FAMILY-ORIENTED ANTI-POVERTY POLICIES IN DEVELOPED COUNTRIES

Background paper prepared by*:*
Dominic Richardson[1] and Jonathan Bradshaw[2]

This report was commissioned with a view to exploring the extent to which social policies for families reduce poverty rates in developed countries. It is one of four papers[3]being commissioned to guide preparations for the twentieth anniversary on the International Year of the Family which set the parameters for the family work of the United Nations.

The authors

Dominic Richardson has been working at the OECD in Paris since 2007 and has focused on issues of child well-being, family policies and poverty. Dominic co-authored the OECD's first report on child well-being '*Doing Better for Children',* and a follow-up report on children and families '*Doing Better for Families'*. Present work includes comparisons of social expenditure on family benefits across the OECD as children age, and how policy choices might influence outcomes in child and family well-being.

Jonathan Bradshaw is Professor of Social Policy at the University of York, UK. His most recent book is *'The Well-being of Children in the United Kingdom'* (Policy Press 2011). He has undertaken comparative studies of child poverty and well-being for the European Union and UNICEF. He is a Fellow of the British Academy. For further information see http://www-users.york.ac.uk/~jrb1/

[1] OECD. The views expressed in this paper are not those of the OECD or its member countries. Any errors are the responsibility of the authors.
[2] University of York
[3] The others are on family poverty in developed countries, work-family balance policies and intergenerational issues.

Note

This paper has been issued without formal editing.

The views expressed in the present publication are those of the authors and do not imply the expression of any opinion on the part of the Secretariat of the United Nations, particularly concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The assignment of countries or areas to specific groupings is for analytical convenience and does not imply any assumption regarding political or other affiliation of countries or territories by the United Nations. The designations “developed” and “developing” are intended for statistical and analytical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process.

TABLE OF CONTENTS

1. Introduction

1. Prior to the onset of the Great Recession in 2008, governments in all OECD countries were investing more than ever before in policies for families with children. In many countries a key driver of this increased investment was the explicit goal of reducing child and family poverty.[4]

2. Yet despite clear goals for poverty reduction and increased spending, relative family income poverty across most developed countries did not fall. In the decade leading up to the financial crisis, the average OECD income poverty rate for families with children rose by more than 2 percentage points (from 11 per cent to around 13 per cent).[5] During the same period, average family incomes rose in every OECD country. Together these statistics show that in 'good times' too many families were not able to take advantage of economic growth, and anti-poverty policies – in many cases – were not making absolute gains.

3. Since the onset of the financial crisis, the consolidation of public budgets in many countries has not bypassed family policies, and as such the resources needed to reverse the trend of increasing family poverty are becoming scarce. It is critical therefore, that governments get good advice about what works for reducing family poverty, and that such advice acknowledges present fiscal constraints – and competing and complementary interests – in diminishing public budgets.

4. In this context it is important to acknowledge that families are changing, and family behaviours are changing. Demographic and socio-economic trends are introducing to the poverty reduction discussion new policies and new constraints. Families are becoming less formal: across many developed countries, marriage is down and cohabitation is up, and sole parent family forms are more common,[6] which means more often families are being headed by women. In a number of countries fertility rates are significantly higher in low income households, meaning families are often 'born poor'. Moreover, over recent decades, in established families, parents are working more, and two-earner families are more common. On the basis of these factors alone, one might predict that means-tested cash benefits for at-risk families, gender equality policies, strategies to combat intergenerational inequality, and supports for working parents – such as childcare – are policies of increasing importance in the poverty reduction discussion.

5. The purpose of this paper is to introduce and assess policies that focus on families with the aim of reducing overall poverty rates and family poverty in particular (poverty will be measured in terms of relative income, material deprivation and social exclusion). The strength of the comparative analysis undertaken here is that lessons can

---

[4] Förster M. and Richardson D. (2011) "Réduction de la pauvreté des enfants : comparaisons internationales", *Politiques sociales et familiales* n° 104, Cnaf, juin 2011.
[5] OECD (2011) *Doing Better for Families,* OECD Publishing, Paris.
[6] Ibid.

be drawn from countries that have been bucking the trend of increasing poverty rates, and others which have been successful in reducing forms of poverty by family type. Throughout the paper, examples from these countries will be used to guide later recommendations.

6. It is important to acknowledge here, that the policy analysis in this paper mainly covers tax and benefit policies and their impacts on income poverty. Tax and benefit policies alone are not the full picture in addressing poverty; services such as child care, and health care services around the time of birth, are important family policies that can impact on parental earnings and income during important periods of childbirth and child rearing. These policies are referred to where relevant in the text.

