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Child Benefits in Central and Eastern Europe

A comparative review

Jonathan Bradshaw
Kenichi Hirose



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Foreword

There is a growing international consensus about the importance of social protection for children. The Convention on the Rights of the Child, which has been ratified by almost every country in the world since its adoption in 1989, proclaims the fundamental human rights of children. In particular, the Convention reaffirms that every child has the right to the highest attainable standard of health, the right to benefit from social security including social insurance, the right to an adequate standard of living, and the right to education (Articles 24, 26–28). That the needs and the well-being of children should be given greater priority in a broad range of policies is reflected in the Joint Statement on Advancing Child-sensitive Social Protection, issued in 2009 by a coalition of ten international organizations, bilateral donor agencies and international NGOs (Dfid *et al.*, 2009). In 2012, UNICEF launched its Social Protection Framework, calling for child-sensitive social protection with a progressive realization of universal coverage, including social transfers.

The International Labour Conference in 2012 adopted the Social Protection Floors Recommendation No. 202, which calls for ILO Member States to build comprehensive social security systems and extend social security coverage by establishing and maintaining national social protection floors to ensure that all members of society enjoy at least a basic level of social security throughout their lives. Recommendation No. 202 stipulates that the national social protection floors should comprise at least four basic social security guarantees, including (a) access to essential health care, including maternity care; (b) basic income security for children, providing access to nutrition, education, care, and any other necessary goods and services; (c) basic income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and (d) basic income security for older persons. Such an approach is supported by the Council of the European Union in its conclusions on Social Protection in European Union Development, adopted in 2012, which states that the main objectives of future European Union (EU) development cooperation in the field of social protection include “supporting the development of inclusive, nationally-owned social protection policies and programmes, including social protection floors.”

The purpose of this report is to review the social protection policy for children in Central and Eastern European (CEE) countries. In particular, the analysis of this report focuses on cash child benefits (family allowances) and their impact on child poverty.

This report is organized as follows: Section 1 provides a general review of child benefit policies. This section is a ground-clearing exercise based largely on existing sources. Section 2 reviews the evidence on child benefits in CEE countries, including both EU countries and non-EU countries. Section 3 concludes and makes suggestions for further work. Annex summarizes main features of child benefits in major European countries.

This report is based on the preliminary report prepared by Jonathan Bradshaw, Emeritus Professor of Social Policy, University of York, United Kingdom. This final report was completed by Kenichi Hirose, Senior Social Protection Specialist, ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe. Comments provided by Christina Behrendt (ILO Social Protection Department) and Elena Gaia (UNICEF Regional Office for CEE/CIS) have been reflected in this final report. Daria Copil, Aidana Zhalelova, Athena Bochanis and Tatjana Guznajeva provided statistical and editorial assistance in the preparation of this report.

We hope that this report will contribute to the effective implementation of the ILO Social Protection Floors Recommendation No.202 in Central and Eastern European countries, and will stimulate further work on this topic.

Budapest, October 2016

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1. Review of child benefit policies

Cash child benefits are part of a broader set of measures that support families with children. They include: cash payments, tax reliefs, parental leaves, childcare services, education, health, sanitation and other public services related to children.¹ Child benefits are usually cash transfers (universal or income-tested), but may also be paid in the form of social assistance (usually means-tested).² Some countries pay enhanced child benefits for children with disabilities, children of single parents or orphans. The amount of the benefit can vary with the age of the child, their birth order, or the total number of children in a family.

1.1 The case for child benefits

Countries have introduced child benefits for various reasons. At the end of this section, Box 1 outlines the early history of child benefits in the United Kingdom (UK), and Box 2 describes the current child benefits in South Africa. In the following subsections, we examine the main arguments in favour of child benefits.³

(1) Relief of child poverty

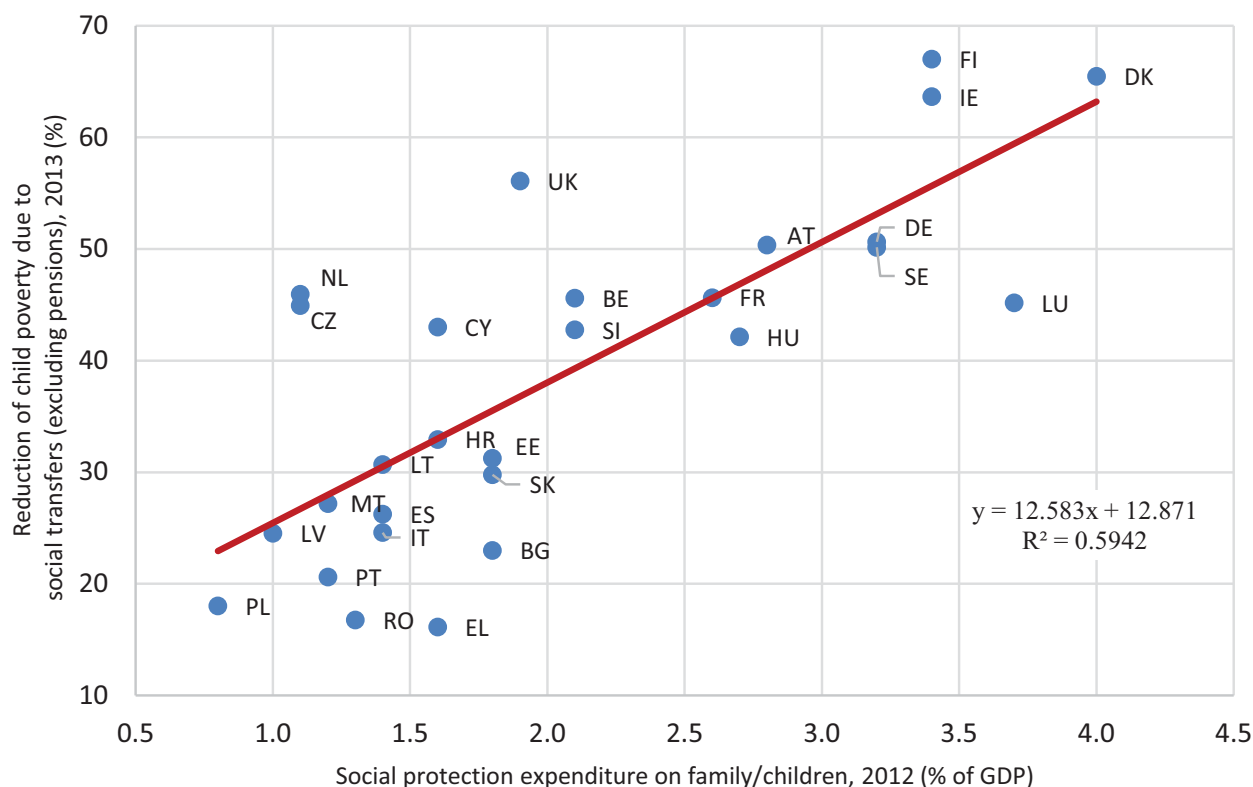
Perhaps the strongest case for child benefits is its impact on reducing child poverty. In many countries, children are the largest population group living in poverty and face the highest poverty risk. Child poverty entails numerous adverse effects on the physical, mental, spiritual, moral and social development of children, which in turn affect the society and the government. Children who suffer from poverty, particularly in the early years of childhood, suffer from cognitive deficits and generally do not do well in school. Inadequate diets in childhood result in a failure to thrive physically, leading to less than optimal heights, low weights, and ill-health in both childhood and adulthood. Child poverty is associated with poor health, low educational attainment, worse outcomes in employment, family instability, crime, squalor and more.

The long-term social and economic costs of child poverty are enormous. A series of studies undertaken in the UK point out that the estimated costs of child poverty⁴ were at least £29 billion in 2013 (increased from £25 billion in 2008).⁵ These costs are projected to be over £35 billion, or 3 percent of GDP, by 2020. If child benefit packages contribute to preventing these substantial social and economic costs, their potential return is estimated to be quite high.

-
1. In the framework of the European system of integrated social protection statistics (ESSPROS) developed by Eurostat and the EU, the social protection expenditure on family/children covers social benefits, both in cash and in kind (except healthcare), as well as the administration costs connected to pregnancy, childbirth, childbearing and caring for other family members. For the 28 EU countries in total, about two-thirds of social benefits on family/children are paid in cash, whereas the remaining one-third are provided for in kind. See http://ec.europa.eu/eurostat/statistics-explained/index.php/Social_protection_statistics_-_background#Social_protection_benefits.
 2. It is important, although sometimes difficult, to distinguish between social assistance, which often includes supplements for children, and child benefits, which are not necessarily concerned with the minimum income and are payable to employed families as well.
 3. See also Bradshaw (2012); Wennemo (1992); Atkinson (2011).
 4. The costs comprise extra spending on benefits and services to deal with the consequences of child poverty and loss of net earnings and tax receipts as a result of people earning less, having grown up in poverty.
 5. Hirsch (2008, 2013). See also Blanden *et al.* (2010).

There is strong evidence that child benefits have a profound effect on poverty reduction, and result in improved outcomes in children’s health and education. As evident from the analysis of EU data shown in Figure 1, there is a positive correlation between the social protection expenditure on families and children and the reduction of child poverty rates due to social transfers (excluding pensions). Additional spending equalling 1 percent of GDP for families and children will entail the reduction of the child poverty rate by more than 10 percent. In addition, recent Canadian evidence shows that child benefit programmes have significant positive effects on child and maternal mental health and well-being, a child’s physical health, and on the results of educational achievement tests.⁶

Figure 1. Relation between the reduction of child poverty and the social protection expenditure on families and children, EU Member States, 2012–2013



Source: Own analysis of Eurostat data.

(2) Purchasing power to parents/carers

Child benefits paid to parents or carers also provide a source of income separate from earned income. This is an important advantage, because it allows for a certain level of income security where resources are not shared within the household, or where, as a result of unemployment or illness, there are no other resources available. In times of separation, divorce, desertion or imprisonment, child benefits remain a secure and certain source of income for single parents, particularly mothers, despite their typically modest amounts. There is also evidence that mothers or grandmothers are more likely to spend money on children.⁷ When child tax allowances were abolished and replaced by cash benefits to mothers in

6. Milligan and Stabile (2011). There are also some other studies of the impact of child benefits: Dahl and Lochner (2012); Evans and Garthwaite (2010); Averett and Wang (2012); Strully *et al.* (2010); Boyd-Swan *et al.* (2013).

7. For a review of the uses of child benefits in the UK, see Bradshaw and Stimson (1997). In South Africa pensions where the pensioner recipient was the grandmother the health of children in the household was improved, whereas children’s health was not affected if the recipient was the grandfather. See Case (2001).

the late 1970s in the UK, studies observed an increased spending on children's clothes in household expenditure.⁸

In addition, when the tax credit system was introduced in the UK in the early 2000s, a research found that as income levels in low-income families increased their spending on food, children's clothes, toys and books increased while spending on alcohol and cigarettes fell, and the spending pattern of low-income families converged with that of middle and higher income families.⁹

(3) Encouraging fertility

In the context of the CEE countries, where most countries exhibit fertility rates below the replacement level, child benefits have been introduced with the objective of raising fertility rates. This was attempted in pre-transition East Germany and Romania. The Russian Federation and Ukraine also have fairly generous birth grants with fertility objectives in mind.

There is a theoretical argument which asserts that child benefits could encourage fertility because they reduce the direct and opportunity costs of child rearing and increase maternal security.¹⁰ But there is very little empirical evidence indicating that child benefits have any permanent effect on fertility.¹¹ The decision to have a child is highly complex for women and couples, and not all pregnancies lead to births partly because of abortion. In richer countries, most couples do not achieve the number of children they want, and an increasing proportion remain childless.

