



HOW CAN FISCAL POLICIES IN BELARUS REDUCE CHILD POVERTY MORE EFFECTIVELY?

Commitment To Equity For Children: Redistributive Effects And Efficiency Of Social Assistance To Households With Children In Belarus

The report is showcased as "[Best of UNICEF Research and Evaluation 2020](#)" with a high potential for impact on policies and programmes that benefit children.

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The poverty rate in Belarus is among the lowest in Eastern Europe, and public social assistance focuses specifically on families and children. In 2016, 1.9 per cent of national GDP was spent on child-related benefits: 46 per cent of children receive some kind of benefit, with children aged up to three almost universally served by the system. The state offers a range of social protections, from lump-sum benefits in pregnancy, maternity aid and a childcare allowance, through to targeted social assistance, education and healthcare.

However, the national measure of child poverty in Belarus increased to 11.3 per cent in 2017, compared to 5.9 per cent for the population as a whole. Families with three or more children aged between 6 and 13, especially single-parent households, and families living in small cities and rural areas, are the most adversely affected. The distribution of benefits appears to favour some households more than others, suggesting a social policy bias and shortfalls in support for the most vulnerable.

A research report funded by UNICEF and the World Bank simulates changes in benefits and subsidies that will make social protection for the most vulnerable children in Belarus more equitable and efficient, and estimates the costs of achieving the SDG target of halving child poverty.

Purpose

The main objective of the study was to understand the redistributive effects of social and fiscal policies on children in Belarus. Accordingly, researchers considered not only monetary poverty but also multidimensional child poverty (MDCP).

Specifically, the research sought to:

- Assess how redistribution and poverty reduction is being accomplished through social spending, taxes and subsidies from household to national level in both urban and rural areas
- Consider how social spending is distributed by age of children, and which households bear the burden of and benefit from the taxation system
- Identify the shortcomings of the fiscal system with regard to children, and indicate how social assistance could be better targeted.

The research was timely, as Belarus is approaching its 2021 cycle of state programming. The study supported the United Nations Sustainable Development Goal of reducing at least by half the proportion of children living in poverty by 2030, echoed by Belarus's own target of reducing the national poverty rate to 4.5 per cent in the same timeframe. Assessing the interplay of social assistance programmes with multidimensional and monetary child poverty was felt to be of interest to policymakers – particularly at the Ministry of Labor and Social Protection and the Ministry of Finance – and to researchers nationally and globally.

Acknowledgements. We express our gratitude to the Ministry of Economy and its Economy Research Institute as UNICEF's [strategic partners in advancing child rights in Belarus in the SDG era](#). The partnership has resulted in developing the first [SDG baseline report on child-related SDG indicators](#) and launching a research on public investments in children and adolescents based on [UNICEF methodology](#). UNICEF Belarus expresses appreciation to the UNICEF Office of Research - Innocenti for [the BOURE summary report](#), which text was used extensively to prepare this Policy Brief. The research benefitted from the financial support from UNICEF Belarus and the World Bank.

Approach

Child-centred analysis

The research team used the Commitment to Equity for Children (CEQ4C) methodology. This is an analytical model designed to determine the effects of child-relevant budgeting at the level of fiscal incidence (the overall economic impact of government taxation and expenditures on the real economic income of individuals), multidimensional poverty and public finance analysis. The CEQ4C was applied to 2016 fiscal data and the Household Budget Survey data to calculate welfare before and after social policy interventions. The research used a sample of 6,000 households, spanning 50 towns and rural councils in Belarus.

Disposable income was used as the measure of well-being, in line with official welfare analysis. Directly transferred state benefits were subtracted from households' disposable income, to which estimated direct taxes were added, to calculate market income – the income available to the household prior to any fiscal interventions.

The researchers also analysed the data in view of known determinants of poverty risk, such as the number of children in the household, their age and place of residence. Subjective evaluations of households, included as part of the Household Budget Survey, were also considered.

Multidimensional poverty measure

This study represents the first use of a multidimensional measure of poverty in Belarus. MDCP can be defined in this context as the situation of children suffering from multiple deprivations, rather than just income deprivation. Children may lack necessities or basic rights such as access to water and sanitation, a healthy, diverse diet, adequate living space or access to a personal computer to aid learning.