7. The report is structured as follows: **Section 2** provides background information salient to the discussion of anti-poverty policies for families in developed countries (for example, definitions and trends in poverty measures and in family types). **Section 3** reviews and analyses family policies, and includes analysis of taxes and benefits and their poverty reduction effects. **Section 4** concludes the paper with recommendations for developing anti-poverty family policies that meet the evolving needs of modern families in developed economies.

2. Rates and changes in poverty and family types in developed countries

8. This first section of the paper will begin by introducing the concepts of income poverty, material deprivation and social exclusion as defined in developed country settings. It will also present and explain family typologies and changes in family types in developed countries over a generation, and explore the potential effects such family changes can have on present poverty reduction policies and strategies.

2.1 What is understood by poverty and social exclusion in developed countries?

2.1.1 Poverty

9. In the last 60 years or so, poverty in developed countries has moved away from understandings based on physical necessities or minimum subsistence and has generally been understood as ‘relative’. Relative poverty measures refer to poverty measures defined on the basis of a national standard, and in doing so account for general living standard in that society. Many formal definitions, by national and international bodies, tend refer back to the definition of relative poverty of Peter Townsend.

> “Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions which are customary, or at least widely encouraged or approved, in societies to which they belong. Their resources are so seriously below those

commanded by the average family or individual that they are in effect excluded from ordinary living patterns, customs and activities".[7]

10. A variety of methods have been employed to operationalise this relative concept of poverty, but the most common in international comparative studies is to measure poverty using an equivalent income threshold. The European Union reports "at-risk-of poverty" rates using a variety of thresholds but has settled on a headline threshold of 60 per cent of national equivalent median income. The OECD's preferred headline threshold tends to be 50 per cent of the median equivalised income.

11. There are four main sources of comparative data on income poverty.

i. The EU publishes data every year based on the secondary analysis of the European Statistics on Income and Living Conditions (EU-SILC). A considerable body of research has now been undertaken on poverty using EU SILC.[8] Child poverty has been the focus of much of this work.[9] The latest data is from SILC 2010 which is income data for 2009. As a part of its 10-year economic plan, the June 2010 European Council set the target to reduce poverty and social exclusion in the EU by 20 million (European Council, 2010) – the main source of data for monitoring this aspiration is EU SILC.

ii. The OECD collects poverty data every five years or so. For the EU countries this is based on SILC data, but for non EU countries and EU countries with national sources, governments are asked to provide the statistics based on a common protocol. At the time of writing the latest OECD data is for circa 2008.[10]

iii. The Luxembourg Income Study obtains micro data sets from countries, puts them into a common format and makes them available to users. It also publishes key statistics on poverty and inequality on its website.[11] The latest data is circa 2005.

iv. UNICEF Innocenti Centre has published Report Cards on children over recent years and child poverty was the main subject matters of Report Cards 6[12] and Report Card 10.[13] These cover OECD countries and have used LIS, SILC and national informants as the source of data.

[7] Townsend, P. (1979) *Poverty in the United Kingdom*, London: Allen Lane and Penguin Books

[8] Atkinson, A.B. and Marlier, E. (2010) *Income and living conditions in Europe.* Luxemboug: Eurostat. Bradshaw, J. and Mayhew, E. (2010) 'Understanding extreme poverty in the European Union', *European Journal of Homelessness*, 4: 171-186. Fusco, A. Guio, A-C. and Marlier, E. (2010) 'Characterising the income poor and the materially deprived in European Countries' in A.B. Atkinson, and E. Marlier (eds) *Income and living conditions in Europe.* Luxembourg: Eurostat.

[9] Bradshaw J. and Chzhen, Y. (2009). 'Child poverty policies across Europe', *Zeitschrift fuer Familienforschung/Journal of Family Research,* 21 (2): 128-149. Tarki-Applica (2010) Child poverty and child well-being in the European Union, Report prepared for the European Commission. Budapest: Tarki Social Research Institute. Tarki (2011) *Child well-being in the European Union: better monitoring instruments for better policies.* Paper was commissioned by the State Secretariat for Social Inclusion of the Ministry of Public Administration and Justice. Budapest: Tarki Social Research Institute.