As depicted in Figure 2, an analysis based on OECD country data (excluding Israel) in 2013 suggests that there is at best a very weak positive correlation between the total fertility rate and the percentage of GDP spent on family benefits and services.¹² An earlier analysis found a fairly strong positive association between female labour participation and fertility, but that association no longer exists.¹³ In 2007, Spain introduced a generous lump-sum benefit upon the birth of a child, and evidence suggests that this led to a small increase in fertility. This was partly driven by a reduction in the abortion rate, but it also unexpectedly resulted in new mothers spending more time at home with their babies before returning to work.¹⁴

8. Lundberg *et al.* (1995).

9. Gregg *et al.* (2006).

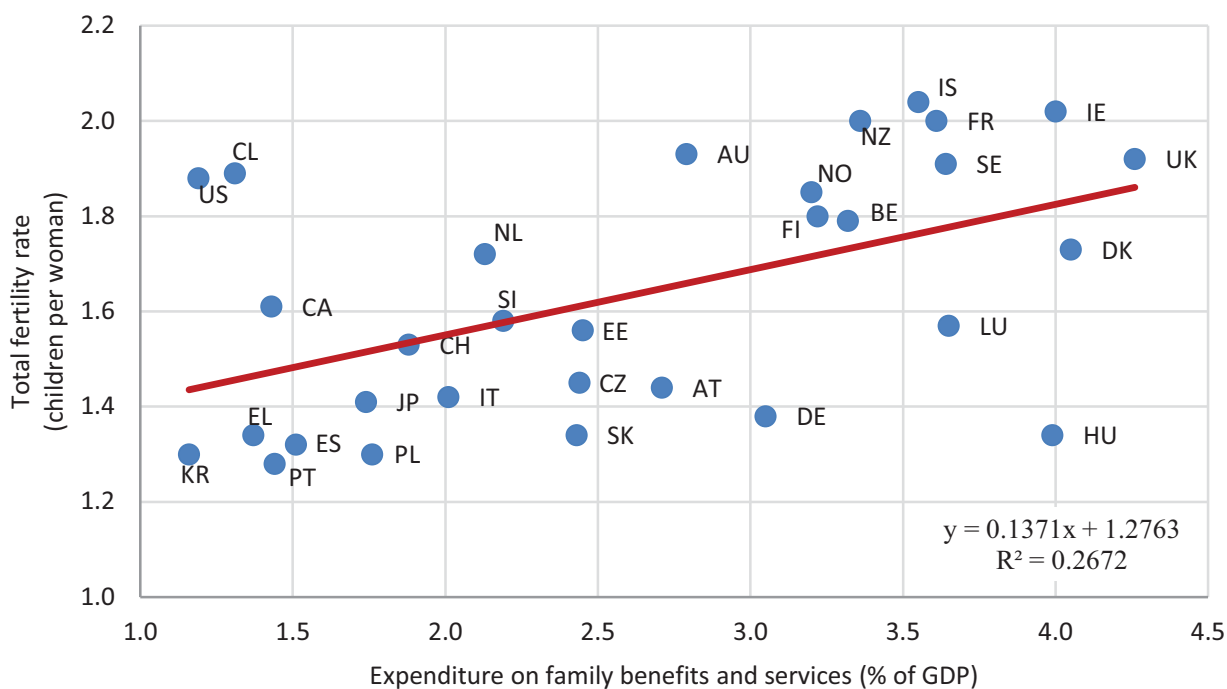
10. Bradshaw and Attar-Schwartz (2009).

11. On the other hand, in Castles (2003), the author argues that the provision of childcare services has a positive effect on fertility.

12. It would have been weaker if Israel had not been excluded as an outlier.

13. Bradshaw and Attar-Schwartz (2009).

14. Gonzalez (2011).

Figure 2. Relation between total fertility rates and the expenditure on family benefits and services, OECD Member States, 2012

Source: Own analysis of OECD Family data.

(4) Arguments in favour of universal child benefits

There are additional reasons that universal child benefits are advantageous over targeted systems.

Horizontal equity. The State and its citizens have an economic and social interest in ensuring the best possible outcomes of the human capital development of future generations. Financed mainly by taxes, child benefit systems share the costs of parenting and the burdens of child rearing. Child benefits also redistribute resources over one's life cycle and from one generation to another. They also contribute to reducing income inequality.

Administrative simplicity. Universal child benefit schemes are much easier and cheaper to administer than income-tested alternatives.¹⁵ In most countries where these schemes are in place, a birth certificate is the only necessary documentation. Income-tested benefits require complex administrative processes in verifying eligibility and reassessing when living circumstances change for beneficiaries.

No moral hazard. Universal child benefits are paid regardless of whether parents are employed and regardless of their income. They therefore do not contribute to the unemployment trap or to the poverty trap. Indeed, because they are paid on top of one's earnings, they contribute to increasing in-work income and therefore provide an incentive to work. They also reduce the number of people with high effective marginal tax rates.

15. Deacon and Bradshaw (1983).

1.2 The case against child benefits

Despite the advantages described in the preceding section, child benefits, particularly universal benefits, face several criticisms. Here we list the major objections and attempt to clarify or demystify them.

(1) Cash payments are misspent

There is a popular belief that child benefits will be spent not on children, but on drink or drugs or gambling, and therefore families with children should be supported only with in-kind benefits, such as food stamps in the US.

There is ample evidence, however, that cash transfers are usually allocated to meet the basic needs of the household. Moreover, benefits-in-kind cannot meet all of the needs of families with children, and cash benefits paid to parents can be used to purchase necessary goods and services according to each individual household's priority. As we have seen earlier, evidence indicates that mothers do spend child cash benefits to care for their children.

On the other hand, there are services that cannot be efficiently provided for through private market allocation. Typical examples are health care and education. The State should ensure access to, and the quality of, these public services.

(2) Child benefits are costly

Any social transfer system faces the constant challenge of securing necessary fiscal space under restricted budget constraints, and child benefits are no exception. To justify the spending on child benefits, we simply call attention to the huge long-term social and economic costs that must be paid by countries that fail to invest in their children.

How much are countries spending on child benefits? As the following Table presents, 28 EU Member States spent 2.3 percent of their GDP in 2013 on family benefits, which accounts for a small fraction (8.3 percent) of the total social protection expenditure.¹⁶ Compared with the 15 founding EU Member States, the 13 newer EU Member States (many of which are Central and Eastern European countries) spent considerably less of their national resources on child benefits. Clearly, the level of allocated resources is not sufficient to adequately respond to the income security needs of children and their families, even taking into account the education, health and other public services which they receive.

16. The expenditure on family benefits in OECD countries in 2011 was 2.55 percent, including 1.34 percent on cash grants, 0.96 percent on services (mainly childcare) and 0.25 percent on tax breaks. In the long run, expenditure on family benefits has generally increased as a proportion of GDP in OECD countries. See Bradshaw and Holmes (2013).

Table. Social protection expenditure by type, EU Member States, 2013

(% of GDP)

	EU-28	EU-15	EU-13	Highest		Lowest	
				Value	Country	Value	Country
Total	27.7	28.6	17.8	31.8	France	14.2	Latvia
Sickness/Health care	8.0	8.3	4.8	10.2	Netherlands	3.2	Latvia
Disability	2.0	2.1	1.4	4.2	Denmark	0.7	Cyprus, Malta
Old age	11.1	11.4	8.2	15.5	Greece	6.0	Croatia
Survivors	1.6	1.6	1.3	2.7	Italy	0.1	Estonia, UK
Family/Children	2.3	2.4	1.4	3.7	Denmark	0.8	Poland
Unemployment	1.5	1.6	0.5	3.4	Belgium	0.2	Romania
Housing	0.6	0.6	0.1	1.5	UK	0.0	9 countries
Social exclusion and others	0.5	0.5	0.2	1.5	Netherlands	0.0	Croatia

Note: Data of Greece and Poland refer to 2012.

Source: Eurostat.¹⁷

(3) It is better to concentrate help on those children who need it most

This criticism is addressed to proponents of universal child benefits that are payable for all. It should be noted that in most countries in Central and Eastern Europe, child benefits are income-tested and paid to households whose income is less than the national average income.

Although it would make sense to focus limited resources on the most needy groups, particularly in a severe fiscal situation, the benefit targeting through means-test or income-test can have a number of pitfalls.

- Means-tested benefits (typically social assistance benefits) tend to be too narrowly targeted. They concentrate only on poor families (although they often fail to reach the poorest families), and exclude the many other families with children that are struggling financially.¹⁸ In addition to the poor coverage, means-tested benefits also suffer from low take-up as a result of ignorance of the benefit or stigma associated with receiving it. As a result, they are not effective in reducing poverty rates or closing poverty gaps.
- As mentioned earlier, the operational costs for the public administration and the benefit claimants in the targeted schemes should not be underestimated.
- As family structures become more fluid, income-tests result in benefits that are much less stable and regular in terms of income for children. For instance, the benefits get disrupted each time a partnership changes.
- The high marginal tax rates associated with income-tested benefits reduce incentives to enter and stay in employment, to earn more income, and to save.

17. The classification of social benefits by function in ESSPROS is explained at http://ec.europa.eu/eurostat/statistics-explained/index.php/Social_protection_statistics_-_background#Social_protection_benefits.

18. In the UK, this is not true for child tax credits but true for housing benefits, council tax benefits and working tax credits.

(4) Child benefits lead to welfare dependency

By definition, income-tested benefits diminish as one's work income increases. If the benefits are high enough, then high marginal tax rates can cause a risk that parents will have less incentive to work and eventually fall into a poverty trap. This is not a pertinent issue in Central and Eastern Europe, because the levels of child benefit and social assistance are too low to live on without an additional source of income. As argued earlier, universal child benefits at least do not affect incentives to work, and could possibly create incentives to work more.

In order to improve out-of-work benefits without undermining work incentives, the income of working families with children needs to be improved. EU countries support family incomes through a combination of statutory minimum wages, in-work child benefits and the provision of basic health and education services free of charge. In most EU countries, the child benefit package includes a universal cash or tax benefit element, which is paid to all families with children irrespective of their earnings level.

Some may have concerns that child benefits may encourage women or girls to become deliberately pregnant in order to receive the benefit. However, improving the living standards and educational attainment of mothers generally leads to a reduction in fertility, and child benefits contribute both of these.¹⁹ Concerns about unwanted pregnancies and teen pregnancies should be dealt with through family planning policies.

Box 1. An early history of child benefits in the UK: 1900–45

In the 19th century, poor children were taken into the workhouse, and died of disease. Not until the first half of the 20th century did progress slowly begin on establishing social protection for children. Yet parents who could not afford to maintain their children would give them up for adoption, and many of these children were taken to Canada¹ and Australia.

In his first study of poverty in York, published in 1901,² Seebohm Rowntree found that children were the largest group in poverty. He found that the wages paid in his father's chocolate factory were not enough to support a family with children above the primary poverty level. Influenced by this early social research, Eleanor Rathbone³ began to campaign for family allowances. She used three main arguments: first, that a single wage was not enough to support two adults with children above the poverty threshold; second, even if it were sufficient, male breadwinners were not always sharing their wages with their wives; and third, that fertility had diminished by the 1930s, and people needed to be encouraged to have children.

William Beveridge adopted family allowances in his 1942 proposals⁴ for post-war social security. He argued that they were essential to ensure that unemployment insurance benefits did not

-
1. Parker (2010).
 2. Rowntree (1901).
 3. Rathbone (1924).
 4. Beveridge (1942).

19. One study of the impact of the South African Child Support Grant on fertility found that teenagers receiving the Child Support Grant were significantly less likely to become pregnant compared to teenagers who did not receive the child support grant. See Udjo (2014).

Box 1. An early history of child benefits in the UK: 1900–45 (continued)

undermine work incentives, since adequate unemployment insurance benefits would otherwise be greater than wages without family allowances. They were the first scheme in his proposals to be enacted in 1945. The then-Conservative Government was keen to introduce them to avoid wage demands in the early post-war period.⁵ They were paid to mothers for their second child and subsequent children.

Family allowances are now universal child benefits,⁶ paid for each child, and they are supplemented by child tax credits, childcare tax credits, free school meals, housing benefits, and council tax benefits, all of which are income-tested.

5. Macnicol (1980).

6. However, these are taken back via taxation from anyone earning over £50,000 per year since 2012.

Box 2. The Child Support Grant in South Africa

Until Mongolia and Argentina introduced universal child benefits in 2006 and 2010, respectively,¹ South Africa was the only middle-income country in the world that had a cash payment for almost all poor children.

The Child Support Grant, introduced in 1998, is an income-tested cash benefit for which approximately 80 percent of children are eligible. It is for children up to 17 years old who live in low-income families, including South African citizens, permanent residents, and refugees. The amount is 280 rand² per month for each child. The income threshold is 33,600 rand per year if the primary caregiver is single. If the primary caregiver is married, the income threshold is 67,200 rand per year. There is no asset test. Since there is no social assistance for unemployed adults in South Africa, the child support grant plays an important role as a regular source of cash income for workless households. South Africa spends about 1.3 percent of its GDP on the child support grant.

The Child Support Grant has been subject to quite extensive evaluation. According to the evaluation conducted in 2012, the child support grant had improved the average height of children at all ages. It also improved children's scores in math, and the reading and vocabulary scores for ten-year-olds. Girls' attainment levels at age six improved by a quarter, mainly by reducing delays in entering school. The child support grant has also been shown to improve health and reduce the likelihood of illness. For adolescents, it has been shown to reduce school absences and the likelihood of working outside the household. It also reduces risk behaviour including sexual activity, pregnancy, alcohol use, drug use, criminal activity and gang membership. The evaluation report concludes that "the Child Support Grant promotes human capital development, improves gender outcomes and helps to reduce the historical legacy of inequality."³

1. Hodges *et al.* (2007); Bertranou and Maurizio (2011).

2. €1 = 14.17 South African rand (average for 2015).

3. DSD, SASSA and UNICEF (2012).

2. Child benefit systems in Central and Eastern Europe

In this section, we review the current child benefit packages in the CEE countries, including EU Member States and non-EU Member States. The CEE countries have been facing common challenges. During the economic transition in the 1990s, the systems providing benefits for families with children underwent significant transformations. Furthermore, the global economic crisis in 2009–10 and the subsequent implementation of fiscal austerity measures negatively affected these systems.

