plus Luxembourg and Poland. Not only do these countries have a high risk of poverty among children, but they have a high severity of poverty as well. A large proportion of children live in households where one parent is in full-time employment, and these account for over 40% of all children at risk of poverty. In Portugal, fewer children than in the other countries have only one parent in full-time employment (because of the large number of mothers who work), but those that do have a particularly high risk of poverty. In Poland, the risk of poverty is high for children even with both parents in full-time employment. In Luxembourg, the risk is particularly high for children with lone parents in employment.

The level of social transfers is especially low in these countries (apart from Luxembourg).¹⁷ At the same time, in the Southern countries there is an acute lack of childcare provision, which is becoming ever more acute as the extended family

¹⁶ However, the relative risk of poverty of children in single-parent households in Belgium, Ireland or the UK is very similar to that found in Finland or Sweden.

¹⁷ In Luxembourg, child poverty is high in relative terms because of the exceptional structure of the working-age population, which counts a very high proportion of young, single, highly paid professionals.

disappears and the availability of parents or grandparents to take on childcare responsibilities diminishes. In many cases, the earnings of the one parent who is working – most often the father (often in self-employment in rural areas) – are not sufficient to keep household income from falling below the poverty threshold, especially given the low level of child benefits.

The classification of countries by their outcomes in terms of child poverty is important if we are to identify successful policy mixes. The procedure used in this paper is, as mentioned, a follow-up and a validation of results contained in EU Task-Force (2008). At some points, our results reveal certain differences in terms of the clustering of countries. Most notably, countries that were earlier in Group C – Hungary and the United Kingdom (Malta is excluded from our analysis) – shifted to Group B, following Slovakia (which had already moved to that group from Group C according to the 2006 data). Group C now comprises Latvia and Lithuania, which were in Group D in the previous waves of validation. Also, our analysis shows France to be part of Group A (instead of Group B, as earlier). We can conclude that country clusters appear to be quite robust over time in terms of the key challenges faced by each Member State. Changes in clusters might be attributed either to real shifts in the field of child poverty or to the inherent volatility of the data, combined with a small dispersion of country performances across some dimensions (mainly in-work poverty).

Identification of good policies: effective responses to national challenges

The experience of those Member States in which the risk of poverty is high among children by EU standards is instructive. In nearly all of them, the government has recognised the problem of a high risk of poverty among children as being an important one to tackle and has introduced, or strengthened, policies to this end. In a number of countries, concrete targets have been set to reduce the proportion with income below the poverty threshold by a specific date. In only a few, however, has a coherent package of measures been implemented. Instead, typically piecemeal action has been taken to increase selected benefits and to expand childcare provision, accompanied in some cases by action to increase incentives to work. These latter measures have mostly been determined by financial considerations, rather than as part of a consciously planned strategy to tackle the roots of the problem. On the other hand, in some countries (Greece and Italy) tackling child poverty as such does not even appear to be a specific policy priority, despite the large numbers of children at risk. In sum, a coherent and broadly defined mix of policies, combined with target setting and adequate monitoring, seems to be a precondition for getting the risk of poverty down to a low level.

A proper mix of income support, labour-market policies and childcare services is needed

A key lesson to be drawn from the experience of EU countries in which the risk of poverty is low is that the employment of mothers (and their earnings from working) is critical in reducing the risk of child poverty. Policies to increase the employment of women with children are therefore equally crucial. This is generally recognised by all countries. The focus of policy is increasingly on encouraging women to work by means of activation measures and by seeking to expand childcare provision to make it possible for them to work.

Activation measures, however, including various make-work-pay schemes – designed to ensure that people are better off working than doing nothing and merely relying on social hand-outs for support – are also costly (unless they simply take the form of reducing benefit levels or restricting entitlement, which tends to leave those unable to work, or unable to find work, even worse off).