[10] OECD Database http://www.oecd.org/document/4/0,3746,en_2649_34819_37836996_1_1_1_1,00.html

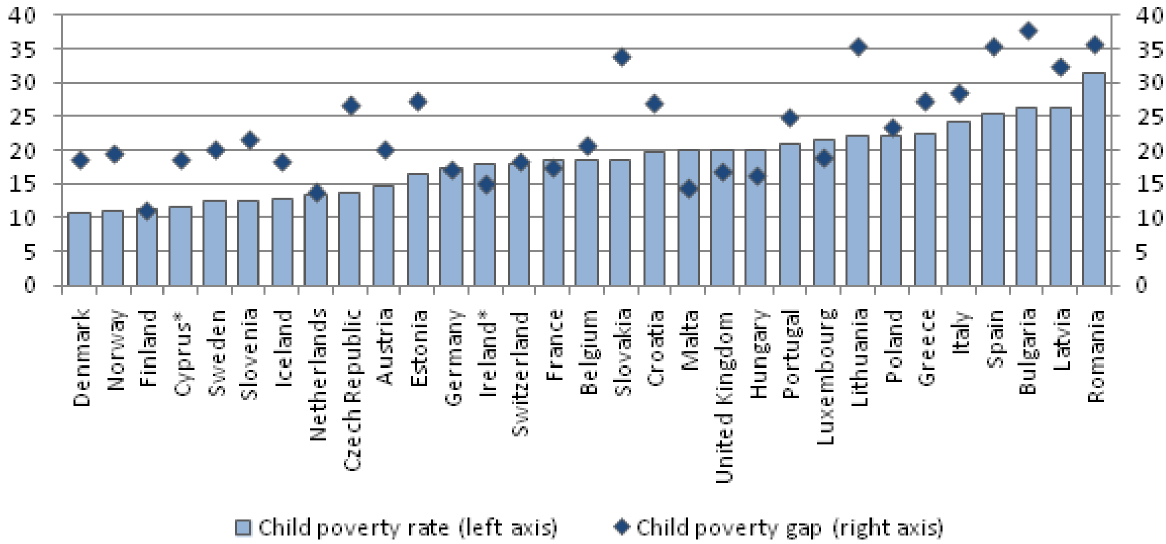
[11] http://www.lisproject.org/key-figures/key-figures.htm

[12] UNICEF (2005) Child Poverty in rich countries 2005, Innocenti Report Card 6, UNICEF: Florence

[13] UNICEF (2012) New league tables of child deprivation and relative child poverty in the world's rich countries, Innocenti Report Card 10, UNICEF: Florence

12. At present, EU SILC is the most up-to-date source.[14] Figure 1 presents the child poverty rate and child poverty gap from EU SILC 2010. It shows that child income poverty varies from about 10 per cent in Denmark, Norway and Finland to 30 per cent in Romania. Poverty gaps range from 10 per cent in Finland to over 35 per cent in Bulgaria and Romania.

Figure 1: Child poverty rates and gaps. Percentage of children <16 in households with equivalent income less than 60 per cent median and the average child poverty gap. SILC 2010 (2009 incomes)[15]



Note:*2009.

Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database

2.1.2 Social exclusion

13. Social exclusion is a fairly recent concept that originated in France *(Exclusion sociale)*. It came to prominence when, at the 2000 Lisbon summit, the EU members committed themselves to a social inclusion strategy. The so-called Laeken indicators

[14] Relative income poverty estimates (50% of median income) also available for most of the non-European OECD countries from the OECD Income Distribution Questionnaires (see source below). The European figures are used here because they are more recent estimates of relative poverty, and more likely to reflect changes in poverty experiences during the early part of the financial crisis.

[15] The information in this document with reference to 'Cyprus' relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue". The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

were adopted and included a wider range of measures than income poverty, such as: unemployment rates, jobless household rates, early school leaver rates, and self-defined health status. It is debatable what social exclusion adds to Townsend's definition of poverty which covers exclusion from "ordinary living patterns, customs and activities".

14. As efforts began to operationalise it – particularly after the UK government established a Social Exclusion Unit in 1997 – new indicators have begun to emerge. Thus for example, at the Centre for the Analysis of Social Exclusion, Burchardt[16] defined an individual as '…socially excluded if he or she does not participate in key activities of the society in which he or she lives' represented in four dimensions: Consumption (the capacity to purchase goods and services); Production (participation in economically or socially valuable activities); Political engagement (involvement in local or national decision-making); and Social interaction (integration with family, friends and the community).