2.1 Child benefits in CEE EU Member States

(1) Overview

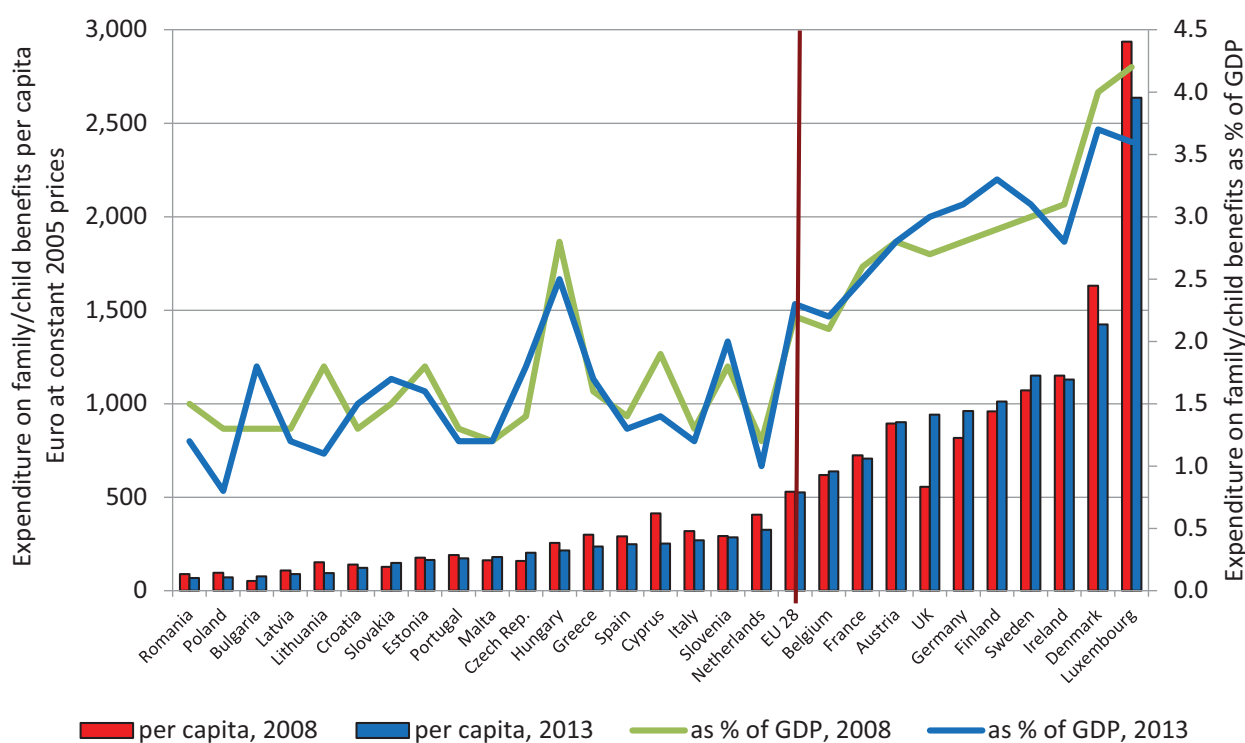
Table A.1 in the Annex summarizes the current child benefit and related systems in eight EU countries in Central and Eastern Europe: Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. For comparison, Table A.2 in the Annex presents the same data of 14 selected Western European countries.²⁰

The eight CEE EU Member States provide child benefits to families with children under 18 years of age, or at higher age if enrolled in education. These child benefits are income-tested except in Hungary and Slovakia that provide universal child benefits. The income threshold is set at the national average wage except Croatia, which sets its income threshold at 50 percent of the national average wage.

Within the EU, there is a significant difference in the level of child benefits between the new Member States (many of them CEE countries) and the EU–15 countries in Western Europe. For a couple with two children (aged less than three and seven years, respectively) and one earner at 50 percent of the average wage, the average monthly benefit per child is €26.30 in the CEE countries²¹ while it is €161.66 in selected Western European countries (France, Germany, Netherlands and Sweden). As Figure 3 shows, the per capita expenditure on child and family benefits in CEE countries is much lower than the EU average. Accordingly, all CEE countries except Hungary exhibit a GDP share of total expenditure on child and family benefits that is lower than the EU average.

20. For a recent review of policies for the support of families with children in Western European and OECD countries, see Daly (2015).

21. The child benefit in Slovenia depends on the family income. For the aforementioned standard family whose income is less than 15 percent of the national average wage, the average monthly benefit is €120.59 per child.

Figure 3. Social protection expenditure on families and children, EU Member States, 2008 and 2013

Note: Data of Greece and Poland refer to 2008 and 2012.

Source: Eurostat.

(2) Child benefit packages

To assess the impact of child benefits at the household level, we need to consider the whole package of measures available for families with children. In addition to cash child benefits (universal or income-tested), the child benefits package can include (i) child tax credits and allowances, (ii) social assistance, which can supplement low earnings, (iii) housing allowances, (iv) heating allowances, and (v) local property taxes, which can reduce child benefits in small amounts.

To illustrate the levels and structures of the child benefit packages in the CEE countries, Figure 4 presents the child benefit packages of the model family, which consists of a couple with two children. The CSB-Minimum Income Protection Indicators (CSB-MIPI) dataset has been used in this analysis.²² The model family data are presented at three different earnings levels: (a) one earner receiving the minimum wage, (b) one earner making average earnings, and (c) no earner, with the family receiving social assistance. The child benefit package is computed as the difference in the net income of a couple plus two children and that of a childless couple with the same earnings. For the purpose of the housing allowance, two-thirds of the median housing costs are assumed for the most common form of rented accommodation.

22. There are three main sources on child benefits in EU countries: data on social expenditure from ESSPROS, outcome measures using microdata from EU SILC, and model family comparisons from CSB-MIPI and OECD. For the CSB-MIPI data, see Van Mechelen *et al.* (2011); Van Mechelen and Bradshaw (2013).

2. CHILD BENEFIT SYSTEMS IN CENTRAL AND EASTERN EUROPE

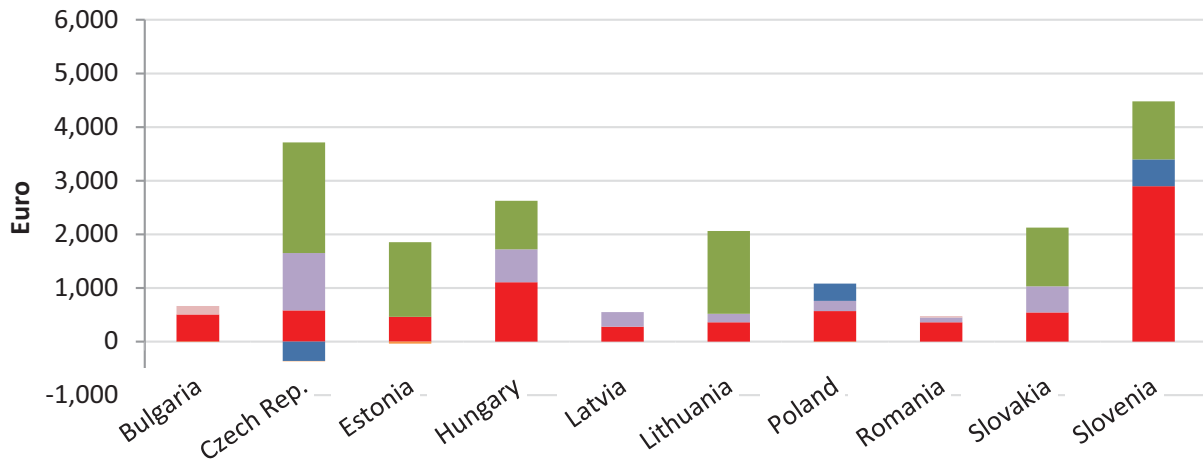
For families with one person earning the minimum wage, the child benefits package is the highest in Slovenia, followed by the Czech Republic and Hungary. A negative effect is observed in the Czech Republic from the housing allowance, as a couple with children receives a smaller housing allowance than a childless couple (and the same phenomenon is observed for families receiving social assistance). For families with one average earner, the income-tested elements of the package diminish in value, although social assistance is still payable in Hungary and the housing allowance is still payable in Slovenia. Child tax allowances become a more important part of the package in Estonia, Hungary, Latvia, Poland, Slovenia and Slovakia. For families with average earnings, the level of this package actually increases in Hungary, Latvia and Slovenia, but falls substantially in the Czech Republic. Finally, for families with no earner, social assistance is naturally the major component in many countries' child benefits packages, but cash child benefits also play an important role in Slovenia and Hungary.

To illustrate how the child benefit package contributes to net disposable income and to closing the poverty gap across the region, Figure 5 presents the net disposable income of the above model family at the three earnings levels. The effects of child tax credits and local property taxes are already taken into account in the net wages or social assistance benefits; thus, they are not explicitly shown in this Figure. For families with one earner at minimum wage, their net income reaches the poverty threshold only in Hungary. In all other countries, the minimum wage combined with in-work child benefits are not enough to close the poverty gap. For families with one average earner, their net income exceeds the at-risk-of-poverty threshold, set at 60 percent of the national median disposable income, in all the countries studied. This is due to their higher earnings, despite the loss of benefits and the increased taxation for this group. Finally, for families receiving social assistance, no country achieves the net income anywhere near the poverty threshold.²³

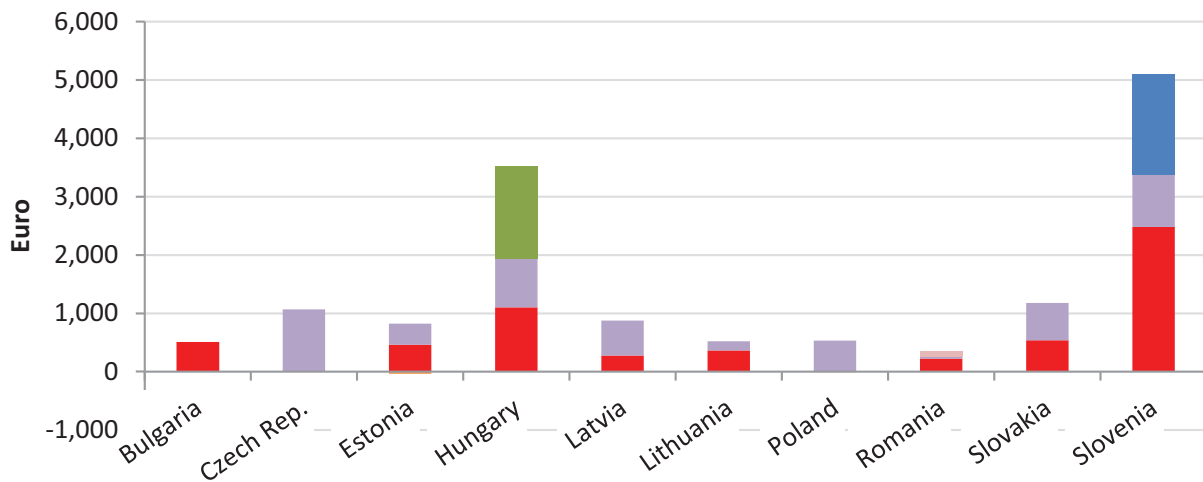
23. For more up-to-date data on changes in the packages since 2013, see Chzhen et al. (2014); UNICEF (2014). There are plans to develop a model family database out of the policy data collected in the EUROMOD project, and the first outputs of this are expected to be available soon.

Figure 4. Child benefit packages (a couple with two children), selected EU CEE countries, 2012

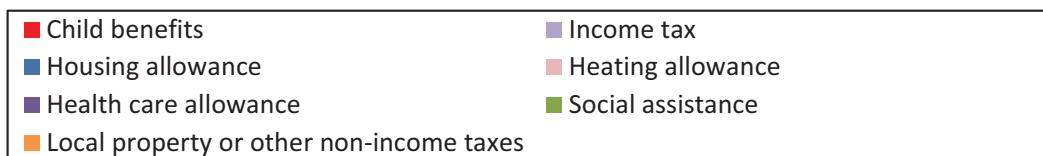
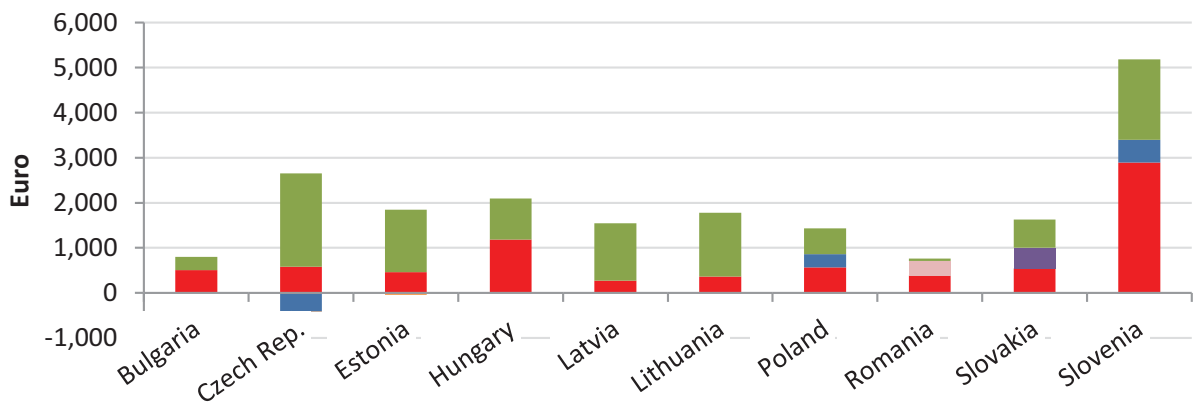
(a) One minimum wage earner



(b) One average wage earner



(c) No earner (social assistance)

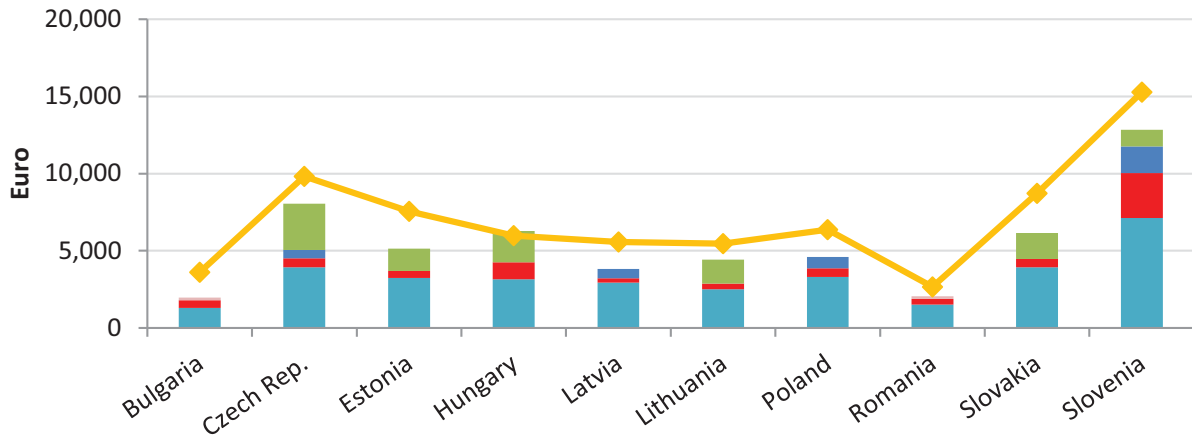


Source: Own analysis of CSB-MIPI data.