These variables were considered alongside monetary poverty, defined as when disposable income per capita is lower than the subsistence budget (the amount of money households need to satisfy basic material needs).

Limitations

One important limitation of the CEQ4C methodology was that it took a household-centric approach, with calculations based on the entire household as a unit rather than children specifically. The research team therefore expanded its focus to include the impact of pensions, given that they are an important source of income for many households with children.

Key findings

Belarus has a pro-poor benefits system, but MDCP stands at 16.7 per cent, which is higher than the overall poverty rate. However, poverty rates vary significantly across households: for households with three or more children, the MDCP is 29.5 per cent, for households with a single parent it is 23.8 per cent, and for children in rural areas it is 29.5 per cent (see Figure 1).

Inequitable distribution of benefits and transfers

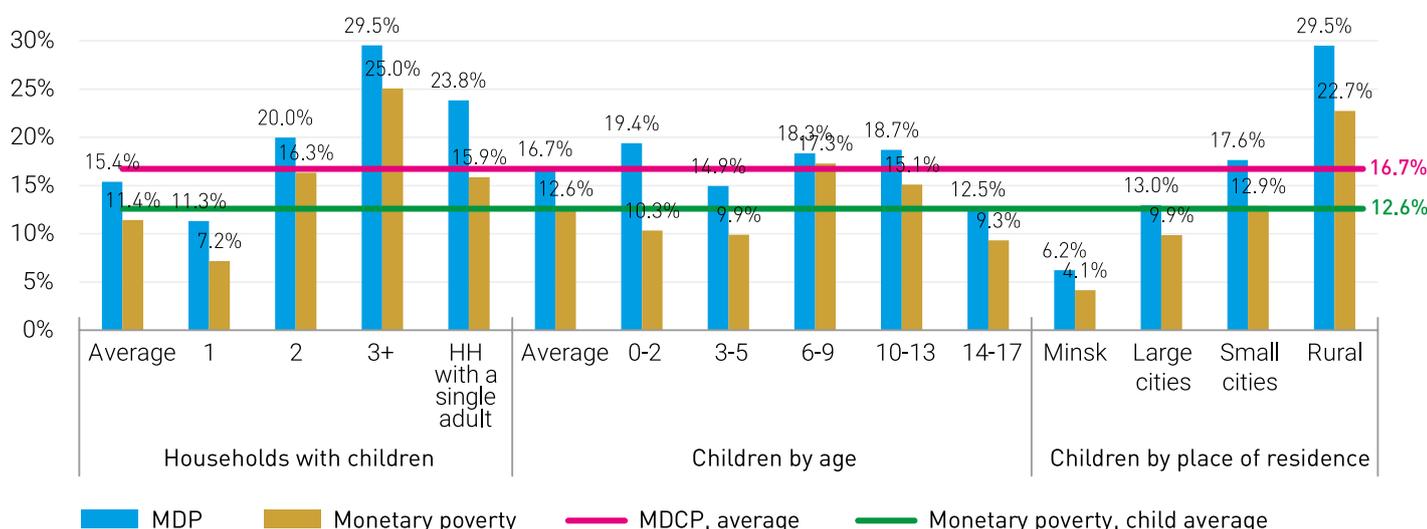
The analysis revealed gaps in the system of benefits and transfers, and particular groups left behind. The impact on families of state support varied according to the age and number of their children and their economic situation.

The biggest share of financial support for families with children is through a childcare allowance for children under three. In 2017, this allowance made up 95.4 per cent of social protection expenditure. Distribution of allowance for children under 3 was also skewed in favour of families with three or more children, 63.3 per cent of whom were covered, receiving 13.7 per cent of their disposable income. Large families also benefited the most from direct transfers: 87.5 per cent of households with three or more children were covered, receiving 29.7 per cent of their disposable income.

Children over the age of 6 had more limited access to the benefits system, even though they received dedicated social assistance, indicating their higher risk of poverty. For households with children aged between 6 and 9, and 10 and 13, benefits made up only 11.3 per cent and 9.6 per cent of disposable income, respectively.