15. The 1999 Poverty and Social Exclusion Study[17] defined four dimensions of social exclusion: impoverishment or exclusion from adequate income or resources; labour market exclusion; service exclusion - utilities, financial and social; and exclusion from social relations, including: Non-participation in three common social activities; Isolation (no contact with family/friends daily); Perceived lack of support (in four areas); Disengagement; and Confinement. This was since developed in the Bristol Social Exclusion Matrix.[18]

16. One reason why these methods have been developed is due to the problems inherent in income-based poverty measures. Briefly these are:

- Income is only an indirect indicator of living standards.
- Income is probably not as good an indicator of command over resources as expenditure, not least because it does not take account of capacity to borrow, savings, gifts and the value of home production. In the case of families, multiple needs, including those of children, may or may not be met due to competing interests or parents' consumption patterns.
- 60 per cent of the median (and any other) relative income threshold is arbitrary.
- The equivalence scales adopted have little basis in science.
- The poverty threshold is not comparable in cash terms – for example the relative poverty threshold for a couple with two children in Hungary in 2010 was €5343 per year and in the UK €21,553 per year. The child at-risk-of-poverty rate in both countries was 20 per cent.
- In some poorer EU countries 60 per cent of the median is very low – only €2 per person per day in Bulgaria.

[16] Burchardt, T., Le Grand, J. and Piachaud, D. (1999) Social Exclusion in Britain 1991—1995 *Social Policy & Administration* 33, 3, 227–244.
[17] Gordon, D., Adelman, L., Ashworth, K., Bradshaw, J., Levitas, R., Middleton, S., Pantazis, C., Patsios, D., Payne, S., Townsend, P. and Williams, J. (2000) *Poverty and Social Exclusion in Britain,* Joseph Rowntree Foundation: York
[18]http://webarchive.nationalarchives.gov.uk/+/http:/www.cabinetoffice.gov.uk/social_exclusion_task_force/publications/multidimensional.aspx

2.1.3 Multi-dimensional aspects of poverty - Deprivation

17. Because of the limitations of using income as the only measure to identify 'who is poor', deprivation indicators were first introduced into poverty measurement by Peter Townsend[19] to broaden the range of resources taken into account. Townsend listed items and activities that he believed no one should go without, and then counted as poor survey respondents who lacked three or more items regardless of their income levels. Criticism of this early method focussed on his choice of deprivation items, the fact that he did not distinguish between affordability and desirability of the items, and why 'poverty' was distinguished at the 3-item threshold.

18. Mack and Lansley[20] made the next important step in the study of deprivation by developing the concept of socially perceived necessities: or items that more than half the population thought were necessities for life in modern Britain. They also only counted deprivation in cases where items were absent if respondents said they lacked them, wanted them but could not afford them.[21]

19. At the European level, Guio[22] explored the deprivation indicators in EU SILC 2005. She distinguished between a set of five indicators of economic strain: The household could not afford: To face unexpected expenses; One week annual holiday away from home; To pay for arrears (mortgage or rent, utility bills or hire purchase instalments); A meal with meat, chicken or fish every second day; or To keep home adequately warm. The set of four indicators of durables included when a household could not afford (if wanted): to have a washing machine; to have a colour TV; to have a telephone; or to have a personal car.

20. This index was adopted by the EU, and the battery of indicators of social exclusion published by the Social Protection Committee included the proportion of households lacking 3 or more of these items. When the EU adopted the 2020 strategy they set a target to reduce by 20 million the number of households in the EU living in households below the 60 per cent median threshold or lacking four or more deprivation items or living in a workless household. The EU deprivation index does not scale very well for families with children and in the 2009 SILC a special module was included that contained a battery of 19 child items (Table 1).

[19] Townsend, P. (1979) *Poverty in the United Kingdom*, London: Allen Lane and Penguin Books.
[20] Mack, J. and Lansley, S. (1985) *Poor Britain*, London: Allen and Unwin
[21] The methods were used again by Gordon and Pantazis (1997, *Breadline Britain in the 1990s*, Ashgate: Aldershot.) and techniques were developed for weighting the items by the proportion of the population who already possessed them – now known as prevalence weighting. The last study in Britain using this method was the Poverty and Social Exclusion Survey (PSE) (see Pantazis, C, Gordon, D. and Levitas, R. (Eds) (2006) *Poverty and Social Exclusion in Britain*. Bristol, The Policy Press. Gordon, D., Adelman, A., Ashworth, K., Bradshaw, J., Levitas, R., Middleton, S., Pantazis, C., Patsios, D., Payne, S., Townsend, P. and Williams, J. (2000), *Poverty and social exclusion in Britain***.** York, Joseph Rowntree Foundation). The UK government introduced a suite of deprivation items into the main income survey - the Family Resources Survey, drawing on the results of the PSE study, and that study was also influential when the EU Social Protection Committee developed indicators for EU SILC.
[22] Guio, A.-C. (2009) "What can be learned from deprivation indicators in Europe? Paper presented at the Indicators Sub-Group of the Social Protection Committee", Eurostat Methodological Working Papers