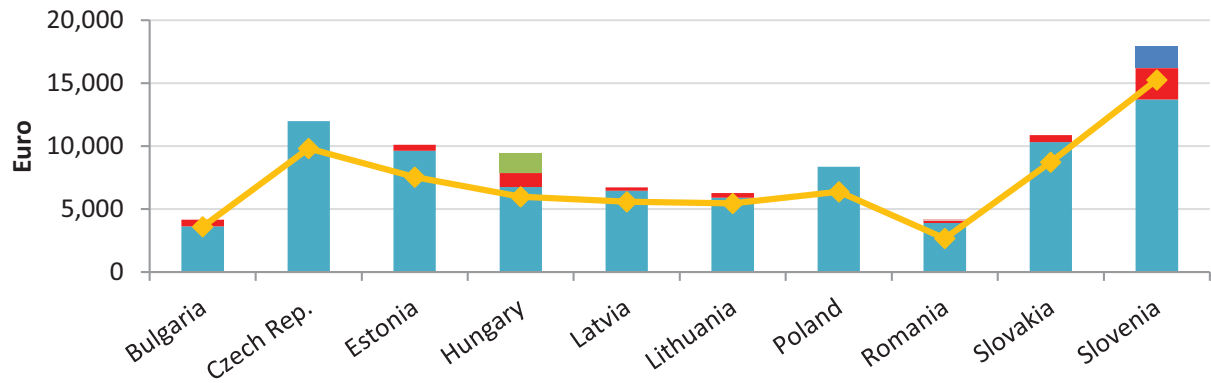
2. CHILD BENEFIT SYSTEMS IN CENTRAL AND EASTERN EUROPE

Figure 5. Net disposable income (a couple with two children), selected EU CEE countries, 2012

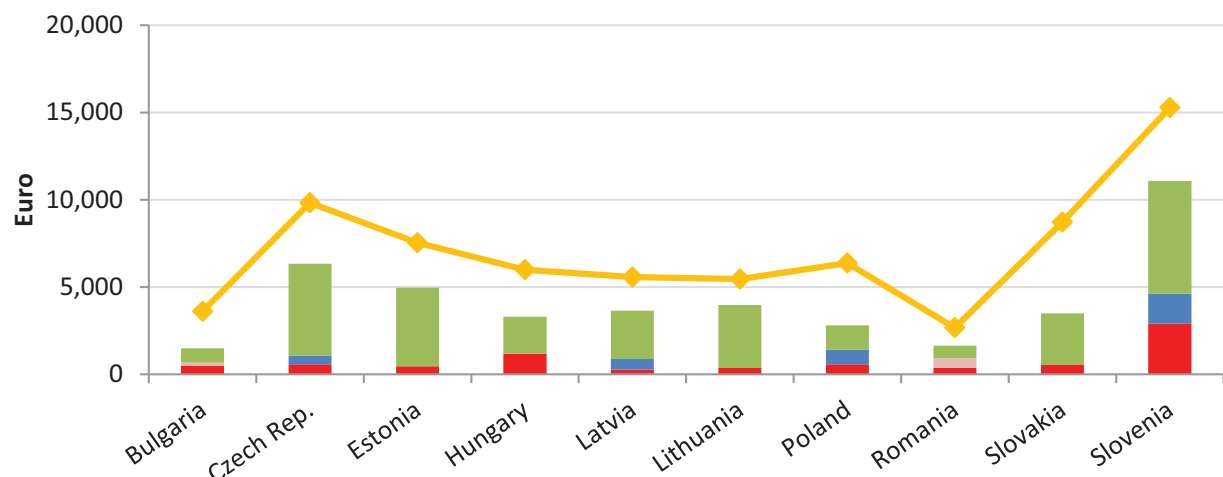
(a) One minimum wage earner



(b) One average wage earner



(c) No earner (social assistance)

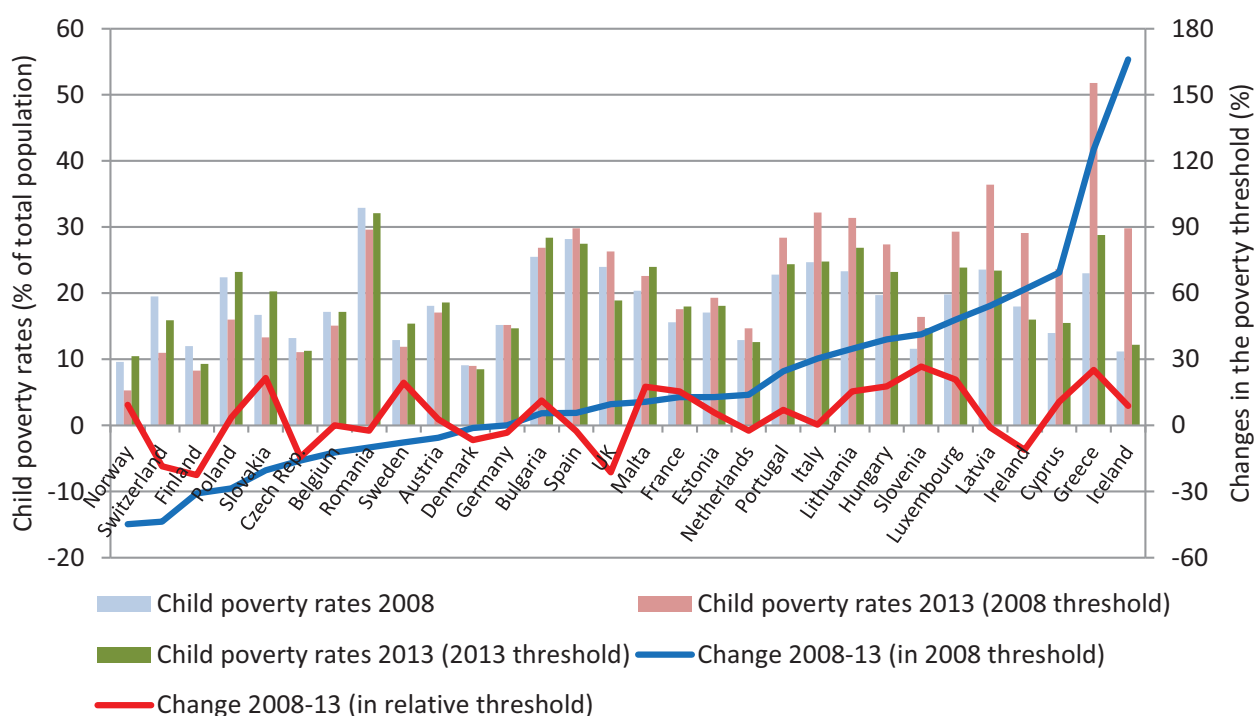


Source: Own analysis of CSB-MIPI data.

(3) Impact and effectiveness of child benefits on the reduction of child poverty

Figure 6 shows the changes in child poverty rates between 2008 and 2013 in EU and EFTA Member States. The child poverty rate is measured as the share of children in families with an equivalized disposable income below the at-risk-of-poverty threshold, which is set at 60 percent of the national median. To capture the effect of the changes in the poverty threshold, the child poverty rates in 2013 are presented based on the at-risk-of-poverty thresholds for 2008 and for 2013. It should be noted that the child poverty rates for 2013 that use the 2008 poverty threshold increased significantly in the countries hit hardest by the global crisis (Iceland, Greece, Cyprus, Ireland and Latvia).

Figure 6. Changes in child poverty rates, EU and EFTA Member States, 2008 and 2013



Source: Eurostat.

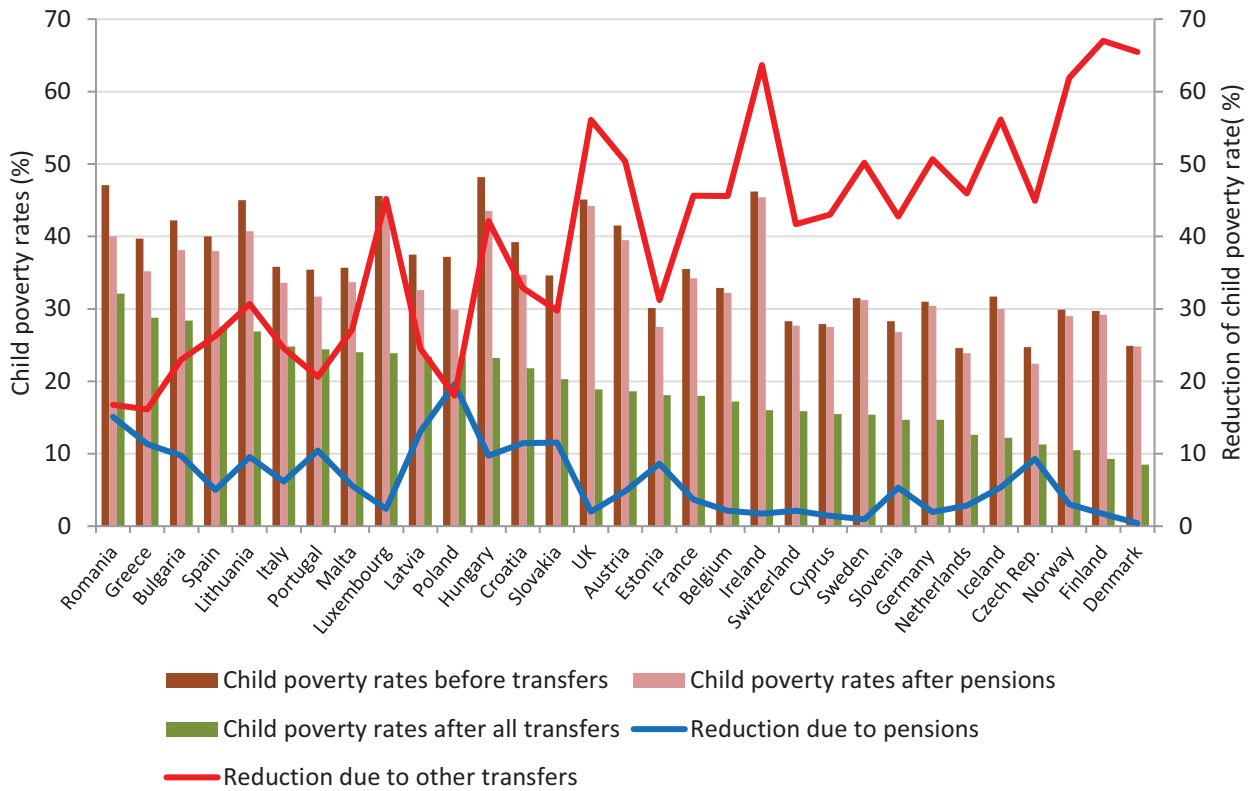
Figure 7 compares child poverty rates before and after social transfers, based on 2013 EU SILC data, and Figure 8 shows the effectiveness of social transfers in reducing child poverty rates between 2008 and 2013.²⁴ Here, the effect of the social transfer is presented separately for pensions and for the other transfers which mainly consist of child benefits.²⁵ All countries reduce their pre-transfer poverty rates by these transfers, but there is a considerable variation in the effect of the transfer systems. The total child poverty reduction varies from 27 percent in Greece to 69 percent in Finland. Generally, the non-pension transfers (typically child benefits) contribute more to reducing child poverty than pensions do. However, the pension systems in the CEE countries play a relatively large role in the reduction of child poverty. The effectiveness of the pension systems increased in Poland, Romania and Latvia between 2008 and 2013.

24. In Avram and Militaru (2015), the authors compare the impact of family benefit packages on poverty reduction in Romania and the Czech Republic based on EUROMOD. Bradshaw and Huby (2014) have decomposed the impact of family benefits on child poverty rates and gaps using the EU SILC microdata.