For single-parent households, poverty rates were higher still. A total of 32.8 per cent received some kind of child-related benefit, yet the level of monetary poverty stood at 15.9 per cent. Further inequities were experienced by households facing monetary poverty and material deprivations. Transfers made up a higher proportion of disposable income – about a fifth – for children at risk of poverty (both absolute and MDCP) than for non-poor children. However, the researchers attributed this to the scarcity of other sources of income for poor children, rather than a targeted intervention to meet the needs of the most vulnerable.

Figure 1. Multi-dimensional poverty and monetary poverty



Weak targeting of utility subsidies and uneven tax burdens

Disparities and inefficiencies emerged in the distribution of utility subsidies. The more children per household, the lower the level of indirect utility subsidies, meaning that the most vulnerable multi-child households received less support than other households – particularly those in rural areas and in households with children experiencing monetary and multidimensional poverty.

The researchers noted that the weak targeting of utility subsidies rendered them inefficient at reducing poverty levels, especially when allocated to households with two or more children or to residents in smaller cities.

Furthermore, the tax burden was found to be higher than average for households with children. For households without children this amounted to 23.7 per cent of a household's income, compared to 33.7 per cent for households with children. The burden was lowest for households with three or more children aged below three, suggesting that they tend to consume less fully taxable goods and services owing to higher levels of poverty. The burden was highest for households with only one child aged between 14 and 17.

The picture was more progressive with education expenditure, with benefits increasing in line with the number of children per household, and higher than average rates for children in smaller cities due to there being fewer pupils.

Varying deprivations by number and age of children

Households with two or more children were found to be at higher risk of housing deprivations due to the lack of space per person. This was especially the case for preschool children, affecting 21.1 per cent of households with children aged up to two years.

The situation worsened for households with three or more children, where infrastructure deprivations and monetary poverty were more pronounced. Food deprivation increased for school-age children, peaking at 7.7 per cent for children aged 14 to 17. Only 54.1 per cent of children experienced no deprivations, 29.2 per cent faced only one, and 10.5 per cent faced two. The remaining 6.2 per cent of children faced three or more deprivations (see Figure 2 and 3).

Gender-sensitive but inefficient in reducing poverty allowances

A cost-benefit analysis was conducted on a modified simulation of the highest-cost programme of benefits – maternity allowance and allowances for childbirth and registration of the pregnancy. It was found that they were highly inefficient in reducing poverty and inequality. The maternity allowance depends on the mother's income before leave, hence this intervention does not do much to decrease inequality.

"Maternity allowances, as well as childbirth and pregnancy registration allowances are highly inefficient from the point of view of poverty and inequality reduction. Moreover, they actually widen the inequality gap." Research report