The minimum wage has been increased in a number of countries to boost the incentive for parents to work – and, more importantly, to ensure that, if they do, they have a reasonable level of income (which is not always the case at present). In many countries, therefore, even if both parents are in employment – and even in full-time employment – there is still no guarantee that household income will not be below the poverty threshold.

Minimum wages, however, pose something of a dilemma. Although increasing wages is one way of raising the income of the low paid, it can also deter employers from creating jobs. This can lead to opposition to such a policy, especially in countries where the jobs on offer are, in any case, insufficient to provide employment to all those who want to work. For governments, therefore, there is a delicate balance between setting minimum wages low enough to avoid an excessive impact on job creation, yet high enough to avoid large numbers of ‘working poor’.

The balance in respect of child and maternity benefits is equally delicate – of setting them high enough to provide a reasonable level of support for families having and bringing up children, but not so high as to represent a disincentive for parents to seek work. Another dilemma with respect to the first phase of childhood is the length of time for which maternity benefits should be provided (both from the perspective of the woman returning to the labour market and from the perspective of the development of the child).

In countries where the risk of poverty among children is relatively low, in most cases (Slovenia and Cyprus being exceptions) this is achieved by combining a relatively generous system of universal benefits with well-developed activation measures that provide both support and incentives for parents to take up paid employment. These are also countries, however, where the level of economic activity, and employment, is relatively high and where, accordingly, a large proportion of those encouraged to look for work are likely (in normal times) to find a job – though, of course, not necessarily during the current recession.

This, however, may not be enough under certain circumstances. In many of the countries where the risk of child poverty is relatively high – in particular in the EU-12 countries (apart from Slovenia and Cyprus), as well as in Greece and Italy – encouraging parents (women especially) to look for a job, providing support in the form of childcare and undertaking active labour-market measures will not necessarily lead to substantially higher employment rates without a parallel response in terms of increased net job creation (specifically the creation of jobs well suited to the skills of the new entrants to the labour market; given the relatively high number of women with low education levels, especially in Portugal – though also in Italy and Spain – this may in itself cause problems). This does not mean that the implementation or strengthening of family-related policies is not important – it is essential if women are to be given a fair opportunity to pursue a working career; but such policies are not a sufficient condition for increasing the employment of women and reducing the risk of poverty among children as a result.

Improved access to services

Child well-being, however, is not just about access to an adequate level of household income. It is also about access to a good standard of healthcare and to education of high quality, so that children have the opportunity to realise their potential and to attain the highest qualifications they possibly can. In practice, access to healthcare is universal for virtually all children throughout the EU, though there are particular concerns about the children of Roma families in parts of Central and Eastern Europe and about children with disabilities – especially learning difficulties – in many countries.

In terms of access to education, the concern again is most acute for these children and, more generally, for children from low-income and less well-educated families, who tend to have less chance of good-quality schooling in most countries. In many cases, this disadvantage also extends to children from **migrant families**. Accordingly, the school drop-out rates for children from more deprived backgrounds tend to be higher than for others, and significantly fewer of them go on to complete university education. There are signs, however, of a growing appreciation of the problems such children face in a number of countries, including France, where there has been a great expansion of family support centres, and Hungary, where efforts have been made to reduce the segregation of Roma children in schools.

Access to decent housing is also of importance – not least because living in poor housing conditions tends to accentuate the problems associated with low income and material deprivation. There are particular problems in this regard in a number of countries, particularly the former Communist countries among the EU-12, where, in the initial stages of transition to a market economy, the process of privatisation left many low-income families owning poor-quality houses or apartments, many of them in urgent need of repair and renovation.

There are other factors, too, that contribute both to the present well-being of children and to their future well-being and life chances, and that are open to policy influence. These include their access to various cultural and sporting amenities, as well as their opportunities to interact with other children. Research shows that this tends to be more of a problem for children in low-income families across the EU. In many countries, such factors are largely ignored (or are given limited attention) in the policies on children, which tend to focus narrowly on the problem of poverty as such.