25. For a more nuanced picture of the elements of the package, see Bradshaw and Huby (2014).

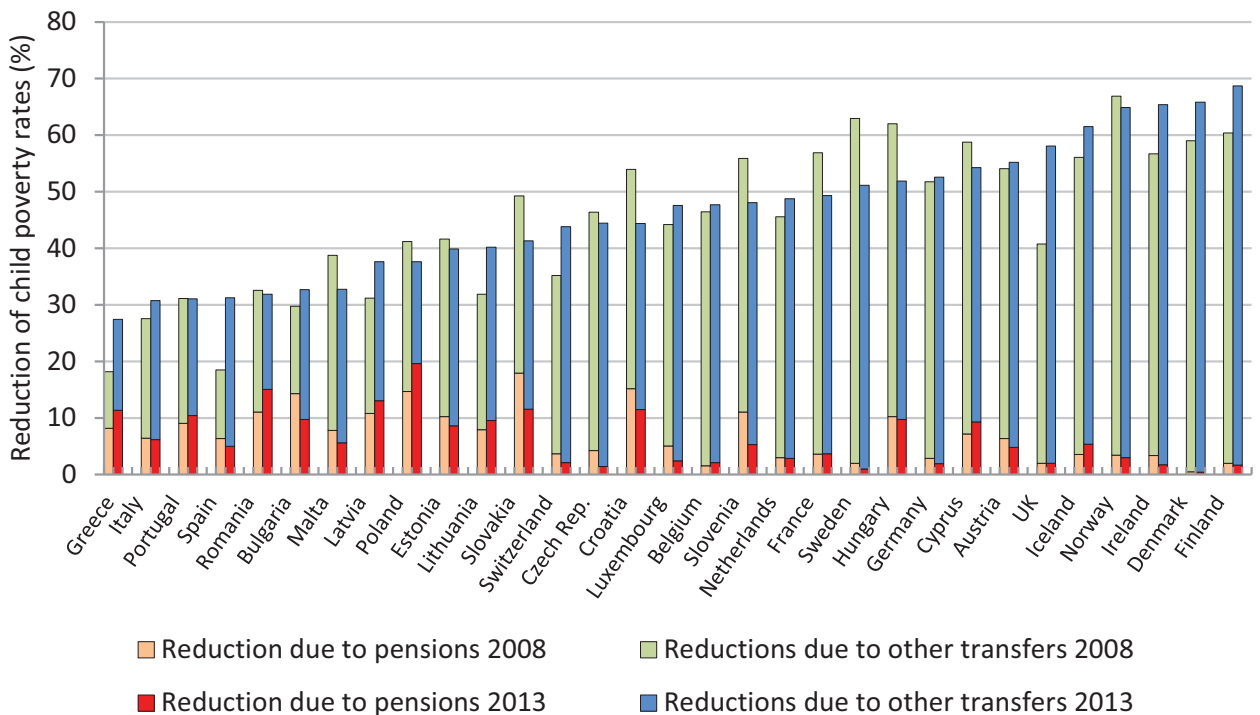
2. CHILD BENEFIT SYSTEMS IN CENTRAL AND EASTERN EUROPE

Figure 7. Pre- and post-transfer child poverty rates, EU and EFTA Member States, 2013



Source: Own calculations of Eurostat data.

Figure 8. Effectiveness of transfers in reducing the child poverty rate, EU and EFTA Member States, 2008 and 2013



Source: Own calculations of Eurostat data.

2.2 Child benefits in CEE non-EU Member States

(1) Overview

Under the former state socialist regime, children were the focus of fairly effective social protection policies in Central and Eastern Europe and in the Confederation of Independent States. Generally, there was free health care, free education, state-run nurseries, full employment and universal child cash benefits. These policies provided families a certain level of security against extreme poverty. But they were largely swept away during the transition period. User fees were introduced for health and education. State nurseries were closed, and parents needing pre-school childcare were asked to pay. Cash transfers to families with children also became income-tested in most countries.

Table A.3 in the Annex summarizes the current child benefit and related systems in seven middle-income non-EU countries in Central and Eastern Europe: Albania, Bosnia and Herzegovina, FYR Macedonia, Moldova, Montenegro, Serbia and Ukraine. Most non-EU CEE countries provide childbirth grants for all. Notably, Serbia (from the second to the fourth child) and Ukraine provide relatively sizable childbirth grants, which consist of a birth grant and monthly benefits paid over two to three years. However, none of these countries has a universal child benefit system, and most of these countries provide cash benefits to families with children through social assistance, although the situation of these countries is heterogeneous.²⁶

Bosnia and Herzegovina, FYR Macedonia,²⁷ Montenegro, Serbia and Ukraine provide income-tested child benefits for single parents until the child is 18 years old, or until they complete their education. Although the benefit level is comparable with the EU CEE countries (around €20 per month), the income threshold is so low (less than €100 per month) that these benefits should be virtually regarded as social assistance.

In Moldova, the social assistance system provides universal child benefits of 400 MDL²⁸ per month, but it is payable only for 18 months. If the parent is covered by the contributory national social insurance system, a higher amount (30 percent of the previous year's average wage) is paid for 36 months. The child benefit is not subject to an income test, but the social assistance system is currently undergoing reforms to transition from a categorical social assistance system to a more targeted system.²⁹

Albania has not developed any child benefit package, apart from the minimum social protection benefit (Ndihme Ekonomike).³⁰ In 2012, the number of households receiving social assistance was 13.8 percent. For a couple with two children, the minimum social assistance is 4,600 ALL³¹ per month, which is far below the extreme poverty threshold of 12,400 ALL for that family. Social assistance benefits covered only 13 percent of the consumption of the households in the lowest income quintile.

26. Policy data relating to 2009 collected under a UNICEF project are presented in Bradshaw, Mayhew and Alexander (2013) and its update in Bradshaw (2011).

27. In 2009, FYR Macedonia introduced a universal parental allowance for the third child and subsequent children, as a measure to increase fertility rates. See also UNICEF (2013).

28. €1 = 20.90 Moldovan lei (MDL) (average for 2015).

29. According to a critical assessment, targeted social assistance systems have limited impact on poverty because (a) the targeting method (often made by a proxy means-test) involves significant exclusion and inclusion errors, resulting in helping only the poorest and excluding many poor and low paid working families; (b) the targeting is expensive and complicated to administer, open to corruption, and it undermines incentives to work; and (c) the benefits are kept at low levels, and are not enough to lift families out of poverty.

30. Bradshaw and Hoelscher (2010).

31. €1 = 139.74 Albanian lek (ALL) (average for 2015).

Among Eastern European countries, Ukraine was known to provide relatively sizable benefits to families with children. These benefits were paid as non-contributory social benefits to all families with children irrespective of income. However, child benefits and childbirth benefits were reduced substantially as part of the austerity measures. Box 3 summarizes the changes in child benefits and childbirth benefits in Ukraine, which came into effect on 1 July 2014. After this amendment, the total amount of the childbirth benefit is 41,280 UAH,³² which consists of a lump-sum payment of 10,320 UAH and a monthly payment of 860 UAH for 36 months, irrespective of the order of the children.

Box 3. Changes in child benefits and childbirth benefits in Ukraine in 2014

On 1 July 2014, the following changes were introduced in child benefits and childbirth benefits in Ukraine.

The child benefit for children under 3 years was abolished, although the child benefit for single mothers was retained. The amount of the child benefit was the difference between the subsistence minimum for a child and the per capita family income, but not less than 130 UAH per child per month. As a transition measure, families already receiving the childbirth benefit for their first child (born before 1 July 2014) are entitled to an extended benefit of 130 UAH for 12 months after the child reaches 2 years of age.

Families with children under 3 years of age are covered under the scope of a new scheme introduced in April 2015, which applies only to low-income families. The amount of the benefit is 250 UAH. The amount of the benefit for low-income families with children was increased. Specifically, additional payments to low-income families, covered by the targeted social assistance programme, was increased from 180 UAH in 2013 to 250 UAH in 2014 for children aged 3 to 13 years, and from 360 UAH in 2013 to 500 UAH in 2014 for children aged 13 to 18 years.

The childbirth benefit has been cut drastically. Previously, with a view to increasing fertility rates, the benefit level and duration of the periodical payment increased progressively with respect to the order of children. Since 2005, part of the benefit is paid as a lump sum, and the rest is paid in periodical payments. The duration of the periodical payments was 24 months for the first child, 48 months for the second child, and 72 months for the third child or more.

The following table compares the benefit structures before and after the amendment in 2014. With this amendment, the benefit became a uniform amount irrespective of the order of the children. The duration of the periodical payments was set at 36 months for the first child, while keeping the lump-sum amount unchanged. As a result, the total benefit amount for the first child actually increased by one-third, but the total benefit amount for the second child decreased by one-third and by two-thirds for the third child. More importantly, the new childbirth benefit is set at a flat rate, and its level is disconnected with the subsistence minimum. It is not clear how the childbirth benefit will be indexed in the future.

32. €1 = 24.19 Ukrainian hryvnia (UAH) (average for 2015).

Box 3. Changes in child benefits and childbirth benefits in Ukraine in 2014 (continued)

		Before 1 July 2014		After 1 July 2014	
Benefit level	First child		30 times SM	Uniform amount of the benefit regardless of the order of children. (initially equivalent to 40 times SM but no link to SM in the future)	
	Second child		60 times SM		
	Third or later		120 times SM		
Payment		Lump-sum and periodical payments		Lump-sum and periodical payments	
Lump-sum		10 times SM		10 times SM	
Duration of periodical payment	First child		24 months	36 months	
	Second child		48 months		
	Third or later		72 months		
Benefit amount using the SM of July 2014	Lump-sum	10,320 UAH		10,320 UAH	
	Periodical payment	First child	860 UAH x 24	860 UAH x 24	
		Second child	1,075 UAH x 48		
		Third or later	1,577 UAH x 72		
	Total benefit [as % of the new amount]	First child	30,960 UAH	[75]	41,280 UAH [100]
		Second child	61,920 UAH	[150]	
Third or later		123,840 UAH	[300]		

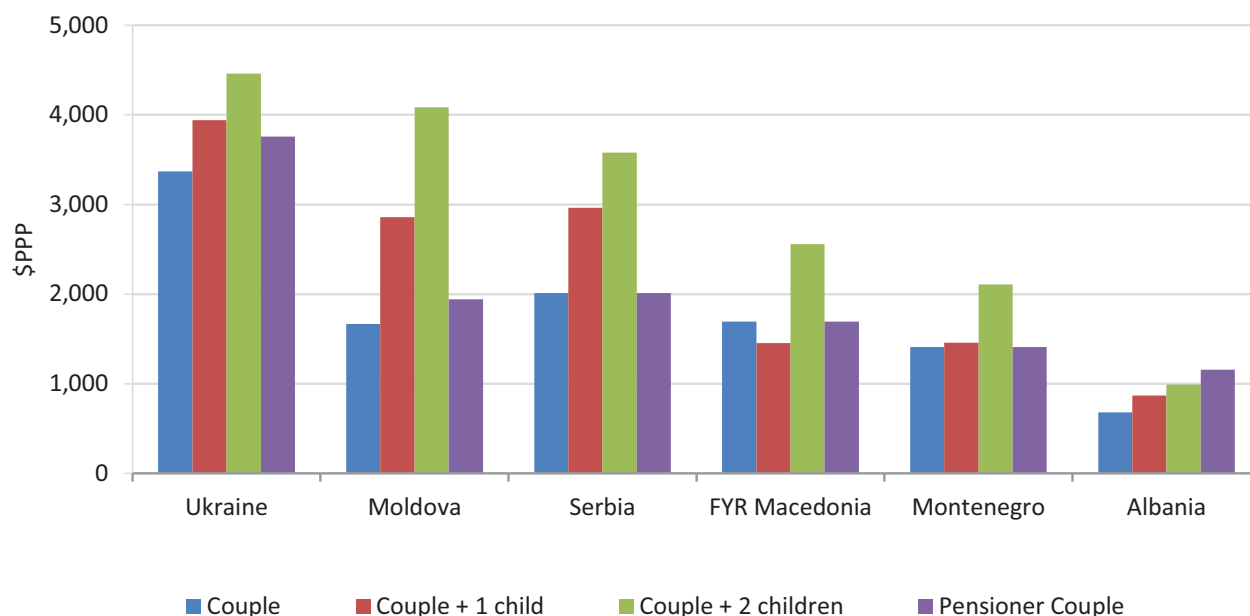
Note: SM = subsistence minimum for children under 6 years of age.

Source: ILO (2016)

(2) Child benefit packages

As explained above, child benefit packages in non-EU countries are mainly paid through social assistance. Figure 9 compares the levels of social assistance payable to different types of families. The amounts vary by family type, but they generally increase according to the number of children.³³ In Albania, the level of social assistance is so low that pensioners receive higher benefits than families with children.

Figure 9. Social assistance benefits by family types in selected non-EU CEE countries, 2009



Source: Bradshaw, Mayhew and Alexander (2011).

According to UNICEF,³⁴ government expenditure on family benefits in the CEE and CIS countries was less than 1 percent of GDP for 2004–2006. Specifically, it was 0.2 percent in FYR Macedonia, 0.4 percent in Ukraine, 0.1 percent in the Russian Federation, and 0.6 percent in Belarus. Countries' fiscal situations have worsened since 2009, and almost all countries in the region suffer from increased levels of unemployment, reductions in income from remittances from family members working abroad, cuts in benefits and services, and increases in the price of food and fuel.