Figure 2. Deprivations by age

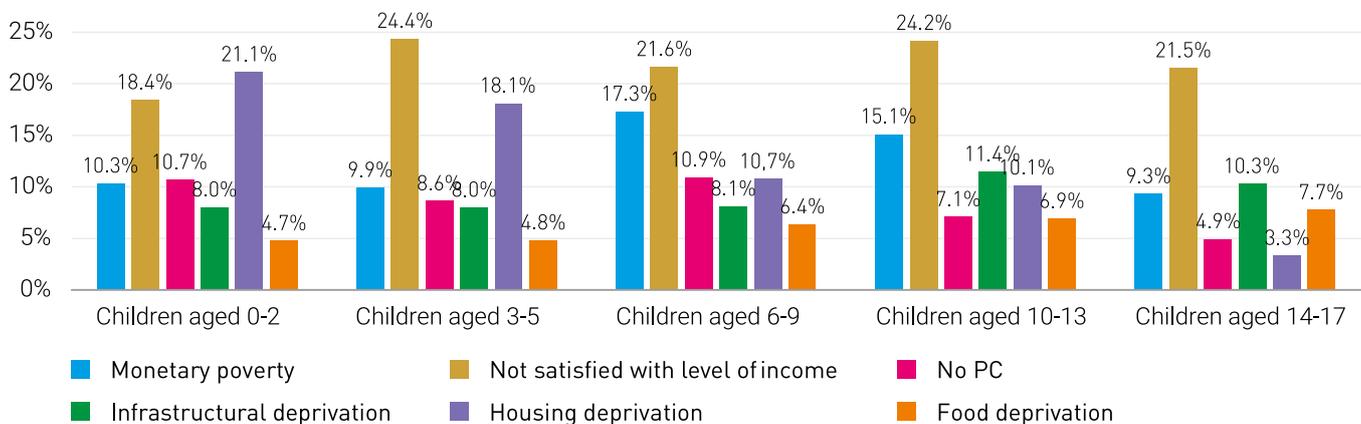
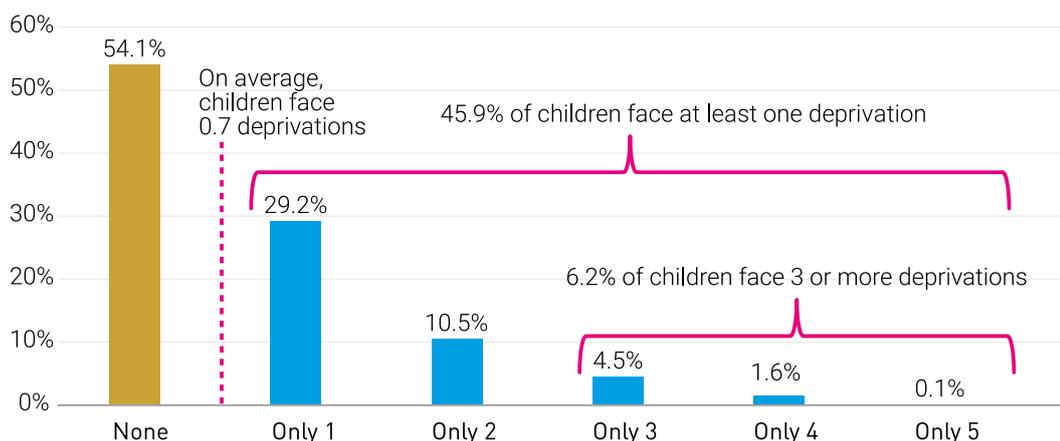


Figure 3. Number of deprivations for children



Influence on policy and programming

THE STUDY CONDUCTED SIMULATIONS TO PROVIDE A RANGE OF POLICY OPTIONS:

- Targeted social assistance (TSA) is very efficient policy measure in combating poverty. Therefore, improved TSA coverage and duration for households with children will contribute greatly to child poverty reduction.
- Group-specific benefits targeted at single-parent and multi-child families not in receipt of any other child benefits could be efficient in monetary poverty reduction and provision of support to the families in multidimensional poverty.
- Savings obtained by phasing out inefficient utility subsidies could be enough to support expansion of a means-tested TSA alongside provision of benefits for particularly vulnerable households, including with three or more children, and run by single parents.
- The efficiency and equity of maternity leave could be increased by shortening eligible leave time, levelling out the allowance over the remaining years, and linking it to household wages.