Therefore, the issue of child well-being – which, though linked to the problem of low incomes, goes much further – is one that governments across the EU need to focus on in the coming years. In doing so, they also need to think how it relates to the problem of child poverty, narrowly defined, and consider the effect of the measures taken to combat the problem on the well-being of children in low-income households.

However, the current recession (and its likely aftermath of tight constraints on public expenditure, as attempts are made to reduce the high levels of borrowing and debt that have built up over the past year) is likely to limit the extent to which governments are willing to fund any extension of existing policies. Indeed, even maintaining the status quo could well be a challenge, as priority is given in many countries to restoring sound public sector finances.

Special attention to migrants and minority groups

There is also a need to devote special attention to minority groups of children whose parents were born outside the EU and whose risk of poverty is uniformly high throughout the EU. They make up a significant proportion of the children at risk in Belgium and France (close to 30% apiece) and, above all, in Sweden and Austria (over a third of the total in both). These are countries where a comparatively small proportion of children (relative to the EU average) live in households with income below the poverty threshold, which serves to emphasise the need for policies targeted specifically at this group. In many of the EU-27 countries – particularly in most of the Central and Eastern European new Member States – the situation of the Roma poses special challenges. Since Roma suffer cumulative disadvantages, the design of policies requires special care, a balanced approach and long-term policy commitments. More specifically, a reduction in the risk of poverty among the Roma community requires coordinated employment, education, housing and integration policies.

Suggestions of indicators to monitor child well-being

As was highlighted above, while the study contains a detailed analysis of the risk of child poverty, it is also concerned with developing indicators for a broader concept of child well-being. There is wide agreement in the literature that this is necessary in order to capture the capacity of children to be(come) full members of society.¹⁸ Child well-being as perceived here, therefore, is aimed at conveying a comprehensive, multidimensional picture of child poverty and social exclusion by combining indicators of the latter with those of child outcomes.

New indicators, new breakdowns to achieve a balanced picture

In considering potential indicators, it is useful to start with those already agreed in the Social OMC that are readily available, that contain an age breakdown at least for 0–17-year-olds, and that are relevant to our aims. Alongside these, we propose the introduction of a few **new material well-being indicators** (education deprivation and social care) and new breakdowns. For the **non-material variables**, a range of new indicators is proposed. Although the availability of indicators is very uneven across the different dimensions, some indicators can be built for each of the domains.

The monitoring of the risk of child poverty and of the well-being of children is a complicated matter, made more complicated by the nature of the subject – children themselves. While there is a need to monitor different dimensions of child well-being, it is equally important that the indicators should reflect the various stages of childhood development. The combination of the dimensions and of child age groups results in a matrix, where all the elements need to be properly assessed (Table 1 sets out just such a matrix).

A balanced and comprehensive picture can only be gained through a dedicated and separate child-indicator portfolio, with indicators reflecting all the most relevant dimensions and covering all relevant child ages. This portfolio could, as a first step, be used on an *ad hoc* basis by the Social Protection Committee when it reviews the situation of children in the Member States. (The indicators that are suggested as elements of this portfolio are listed in Tables 3.1 and 3.2 of the report, and a summary of the set of the indicators categorised by dimension and child age is given in Table 1.)

¹⁸ On the development of child indicators, see Ben-Arieh (2008); Sen (1984, 1985, 1992); Antonovsky (1987); Aber (1997); Ben-Arieh and Wintersberger (1997); Pittman and Irby (1997).