(3) Impact and effectiveness of child benefits on the reduction of child poverty

Figure 10 shows how child poverty rates would increase without the receipt of pensions and social assistance in Bosnia and Herzegovina and Serbia. These estimates are based on the analysis of the Household Budget Survey data on child poverty.³⁵

33. Results of the model family analysis assuming a couple with two children shows that, taking account of charges for education and healthcare, the child social protection package was negative for low paid families (receiving half of the minimum wage or less) in all non-EU CEE countries except Ukraine and Serbia. See Bradshaw, Mayhew and Alexander (2011).

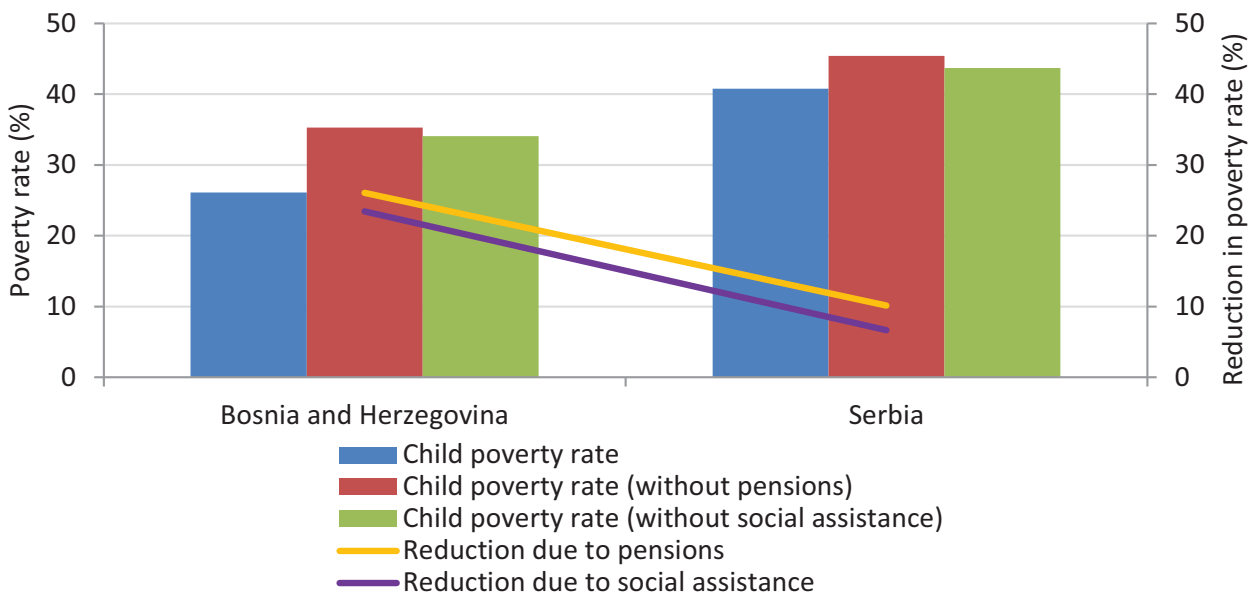
34. UNICEF (2009).

35. Bradshaw, Huby and Chzhen (2015).

Due to the limited statistical data in non-EU CEE countries, the analysis of the effects of child benefit packages on child poverty reduction suffers from numerous shortcomings. First, there is no data of the countries with relatively sizable child-related transfers, such as Ukraine and Moldova. Also, in the absence of a relative at-risk-of-poverty threshold, poverty rates for a country are measured with respect to four times the food poverty threshold. Moreover, since there is no data on pre-transfer poverty rates, the poverty reduction rate is calculated by comparing the poverty rates with and without the effect of the transfer system in place.

Despite these limitations, one can observe that the impact of pensions and social assistance on child poverty reduction in non-EU CEE countries is much lower than in EU CEE countries. This is because the size of child-related transfers in non-EU CEE countries is much smaller than that in EU CEE countries. Figure 10 also shows that pensions are more effective than social assistance in reducing child poverty in Bosnia and Herzegovina and Serbia. This means that households with children benefit more from the presence of a pensioner than they do from receiving social assistance.

Figure 10. Impact of pensions and social assistance on child poverty rates, Bosnia and Herzegovina and Serbia, 2007



Source: Bradshaw, Mayhew and Alexander (2013).

3. Concluding remarks

Thus far we have examined the supporting arguments and criticisms of child benefits, and presented the most up-to-date picture of child benefit packages in the CEE countries. From our analysis in the report, we can make the following observations.

All of the EU CEE countries have implemented child benefit packages, but their structures vary considerably. In general, the cash child benefits are payable only to households earning less than the average wage, and benefit levels are considerably lower than those in Western EU Member States, even considering the differences in purchasing power. To tackle child poverty more effectively, the EU CEE countries need to make their benefits more universal by relaxing income restrictions and improving benefit levels.

In the non-EU CEE countries, child poverty is mainly tackled through social assistance as part of general measures to reduce poverty. Consequently, apart from education, health, sanitation and other public services, the few existing cash benefits for families with children are directed mainly for childbirth and for parenting children under three years of age. Child poverty in these countries is so prevalent that any transfer mechanism would inevitably have a considerable effect on reducing child poverty. These countries should implement proper mechanisms for transferring resources directly to families with children.

In the CEE countries, improving child benefit systems would require resources equaling around 1 to 2 percent of GDP.³⁶ However, there has been no significant increase in social protection expenditure for families with children in most countries in recent years. On the contrary, when there is pressure to tighten the government budget, child benefits are more vulnerable to cuts than pensions are, since pensions are directly linked to old-age poverty and have strong political support from the retired. There is some evidence that child benefits have been the main victim of austerity measures as a result of the recent global economic crisis.³⁷ To help secure the necessary resources for the social protection for children in the face of limited and even leaner fiscal space in the future, there must be further evidence-based research conducted on child benefit policies, their impact and their cost-effectiveness.

Over the years, the ILO has been instrumental in the global development of social security based on the rights-based approach as enshrined in international labour standards (see Box 4 on the relationship between social protection and child labour). In particular, it has been playing a leading role in the formulation of national policies on pensions, social health protection, and social protection systems. In order to advance the agenda for building and extending child-sensitive social protection, in line with the ILO Social Protection Floors Recommendation No. 202, the ILO should further intensify its research, provide technical assistance, and develop capacity building for social protection policies for children and families.

36. According to the ILO's standardized costing methodology, the estimated cost for a universal child benefit in 57 low and lower-middle income countries is 0.9 percent of the aggregated GDP. At the country level, the estimated cost varies from 0.2 percent to 5.2 percent of GDP, depending on the proportion of children in the population and the benefit level relative to GDP. Nevertheless, for the majority of countries, the cost is below 2.5 percent of GDP. For the purpose of global costing, it is assumed that a universal child benefit of 12 percent of the national poverty line is paid to all children up to age of 15, and a higher benefit of 100 percent of the national poverty line is paid to double orphans. The calculations include administrative costs equalling 5 percent of the benefit expenditure. For details, see ILO (2015).

37. Bradshaw and Chzhen (2015). See also Box 3.

In cooperation with national authorities, social partners, and other international organizations, notably UNICEF, the ILO should advocate the importance of child-sensitive social protection systems, which are essential for realizing children’s rights, ensuring their well-being, breaking vicious cycles of poverty and vulnerability, and helping all children realize their full potential.

* * *

Box 4. Social protection and the prevention of child labour

Social protection is highly relevant to the prevention and reduction of child labour. There are multifaceted economic and social vulnerabilities associated with child labour. Social protection instruments can play an important role in reducing child labour by mitigating these vulnerabilities and enhancing poor families’ resilience to child labour.

The links between social protection and child labour have received more attention with the emergence of conditional cash transfer programmes that explicitly link the receipt of cash benefits to school attendance or similar conditions. Many programmes have been found to have a significant effect in promoting school enrolment and attendance, although it is not fully clear whether these effects result directly from behavioural conditions or indirectly through higher incomes and improved access to schools for poor children.¹ From the few evaluations that have systematically assessed the impact of cash benefits on children’s work,² it can be deduced that, while cash benefits tend to have a strong impact on school attendance, they may not reduce child labour to the same extent. Many children still combine school and work. Reductions in child labour are more evident where cash benefits are integrated with additional programme elements, such as after-school programmes.

Economic vulnerability is not the only cause of child labour, and social protection is not by itself a complete solution for it. Nonetheless, social protection is a critical pillar of the broader policy response to child labour. Efforts against child labour are unlikely to be successful without a social protection floor to safeguard vulnerable households, enabling them to seize opportunities and to break the intergenerational transmission of poverty.

Building a national social protection floor is particularly important for addressing the vulnerabilities associated with child labour. Where children and their families enjoy basic income security, access to essential health care, necessary education and other services, child labour can be effectively prevented. Indeed, evidence suggests that an approach linking cash and in-kind benefits with access to education and health services can be particularly effective in addressing child labour.

1. ILO (2013); Barrientos (2013).

2. Hoop and Rosati (2013).

Source: ILO (2013). See also ILO (2009).

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Annex. Summary of child benefits in Europe

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Table A.1. Child benefits in selected EU countries in Central and Eastern Europe, 2015

	Bulgaria	Croatia	Czech Republic	Hungary																																																					
CHILDBIRTH GRANTS																																																									
Benefit amounts in 2015	The grant depends on the birth order.	The grant amounts to 70% of the income threshold. For 2015, the grant equals 2,328.20 HRK (€305.8).	The grant is income-tested: the family income should not exceed 2.7 times the family's living minimum. The amount depends on the birth order, and is granted only for the 1st and 2nd child.	The grant per child equals 225% of the minimum old-age pension, or 300% for twins. For 2015, this equals 64,125 HUF (€206.9) and 85,500 HUF (€275.8), respectively.																																																					
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Beneficiaries	Parents (guardians) of children under 20 years of age enrolled in secondary education.	Parents (guardians) of children under 15 years of age, under 19 years of age if the child is enrolled in secondary education, under 21 years of age if the child is disabled, or under 27 years of age if the child is severely disabled.	Parents (guardians) of dependent children under 26 years of age.	Parents (guardians) of children under 18 years of age (until the termination of studies in the compulsory education system), or under 23 years of age if the child is enrolled in secondary education or vocational training.																																																					
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Income test	The income per family member should not exceed the national average income. In 2015, this is 350 BGN (€178.9).	The income per family member should not exceed 50% of the income threshold. In 2015, 50% equals 1,663 HRK (€218.4).	The family income should not exceed 2.4 times the family's living minimum. In 2015, 2.4 times the living minimum is 14,328 CZK (€525.2) for a household of 2 adults and 8,184 CZK (€300.0) for one adult.	There is no income test. If the child is older than 18 and has a regular income, the benefit is suspended.																																																					
Financing	State budget	State budget	State budget	State budget																																																					

Exchange rates (average for 2015): €1 = 1.9558 BGN = 7.6137 HRK = 27.279 CZK = 310.00 HUF (source: www.ecb.europa.eu).

ANNEX. SUMMARY OF CHILD BENEFITS IN EUROPE

	Poland	Romania	Slovakia	Slovenia																																																							
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Benefit amounts in 2015	The grant amounts to 1,000 PLN (€239.0) and is income-tested: the income per family member should not exceed 1,922 PLN (€459.4).	Romania provides no childbirth grant.	The grant depends on the birth order. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Child</th> <th>Grant per child</th> </tr> </thead> <tbody> <tr> <td>1st,2nd,3rd</td> <td>€829.86</td> </tr> <tr> <td>4th or more (or for children who died within 28 days of birth)</td> <td>€151.37</td> </tr> <tr> <td>Multiple births</td> <td>+€75.69</td> </tr> </tbody> </table>	Child	Grant per child	1st,2nd,3rd	€829.86	4th or more (or for children who died within 28 days of birth)	€151.37	Multiple births	+€75.69	Slovenia provides a uniform grant. This amounts to €285.70.																																															
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Beneficiaries	Parents (guardians) of children under 18 years of age, under 21 years of age if the child is enrolled in education, or under 24 years of age if the child is disabled or enrolled in higher education.	Parents (guardians) of children under 18 years of age or until the completion of education if the child is enrolled in full-time education.	Parents (guardians) of children under 25 years of age if the child is enrolled in full-time education.	Parents (guardians) of children under 18 years of age, or under 26 years of age if the child is enrolled in full-time education.																																																							
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Income test	The income per family member should not exceed 574 PLN (€137.2), or 664 PLN (€158.7) for a family with a disabled child.	The net income per family member should not exceed 530 RON (€119.2).	There is no income test.	The income per family member should not exceed 99% of the national average wage.																																																							
Financing	State budget	State budget	State budget	State budget																																																							

Exchange rates (average for 2015): €1 = 4.1841 PLN = 4.4454 RON (source: www.ecb.europa.eu).