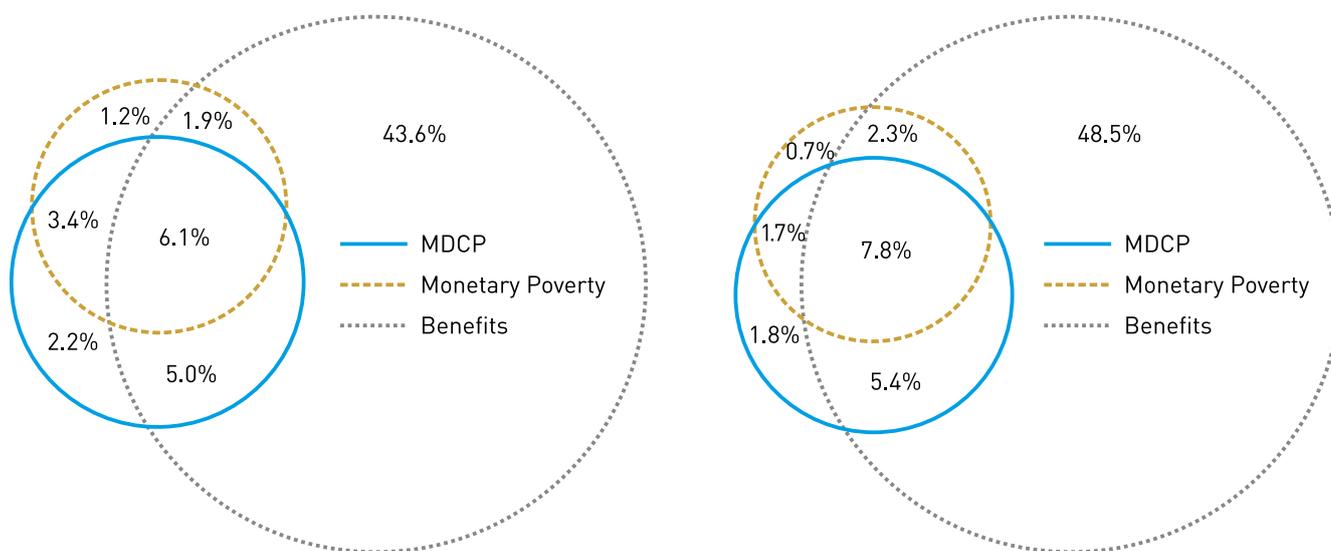
The focus of the current child benefits system on supporting the families with children aged 0-2 leads to important gaps in coverage of the most vulnerable groups. While 87.5% of households with three or more children are covered by the benefits, and 86.4% have preferences, 25% of them were still in poverty in 2016. Only 32.8% of single-parent households receive some kind of child-related benefit, and the level of poverty among these households is still high – 15.9%, while 23.8% of these households are in multidimensional poverty. Only 33.5% of children aged 6-9 are covered by benefits, as a result, this age group faces the highest poverty incidence of 17.3%. Due to the lack of means-tested and accessible programs, 6.8% of children face either monetary or multidimensional poverty, and are not covered by social assistance (see Figure 4).

Implementing the recommendations generated by the research could reduce the percentage of children living either in monetary or multidimensional poverty and not covered by social assistance from 6.8 to 4.2, a significant contribution towards halving child poverty in Belarus by 2030. Overall, the research concluded that reducing child poverty from 11.3 to 5.5 per cent could be achieved at the cost of around 0.27 per cent of GDP, or 356.5 million Belarusian roubles (BYN) at 2019 rates. It will demand introducing group-specific benefits to multi-child and single-parent families and the expansion of TSA availability to households with children as simulated and costed in the research.

The technical rigour applied in this research has served as a model for Belarus to improve data collection and analysis in the interests of reducing child poverty and serving the needs of the most vulnerable families. In particular, the CEQ4C methodology is capable of unearthing findings on the role of interventions that are not directly related to children. In Belarus, for example, it was found that pensions make an important contribution to reducing child poverty.

Moreover, ongoing discussions with policymakers in the Ministry of Labor and Social Protection and the Ministry of Finance on the intermediate results and research plans increased their relevance to the ongoing policy debate – in fact, preliminary findings informed the upscaling of targeted social assistance for families with children that were vulnerable to the impact of COVID-19.

Figure 4. Monetary poverty, MDCP and coverage by child-related benefits, de-facto and simulation



(a) De-facto benefits coverage of children

(b) Simulation benefits coverage of children

Note. The universe is all children. Benefits in (a) here include child-related benefits (to children 0-2, to children 3-18, disability pension and survival allowance) and child-related preferences (meals and kindergarten costs). In (b), benefits also include the simulation of two group-specific benefits (for multi-child families and for families with a single parent) and TSA expansion to reduce child monetary poverty to 5.5% (SDG target).

Looking ahead

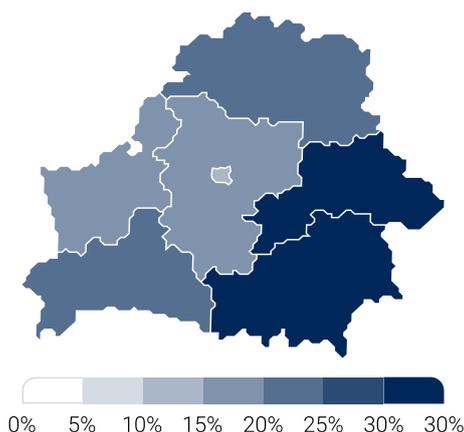
The findings of this study are already helping to shape child welfare surveys that will allow analyze deeper the effectiveness of social spending, including with [a focus on the COVID-19 impact](#). The multidimensional poverty model is being validated by the National Statistical Committee of Belarus, Belstat. In 2021, UNICEF will continue to provide technical support in producing an official methodology for multidimensional poverty measurement.