Table 1: Indicators of child poverty and well-being by dimension and age group

Dimension	Child age group		
	0–5 (0–2, 3–5)	6–11	12–17
A1: Income	<ul style="list-style-type: none"> Poverty rate 	<ul style="list-style-type: none"> Poverty rate 	<ul style="list-style-type: none"> Poverty rate
	<ul style="list-style-type: none"> Relative median poverty risk gap Persistent at-risk-of-poverty rate Dispersion around the poverty threshold 		
A2: Material deprivation	<ul style="list-style-type: none"> Primary indicator 	<ul style="list-style-type: none"> Primary indicator Education indicator 	<ul style="list-style-type: none"> Primary indicator Education indicator
	<ul style="list-style-type: none"> Secondary indicator 		
A3: Housing	<ul style="list-style-type: none"> Housing costs Overcrowding 	<ul style="list-style-type: none"> Housing costs Overcrowding 	<ul style="list-style-type: none"> Housing costs Overcrowding
A4: Labour-market attachment	<ul style="list-style-type: none"> Living in low work-intensity (including jobless) households Childcare 	<ul style="list-style-type: none"> Living in low work-intensity (including jobless) households Childcare 	<ul style="list-style-type: none"> Living in low work-intensity (including jobless) households Childcare
B1: Education	<ul style="list-style-type: none"> Participation in pre-primary education 	<ul style="list-style-type: none"> (Low) Reading literacy performance of pupils aged 10 	<ul style="list-style-type: none"> (Low) Reading literacy performance of pupils aged 10 Early school-leavers (when 18–24)
B2: Health	<ul style="list-style-type: none"> Infant mortality (by SES) Perinatal mortality Vaccination Low birth weight Breastfeeding 	<ul style="list-style-type: none"> Overweight Fruit daily Breakfast every school day 	<ul style="list-style-type: none"> Self-perceived general health Physical activity
	<ul style="list-style-type: none"> Life expectancy at birth (by SES) 		
B3: Exposure to risk and risk behaviour			<ul style="list-style-type: none"> Teenage births Smoking Alcohol consumption Drug consumption
B4: Social participation and relationships, family environment	<ul style="list-style-type: none"> Share in single-parent households 	<ul style="list-style-type: none"> Share in single-parent households 	<ul style="list-style-type: none"> Share in single-parent households
B5: Local environment	<ul style="list-style-type: none"> Crime in the area is a problem Pollution or dirt is a problem in the area 		

Note: **Bolded** indicators are suggested as extensions to the current inclusion portfolio.

A suggested child-related indicator portfolio

The existing social inclusion portfolio of EU indicators includes a slot for one or more indicators of child well-being (S1–P11). On the basis of the above considerations, it is evident that the ‘reserved slot’ is much too narrow to reflect the complexities of child well-being. This can only be achieved if indicators are aggregated across dimensions. However, while we acknowledge the merits of composite indicators in showing the general situation of child well-being or in raising awareness, we have ruled out the construction of one or two single composite indicators on the basis that the Social OMC indicator selection criteria stress the need for policy-relevant and policy-responsive indicators.

What can be meaningfully suggested is a step towards wider coverage in the above matrix. The decision as to which cells of the matrix to populate can, at this stage, be based on a simultaneous consideration of the gaps identified and the data available. Based on the conceptual and methodological considerations presented above, we propose that the set of indicators of the non-material aspects of child well-being (child

outcome indicators) could be enhanced. For this, an indicator ‘low reading literacy performance of pupils aged 10’ (B1.4) might be suggested for the education dimension. In addition, health-related indicators for ‘low birth weight’ (B2.7) and ‘overweight’ (B2.10) could give added value to the already existing portfolio. As coverage of both the risk behaviour dimension and the 12–17 child age group is relatively weak, we suggest monitoring of the risk behaviour dimension. To this end, we suggest monitoring teenage pregnancies (B3.1), smoking habits (B3.2), alcohol consumption (B3.3) and drug consumption (B3.4), with appropriately defined indicators and age definitions. For the last three indicators, it might be useful to undertake a further analysis and exploration of the potential for refinement or aggregation into a single risk indicator.

Since the present study is, to a large extent, policy focused, the introduction of some new contextual indicators would seem to be in order. For example, contextual information is needed on **child- and family-related social expenditure** – examining age-specific spending on children can be revealing when evaluating policies and confronting them with results or outcomes. The extent and coverage of the expenditure concerned needs to be further clarified.