Table A.2. Child benefits in selected EU countries in Western Europe, 2015

	Austria	Belgium	Denmark	Finland
Beneficiaries	Parents (guardians) of children under 18 years of age, under 24 years of age if the child is enrolled in education or professional training, or under 25 years of age if the child is engaged in military or community service.	Parents (guardians) of children under 18 years of age, or under 25 years of age if the child is enrolled in education or training or registered as a job-seeker out of school.	Parents (guardians) of children under 18 years of age.	Parents (guardians) of children under 17 years of age.
Benefit amounts per month in 2015	<p>Basic amounts per child:</p> <ul style="list-style-type: none"> • €109.70 at birth; • €117.30 for children aged 3–9 years; • €136.20 for children aged 10–18 years; • €158.90 for children aged 19 years and over; and a • €138.30 supplement for children with severe disabilities. <p>Sibling supplement scale:</p> <ul style="list-style-type: none"> • €13.40 for 2 children; • €49.80 for 3 children; and • €52.00 for each additional child. <p>Multiple child bonus:</p> <ul style="list-style-type: none"> • €20 per month for the 3rd child and subsequent children. 	<p>Basic amounts per child:</p> <ul style="list-style-type: none"> • €90.28 for the 1st child; • €167.05 for the 2nd child; • €249.41 for the 3rd child; and • €346.82 for orphans. <p>Age allowances (in addition to the basic amount):</p> <ul style="list-style-type: none"> • €15.73 (eldest child), €31.36 (all other children) aged 6–11 years; • €23.95 (eldest child), €47.92 (all other children) aged 12–17 years; • €27.60 (eldest child), €60.93 (all other children) aged over 18 years; and • €52.89 (eldest child), €60.93 (all other children) for disabled children born before July 1966. <p>Annual age allowance (school bonus, July):</p> <ul style="list-style-type: none"> • €27.60 for child aged 0–5 years; • €58.59 for child aged 6–11 years; • €82.02 for child aged 12–17 years; and • €110.42 for child aged 18–24 years. <p>There are additional benefits for children under 21 with disorders and for specific family situations (long-term unemployment, illness, retirement, or single-parent families).</p>	<p>For children under 15, the benefit is paid quarterly:</p> <ul style="list-style-type: none"> • 4,443 DKK per child under the age of 2; • 3,519 DKK per child aged 3–6 years; and • 2,769 DKK per child aged 7–14 years. <p>For children aged 15–17 years, the benefit of 923 DKK is paid on a monthly basis.</p> <p>In addition, 2,208 DKK is provided for the second child and subsequent children until the child reaches the age of 7.</p> <p>Supplements are also provided for single parents, retired parents, and parents who are students.</p>	<p>Benefit amounts per month:</p> <ul style="list-style-type: none"> • €95.75 for the 1st child; • €105.80 for the 2nd child; • €135.01 for the 3rd child; • €154.64 for the 4th child; and • €174.27 for the 5th and subsequent children. <p>A single-parent supplement of €48.55 per month is also provided.</p>
Income test	<p>The benefit is universal, irrespective of employment status or income level. However, after the child turns 20, their taxable income should not exceed €10,000 per year.</p> <p>The multiple child bonus is income tested, and the taxable family income should not exceed €55,000 per year.</p>	<p>From 18 to 25 years, children can work a maximum of 240 hours per quarter, or earn a gross salary not exceeding €520.08 per month.</p>	<p>The benefit is earnings-related: if the tax base of one or both parents exceeds 723,100 DKK, then the child benefit is reduced by 2% of the tax base in excess of that threshold.</p>	<p>No income test.</p>
Financing	Employer contributions and taxes	Employer contributions and State subsidies	Tax-financed	Tax-financed

Exchange rates (average for 2015): €1 = 7.4587 DKK (source: www.ecb.europa.eu).

ANNEX. SUMMARY OF CHILD BENEFITS IN EUROPE

	France	Germany	Greece																		
Beneficiaries	Parents (guardians) of 2 or more children under 20 years of age.	Parents (guardians) of children under 18 years of age, or under 25 years of age if the child is enrolled in education or vocational training.	Parents (guardians) of children under 18 years, or under 19 if enrolled in secondary education, or university students in their freshman year, or under 24 if the child is disabled (67% or more).																		
Benefit amounts per month in 2015	<p>Benefits depend on the number of children and their age.</p> <table border="1"> <thead> <tr> <th>Number of children</th> <th>Benefit per child</th> </tr> </thead> <tbody> <tr> <td>2 children</td> <td>€129.99 (32% of the monthly family benefit base, equaling €406.21)</td> </tr> <tr> <td>Subsequent children</td> <td>€166.55 (41% of the monthly family benefit base)</td> </tr> <tr> <td>From the child's 14th birthday, for each child except the eldest in families with fewer than 3 children.</td> <td>+ €64.99 (16% of the monthly family benefit base)</td> </tr> </tbody> </table>	Number of children	Benefit per child	2 children	€129.99 (32% of the monthly family benefit base, equaling €406.21)	Subsequent children	€166.55 (41% of the monthly family benefit base)	From the child's 14th birthday, for each child except the eldest in families with fewer than 3 children.	+ €64.99 (16% of the monthly family benefit base)	<p>Benefits depend on the birth order.</p> <table border="1"> <thead> <tr> <th>Child</th> <th>Benefit per child</th> </tr> </thead> <tbody> <tr> <td>1st and 2nd</td> <td>€184</td> </tr> <tr> <td>3rd</td> <td>€190</td> </tr> <tr> <td>Subsequent</td> <td>€215</td> </tr> <tr> <td>Supplementary child benefit for low income families</td> <td>€140</td> </tr> </tbody> </table>	Child	Benefit per child	1st and 2nd	€184	3rd	€190	Subsequent	€215	Supplementary child benefit for low income families	€140	<p>Benefit amounts per month:</p> <ul style="list-style-type: none"> • €40 per child (if annual equivalent family income does not exceed €6,000); • €26.66 per child (if annual equivalent family income amounts to €6,001–€12,000); or • €13.33 per child (if annual equivalent family income amounts to €12,001–€18,000). <p>There is a special benefit for large families of €500 per child per year if the annual family income is lower than €45,000 for families with 3 children, or lower than €48,000 for families with 4 children. The income threshold increases by €4,000 for each subsequent child for families with more than 4 children.</p>
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1st and 2nd	€184																				
3rd	€190																				
Subsequent	€215																				
Supplementary child benefit for low income families	€140																				
Income test	The benefit is income-tested. The annual family income should not exceed €67,140 for a family with 2 children, €72,735 for a family with 3 children, or €78,330 for a family with 4 children. If the annual family income exceeds these amounts, the benefit is 2 or 4 times smaller (depending on the income range).	There is no income test. Only the supplementary child benefit depends on the parents' income and assets.	Families are divided in 3 income groups according to their equivalent income, the annual total family income divided by an equivalence scale (weighted sum of family members, where one parent has a weight of 1, the other is 1/3, and each dependent child is 1/6). The special benefit for large families is subject to an income test. The annual family income should not exceed €45,000 for families with 3 children or €48,000 for families with 4 children, and the income threshold increases by €4,000 EUR for each subsequent child for families with more than 4 children.																		
Financing	Contributions from employers and the self-employed, and taxes	Tax-financed																			

Table A.2. Child benefits in selected EU countries in Western Europe, 2015 (continued)

	Luxembourg	Netherlands	Portugal								
Beneficiaries	Parents (guardians) of children under 18 years, or under 27 years if enrolled in full-time education, with no age limit if the child becomes disabled before the age of 18 (50% or more).	Parents (guardians) of children under 16 years of age, or under 18 years of age if the child is enrolled in education.	Parents (guardians) of children under 16, or under 24 years of age if enrolled in education or disabled (with a 3-year extension if the disabled child is enrolled in higher education).								
Benefit amounts per month in 2015	<p>Benefit amounts per month:</p> <ul style="list-style-type: none"> • €185.60 for 1 child; • €220.36 per child for 2 children; • €267.58 per child for 3 children; • €291.14 per child for 4 children; and • €305.28 for each additional child. <p>In addition, the benefit is supplemented according to the age of the child:</p> <ul style="list-style-type: none"> • €16.17 per child aged 6–11; • €48.52 per child aged 12 or over; and • €185.60 additionally if the child is seriously disabled. 	<p>Benefits depend on the age of the child.</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Benefit per child</th> </tr> </thead> <tbody> <tr> <td>Less than 6 years</td> <td>€191.65</td> </tr> <tr> <td>6 to 12 years</td> <td>€232.71</td> </tr> <tr> <td>12 to 18 years</td> <td>€273.78</td> </tr> </tbody> </table> <p>The basic rate is doubled if the family has high expenses (e.g., if the child is disabled).</p>	Age	Benefit per child	Less than 6 years	€191.65	6 to 12 years	€232.71	12 to 18 years	€273.78	<p>Benefit amounts per month:</p> <ul style="list-style-type: none"> • €140.76 per child under 12 months and €35.19 per child older than 12 months if the reference family income does not exceed €2,935, plus a school supplement is paid in September amounting to the value of the benefit for children aged 6-16 years. • €116.74 per child under 12 months and €29.19 per child older than 12 months if the reference family income does not exceed €5,869. • €92.29 per child under 12 months and €26.54 per child older than 12 months if the reference family income does not exceed €8,804. <p>For single-parent families, the benefit is increased by 20%.</p>
Age	Benefit per child										
Less than 6 years	€191.65										
6 to 12 years	€232.71										
12 to 18 years	€273.78										
Income test		The benefit is income-tested. The yearly family income should not exceed €46,700. The benefit is granted to children aged 16 to 18 if their net income does not exceed €1,266 per quarter.	The household members cannot have assets (bank accounts, shares, investment funds) worth more than €100,613.								
Financing	Tax-financed	Tax-financed	Tax-financed								

ANNEX. SUMMARY OF CHILD BENEFITS IN EUROPE

	Spain	Sweden	United Kingdom																														
Beneficiaries	Parents (guardians) of children under 18 years of age, or over 18 years of age if the child is disabled (65% or more).	Parents (guardians) of children under 16 years of age. Children continuing education at an upper secondary school or compulsory school are entitled to a study allowance or an extended child allowance, respectively.	Parents (guardians) of children under 16 years of age, or under 20 years of age if the child is enrolled in education or training.																														
Benefit amounts per month in 2015	<p>Benefits depend on the age of the child and their health.</p> <table border="1"> <thead> <tr> <th rowspan="2">Age</th> <th colspan="2">Benefit per child</th> </tr> <tr> <th>Healthy</th> <th>Disabled (33% or more)</th> </tr> </thead> <tbody> <tr> <td>Under 18 years</td> <td>€24.25</td> <td>€83.33</td> </tr> <tr> <td></td> <th>Disabled (65% or more)</th> <th>Disabled (75% or more)</th> </tr> <tr> <td>18 years or more</td> <td>€366.90</td> <td>€550.40</td> </tr> </tbody> </table>	Age	Benefit per child		Healthy	Disabled (33% or more)	Under 18 years	€24.25	€83.33		Disabled (65% or more)	Disabled (75% or more)	18 years or more	€366.90	€550.40	<p>The benefit is uniform, equaling 1,050 SEK (€112.3).</p> <p>The large family supplement depends on the number of children.</p> <table border="1"> <thead> <tr> <th>Number of children</th> <th>Supplement</th> </tr> </thead> <tbody> <tr> <td>2 children</td> <td>150 SEK (€16.0)</td> </tr> <tr> <td>3 children</td> <td>604 SEK (€64.6)</td> </tr> <tr> <td>4 children</td> <td>1,614 SEK (€172.6)</td> </tr> <tr> <td>5 children</td> <td>2,864 SEK (€306.2)</td> </tr> </tbody> </table>	Number of children	Supplement	2 children	150 SEK (€16.0)	3 children	604 SEK (€64.6)	4 children	1,614 SEK (€172.6)	5 children	2,864 SEK (€306.2)	<p>Benefits depend on the birth order.</p> <table border="1"> <thead> <tr> <th>Child</th> <th>Benefit per child per week</th> </tr> </thead> <tbody> <tr> <td>1st</td> <td>£20.70 (€28.5)</td> </tr> <tr> <td>Subsequent</td> <td>£13.70 (€18.9)</td> </tr> </tbody> </table>	Child	Benefit per child per week	1st	£20.70 (€28.5)	Subsequent	£13.70 (€18.9)
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Income test	<p>The annual family income should not exceed €11,548. This amount increases by 15% for the 2nd child and subsequent children. There is no income test for granting the benefit for disabled children.</p> <p>For large families, the annual family income should not exceed €17,380 (family with 3 children). This amount increases by €2,815 for the 4th child and subsequent children.</p> <p>The dependent child can work, but their income should not exceed the established value of the minimum wage (€648.60 per month in 2015).</p> <p>When the annual family income is higher than the above-mentioned amounts, the granted benefit amounts to the difference between the income and the potential benefit.</p>	<p>There is no income test.</p>	<p>The benefit is income-tested. High Income Child Benefit Charge – tax is charged if one (or one’s partner) receives the child benefit and their individual income exceeds £50,000 (€68,886). The tax equals 1% of the child benefit received for every £100 (€137.8) income in excess of £50,000 (€68,886). Persons in this income bracket can stop receiving the child benefit completely, or receive it and pay the tax.</p>																														
Financing	Tax-financed	Tax-financed	Tax-financed																														

Exchange rates (average for 2015): €1 = 9.3535 SEK = 0.72584 GBP (£) (source: www.ecb.europa.eu).