Findings will be disseminated via the Ministries of Economy, Finance, Tax and Duties, Labour and Social Protection, the Social Protection Fund, the President's Administration, the National Statistical Committee, and at the annual Kastrychniki Ekanamichy Forum. International organizations will also receive the report, namely the United Nations Development Programme, United Nations Population Fund, International Monetary Fund and the Eurasian Development Bank.

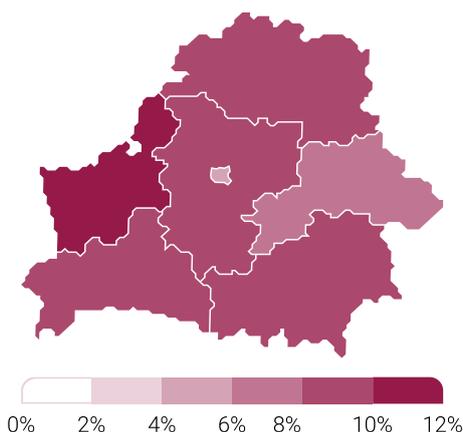
In the Country Programme Document for 2021-2025, the Government of Belarus has already expressed an interest in using evidence to improve public spending. Through dynamic surveys that use the MDCP measure and the CEQ4C methodology, and by increasing the technical rigour of data collection that identify regional differences, UNICEF can support the government in tracking health and education outcomes for vulnerable families. Incorporating this additional data into the existing database of multi-child families will enable the assessing and finetuning of social cash transfers and the integration of social services for those families that most need them, taking into account the regional variability.

Annex. Deprivations of the households with children by region

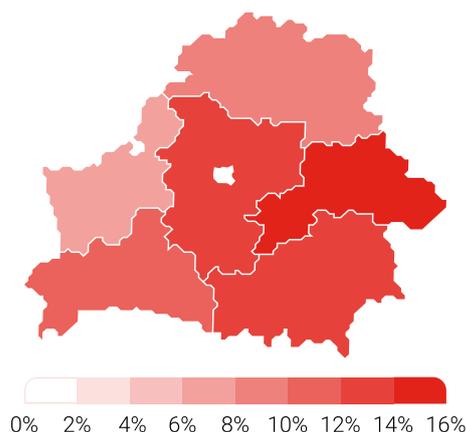
Not satisfied with level income



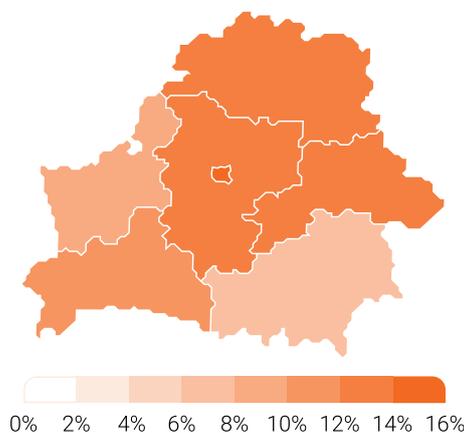
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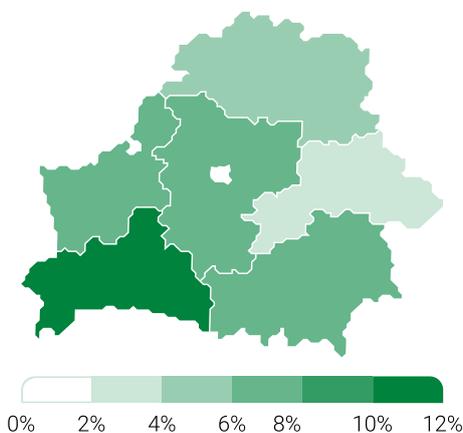
Infrastructural deprivation



Housing deprivation



Food deprivation



Child-related deprivations by region



Detailed results of the study can be found at unicef.by/en/ceq4c