The need for improvements in data infrastructure

While it was possible to go quite far in validating the material indicators proposed, the limitations on microdata access prevented us from detailed consideration of some important potential indicators (those produced by Health Behaviour in School-aged Children (HBSC), for example). Following this initial work, it is suggested, therefore, that the ISG tries to open up microdata access for the surveys that have been used here. A thorough analysis of these is essential for the indicator-development process. In this respect, the example of some international datasets (PISA, LFS and, partly, EU-SILC) is positive. A more open data policy on the part of other datasets could speed up the extension of the inclusion portfolio to children.

Here it is worth mentioning one further aspect that goes beyond pure data access. Ideally, agreement on the indicators to be monitored extends over the long term. Even well-established datasets can cease to exist, but reporting needs to continue (the example of the European Community Household Panel (ECHP), which still existed at the time the Laeken indicators were first suggested, is telling in this respect). Despite the fact that we have relied heavily on a few datasets in this study, there is still a need for substitute datasets, at least in the national context, wherever possible. Encouragement and support for alternative datasets can help monitoring continue for longer and be more balanced; moreover, alternative datasets can also help ensure the quality of EU-level datasets.

Despite the wealth of datasets available, we have identified some serious data gaps: alternative sources are needed for many of the domains listed in the text. For example, while it is invaluable for constructing the material indicators and for standard breakdowns, EU-SILC fails to produce appropriate data to answer some non-standard questions. For instance, it is not particularly well suited to issues such as the situation facing the children of migrants or of minority ethnic groups (like the Roma, in particular), or to exploring the situation of those categories of children who do not generally show up in national/international surveys – e.g. children in institutions; victims of violence, crime and trafficking; children affected by addiction problems, etc. The problem of the lack of comparable data on institutionalised children is particularly serious. Attempts need to be made to improve the situation, in order to obtain a more balanced and complete picture by including a group of children who are particularly vulnerable.

A very specific and vulnerable group of children in a number of Member States are those in Roma families. To investigate the situation in a comparable way and to help

countries set national targets if they so wish, agreed guidelines on data collection could be approved and a comparative data collection launched. Given the inadequacies of most established surveys in terms of monitoring the situation of Roma and migrant children, this would appear to be an urgent task.

Greater reliance on **panel data** could also be encouraged. Though it is expensive (and though there is no prospect of a revitalised ECHP), the rotating features of EU-SILC could be better utilised. The most recent (August 2009) release already contains the base variables on which experts can start testing new variables – though no very great ambitions should be nurtured for the production of good-quality, long-term panel data from EU-SILC: it is not a ‘real’ panel, as it is carried out on a four-year rotational basis, with only a quarter of the national samples surviving four consecutive years (which will lead to small cell sizes for many breakdowns and to relatively short time spans). Indicator-level harmonisation of national panels (as well as cross-sectional surveys) could be a good direction in which to go. The Luxembourg Income Study offers a positive example in this regard, as does the way in which the OECD income distribution project is heading.

Non-EU-SILC-based indicators could also include administrative and register data. This should be encouraged, though for **administrative data** the reflection of socio-economic background is problematic. Areas where more reliance on harmonised administrative data could be proposed include crime statistics and contextual data on local neighbourhoods where children live.

In addition, we suggest that the revision of EU-SILC, which is due, should be child-sensitive. In order to proceed with this, a group of stakeholders and researchers on child poverty and well-being could be invited to participate in a special workshop to help develop a subset of questions when the new release of the 2009 data becomes available for analysis. This meeting could also consider the development of questions to monitor educational deprivation on the one hand, and social participation of children on the other.

The authors hope that the findings of this report will be instrumental in helping decision-makers work out better and more comprehensive indicator systems of child well-being for the Member States of the European Union. The indicator-development process does not end, however. Data are necessary for informed decision-making, and informed decisions change the context for policies and policy evaluations. This process of trial and error helps produce better knowledge of the challenges and more effective policy mixes – hopefully to the ultimate benefit of all, but most importantly to the benefit of children and future generations.