Table A.3. Child benefits in selected non-EU countries in Central and Eastern Europe, 2015

Albania	Bosnia and Herzegovina	Macedonia																								
CHILDBIRTH GRANTS																										
Beneficiaries and amount in 2015	<table border="1"> <tr> <td>Federation BiH (FBiH)</td> <td>The benefit is established by each canton. In the Sarajevo canton, this equals 35% of the average wage.</td> </tr> <tr> <td>Republika Srpska (RS)</td> <td>The benefit is at least 50% of the average wage.</td> </tr> <tr> <td>Brcko District (BD)</td> <td>The benefit is 25% of the average wage.</td> </tr> </table>	Federation BiH (FBiH)	The benefit is established by each canton. In the Sarajevo canton, this equals 35% of the average wage.	Republika Srpska (RS)	The benefit is at least 50% of the average wage.	Brcko District (BD)	The benefit is 25% of the average wage.	The grant amounts to 4,829 MKD (€78.4) for the 1st child.																		
Federation BiH (FBiH)	The benefit is established by each canton. In the Sarajevo canton, this equals 35% of the average wage.																									
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Benefit amounts per month in 2015	<p>The benefit is uniform at:</p> <ul style="list-style-type: none"> 300 ALL (€2.15) per child, subject to school attendance; and 100 ALL (€0.72) per vaccinated child. <table border="1"> <thead> <tr> <th>Entity</th> <th>Benefit</th> </tr> </thead> <tbody> <tr> <td>FBiH</td> <td>The benefit does not depend on the child's age or family income, and is established at the canton level. In Sarajevo: <ul style="list-style-type: none"> the basic benefit is 33.0 BAM (€16.9); and the increased benefit (for disabled or orphaned children) is 49.0 BAM (€25.1). </td> </tr> <tr> <td>RS</td> <td>The benefit depends on the birth order: <table border="1"> <thead> <tr> <th>Child</th> <th>Benefit</th> </tr> </thead> <tbody> <tr> <td>2nd, 4th</td> <td>35 BAM (€17.9)</td> </tr> <tr> <td>3rd</td> <td>70 BAM (€35.8)</td> </tr> <tr> <td>Children with disabilities, without parental care, or in families receiving social assistance.</td> <td>90 BAM (€46.0)</td> </tr> </tbody> </table> </td> </tr> <tr> <td>BD</td> <td> <ul style="list-style-type: none"> The benefit is 10% of the average monthly wage per child. There is a 50% increase for children without a parent, disabled children, and children with a disabled parent, regardless of family income. </td> </tr> </tbody> </table>	Entity	Benefit	FBiH	The benefit does not depend on the child's age or family income, and is established at the canton level. In Sarajevo: <ul style="list-style-type: none"> the basic benefit is 33.0 BAM (€16.9); and the increased benefit (for disabled or orphaned children) is 49.0 BAM (€25.1). 	RS	The benefit depends on the birth order: <table border="1"> <thead> <tr> <th>Child</th> <th>Benefit</th> </tr> </thead> <tbody> <tr> <td>2nd, 4th</td> <td>35 BAM (€17.9)</td> </tr> <tr> <td>3rd</td> <td>70 BAM (€35.8)</td> </tr> <tr> <td>Children with disabilities, without parental care, or in families receiving social assistance.</td> <td>90 BAM (€46.0)</td> </tr> </tbody> </table>	Child	Benefit	2nd, 4th	35 BAM (€17.9)	3rd	70 BAM (€35.8)	Children with disabilities, without parental care, or in families receiving social assistance.	90 BAM (€46.0)	BD	<ul style="list-style-type: none"> The benefit is 10% of the average monthly wage per child. There is a 50% increase for children without a parent, disabled children, and children with a disabled parent, regardless of family income. 	Benefits depend on the age of the child: <table border="1"> <thead> <tr> <th>Age</th> <th>Benefit</th> </tr> </thead> <tbody> <tr> <td>Less than 15 years</td> <td>716 MKD (€11.6)</td> </tr> <tr> <td>15 to 18 years</td> <td>1,136 MKD (€18.4)</td> </tr> <tr> <td>Disabled children</td> <td>~4,200 MKD (€68.2)</td> </tr> </tbody> </table>	Age	Benefit	Less than 15 years	716 MKD (€11.6)	15 to 18 years	1,136 MKD (€18.4)	Disabled children	~4,200 MKD (€68.2)
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Exchange rates (average for 2015): €1 = 139.74 ALL = 1.9558 BAM = 61.611 MKD.

ANNEX. SUMMARY OF CHILD BENEFITS IN EUROPE

	Moldova	Montenegro	Serbia	Ukraine																						
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Beneficiaries and amount in 2015	<p>The benefit depends on the birth order of the child.</p> <table border="1"> <thead> <tr> <th>Child</th> <th>Grant</th> </tr> </thead> <tbody> <tr> <td>1st</td> <td>3,100 MDL (€148.3)</td> </tr> <tr> <td>Subsequent</td> <td>3,400 MDL (€162.7)</td> </tr> </tbody> </table>	Child	Grant	1st	3,100 MDL (€148.3)	Subsequent	3,400 MDL (€162.7)	<p>Uniform benefit. €105 per child.</p>	<p>The parental allowance depends on the birth order.</p> <table border="1"> <thead> <tr> <th>Child</th> <th>Grant</th> </tr> </thead> <tbody> <tr> <td>1st</td> <td>37,781.67 RSD (€312.9)</td> </tr> <tr> <td>2nd</td> <td>147,740.64 RSD (€1,224)</td> </tr> <tr> <td>3rd</td> <td>265,920.98 RSD (€2,203)</td> </tr> <tr> <td>4th</td> <td>354,557.56 RSD (€2,937)</td> </tr> </tbody> </table> <p>The allowance for the 2nd, 3rd and 4th child is paid in 24 monthly installments. The allowance is means-tested, and not granted if any family members pay a property tax on a tax base exceeding 12 million RSD (€99,393).</p>	Child	Grant	1st	37,781.67 RSD (€312.9)	2nd	147,740.64 RSD (€1,224)	3rd	265,920.98 RSD (€2,203)	4th	354,557.56 RSD (€2,937)	<p>A uniform benefit is provided, equalling 41,280 UAH (€1,707) per child irrespective of the number of children in the family. This is paid as follows:</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Grant</th> </tr> </thead> <tbody> <tr> <td>One-time payment</td> <td>10,320 UAH (€426.6)</td> </tr> <tr> <td>Monthly payment for 3 years</td> <td>860 UAH (€35.6)</td> </tr> </tbody> </table>	Type	Grant	One-time payment	10,320 UAH (€426.6)	Monthly payment for 3 years	860 UAH (€35.6)
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CHILD BENEFITS																										
Beneficiaries	Parents of children under 1.5 years of age (for those not insured), or under 3 years of age (for those covered by social insurance).	Parents of children under 18 years of age, or over 18 years of age if enrolled in secondary education; or children from 15 to 18 years of age that are beneficiaries of financial support, without parental care, and not enrolled in education (if registered by the Employment Agency).	Parents of children under 19 years of age if the child is enrolled in education, or under 26 years of age for disabled children enrolled in education or training.	Single parents of children under 18 years of age, or under 23 years of age if the child is enrolled in education.																						
Benefit amounts per month in 2015	<p>Benefits depend on whether the beneficiary is insured or not:</p> <ul style="list-style-type: none"> for insured persons, it is 30% of the average monthly income of the contributor for 12 months preceding the birth of the child, not less than 400 MDL (€19.1) per child; and for the uninsured, it is 400 MDL (€19.1) per child. 	<p>Benefits are classified as follows:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Benefit</th> </tr> </thead> <tbody> <tr> <td>Beneficiary of financial support</td> <td>€19.0</td> </tr> <tr> <td>Beneficiary of care and support allowances</td> <td>€25.5</td> </tr> <tr> <td>Beneficiary of personal disability allowances</td> <td>€31.8</td> </tr> <tr> <td>Child without parental care</td> <td>€31.8</td> </tr> </tbody> </table>	Category	Benefit	Beneficiary of financial support	€19.0	Beneficiary of care and support allowances	€25.5	Beneficiary of personal disability allowances	€31.8	Child without parental care	€31.8	<p>For up to the 4th child, the benefit is:</p> <ul style="list-style-type: none"> 2,640.6 RSD (€21.9) per child; or 3,432.8 RSD (€28.4) per child for disabled children. 	<p>The benefit is the difference between 50% of the minimum subsistence level of the child's age and the average monthly income per family member, but not less than 30% of the minimum subsistence level of the child's age.</p>												
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Exchange rates (average for 2015): €1 = 20.898 MDL = 120.7328 RSD = 24.190 UAH.

Table A.3. Child benefits in selected non-EU countries in Central and Eastern Europe, 2015 (continued)

	Albania	Bosnia and Herzegovina	Macedonia						
CHILD BENEFITS									
Income test	Only families receiving Social Assistance are granted the benefit.	<table border="1"> <tr> <td style="text-align: center;">FBiH</td> <td>The monthly income per family member should not exceed the threshold established at the canton level. In Sarajevo, this is 114 BAM (€58.3). The increased benefit is not income-tested.</td> </tr> <tr> <td style="text-align: center;">RS</td> <td> <ul style="list-style-type: none"> • The family should be a beneficiary of social assistance; and • The monthly income per family member should not exceed: <ul style="list-style-type: none"> – 81 BAM (€41.4) for the 2nd child; – 85 BAM (€43.5) for the 3rd child; and – 93 BAM (€47.6) for the 4th child. • There are additional conditions on income and properties. </td> </tr> <tr> <td style="text-align: center;">BD</td> <td> <ul style="list-style-type: none"> • The family should be a beneficiary of social assistance; and • the monthly income per family member should not exceed 15% of the average wage in the Brcko District. • There are additional conditions on income or properties. </td> </tr> </table>	FBiH	The monthly income per family member should not exceed the threshold established at the canton level. In Sarajevo, this is 114 BAM (€58.3). The increased benefit is not income-tested.	RS	<ul style="list-style-type: none"> • The family should be a beneficiary of social assistance; and • The monthly income per family member should not exceed: <ul style="list-style-type: none"> – 81 BAM (€41.4) for the 2nd child; – 85 BAM (€43.5) for the 3rd child; and – 93 BAM (€47.6) for the 4th child. • There are additional conditions on income and properties. 	BD	<ul style="list-style-type: none"> • The family should be a beneficiary of social assistance; and • the monthly income per family member should not exceed 15% of the average wage in the Brcko District. • There are additional conditions on income or properties. 	The average monthly income per family member should not exceed 2,530 MKD (€41.1), or 5,060 MKD (€82.1) for single parents. One of the parents must be either employed or receiving unemployment benefits.
FBiH	The monthly income per family member should not exceed the threshold established at the canton level. In Sarajevo, this is 114 BAM (€58.3). The increased benefit is not income-tested.								
RS	<ul style="list-style-type: none"> • The family should be a beneficiary of social assistance; and • The monthly income per family member should not exceed: <ul style="list-style-type: none"> – 81 BAM (€41.4) for the 2nd child; – 85 BAM (€43.5) for the 3rd child; and – 93 BAM (€47.6) for the 4th child. • There are additional conditions on income and properties. 								
BD	<ul style="list-style-type: none"> • The family should be a beneficiary of social assistance; and • the monthly income per family member should not exceed 15% of the average wage in the Brcko District. • There are additional conditions on income or properties. 								
Financing	State budget	<table border="1"> <tr> <td style="text-align: center;">FBiH</td> <td>Financed through the cantonal budgets of FBiH.</td> </tr> <tr> <td style="text-align: center;">RS</td> <td>Financed through contributions to the RS Child Protection Fund. The contribution for child protection amounts to 1.5% of the gross salary.</td> </tr> <tr> <td style="text-align: center;">BD</td> <td>Financed through the Budget of BD.</td> </tr> </table>	FBiH	Financed through the cantonal budgets of FBiH.	RS	Financed through contributions to the RS Child Protection Fund. The contribution for child protection amounts to 1.5% of the gross salary.	BD	Financed through the Budget of BD.	State budget
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BD	Financed through the Budget of BD.								

ANNEX. SUMMARY OF CHILD BENEFITS IN EUROPE

	Moldova	Montenegro	Serbia	Ukraine						
CHILD BENEFITS										
Income test	There is no income test.	<p>The child should be the beneficiary of financial support, receiving a care and support allowance, a personal disability allowance, or should be without parental care; or, the child should have a parent (guardian) with an established employment relationship based on an agreement on actively overcoming an unfavourable social situation.</p> <p>Only 3 children in a family can be covered by the child benefit. Exceptions are made for twins, triplets and children with disabilities or without parental care.</p>	<p>The monthly income per family member should not exceed an established income threshold. As of July 2015 this is 8,212.9 RSD (€68.0), while the increased threshold (applicable to families with disabled children) amounts to 9,855.5 RSD (€81.6). This is a means-tested benefit, dependent on the beneficiary's real estate, properties, and other liquidities.</p>	The beneficiary should not receive a survivors' or social pension.						
Financing	<table border="1"> <thead> <tr> <th>Category of beneficiaries</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>Uninsured (birth allowance and monthly allowance for children under 1.5 years)</td> <td>State budget</td> </tr> <tr> <td>Insured (monthly allowance for children under 3 years)</td> <td>State social insurance</td> </tr> </tbody> </table>	Category of beneficiaries	Source	Uninsured (birth allowance and monthly allowance for children under 1.5 years)	State budget	Insured (monthly allowance for children under 3 years)	State social insurance	State budget	State budget	State budget
Category of beneficiaries	Source									
Uninsured (birth allowance and monthly allowance for children under 1.5 years)	State budget									
Insured (monthly allowance for children under 3 years)	State social insurance									

Sources

Table A.1

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Table A.3

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