Table 1: Nineteen children's deprivation questions in 2009

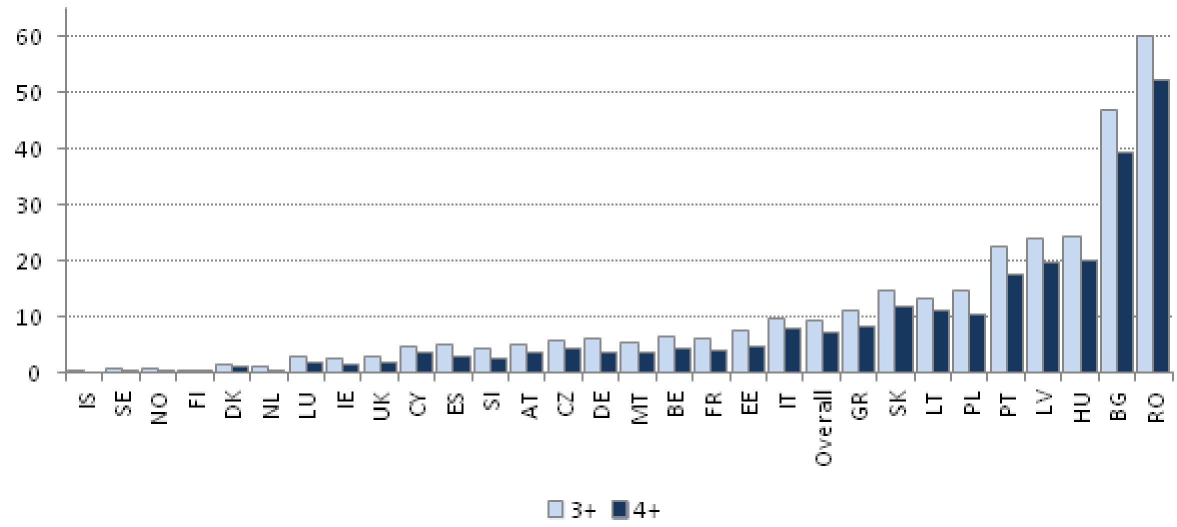
1	Clothes: Some new (not second-hand) clothes	11	Festivity: Festivity on special occasions (birthdays, name days, religious events, etc.)
2	Shoes: Two pairs of properly fitting shoes (including a pair of all-weather shoes)	12	Friends: Invite friends around to play and eat from time to time
3	Fruit: Fresh fruit and vegetables once a day	13	School trips: Participate in school trips and school events that cost money
4	Three meals: Three meals a day	14	Home work: Suitable place to study or do homework
5	Meat: One meal with meat, chicken or fish (or vegetarian equivalent) at least once a day	15	Holidays: Go on holiday away from home at least 1 week per year
6	Books: Books at home suitable for their age	16	Unmet need for GP specialist
7	Leisure: Regular leisure activity (swimming, playing an instrument, youth organization etc.)	17	Reasons for not consulting GP specialist
8	Equipment: Outdoor leisure equipment (bicycle, roller skates, etc.)	18	Unmet need for dentist
9	Outdoor: Outdoor space in the neighbourhood where children can play safely	19	Reasons for not consulting dentist
10	Games: Indoor games (educational baby toys, building blocks, board games, etc.)		

Source: EU SILC, 2009.

21. At the time of writing, the Social Protection Committee is reviewing these with a view to developing a new deprivation index. Meanwhile, for UNICEF's Report Card 10 an index has been produced[23] based on these items. Figure 3 gives the proportion of children living in households lacking 3 or 4 child deprivation items. In Iceland, Sweden, Norway and Finland deprivation rates are low, with almost no children reporting lacking 3 of these items. In contrast almost half of the children in Bulgaria lack 3 items, and over half of the children in Romania do.

[23] de Neubourg, C., Bradshaw, J., Chzhen, Y., Main, G., Martorano, B. and Menchini, L. (2012) *Child Deprivation, Multidimensional Poverty and Monetary Poverty in Europe, Background.* Paper 2 for UNICEF Innocenti Report Card 10, UNICEF Innocenti Working Paper 2012/02

Figure 2: Child deprivation rates EU SILC 2009



Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database

22. Some developed countries (Ireland and the UK) have gone further and adopted a combination of income poverty and deprivation in a so-called consistent or overlapping poverty measure. Given the complexity of relative representations of poverty, and the limitations of the use of any one indicator to represent 'who is poor', it is desirable to adopt combined indicators as monitoring tools in developed countries.

Box 1. Policies to support school children[24]

To break the cycle of deprivation, and to achieve intergenerational earnings and educational mobility, it is critical for children to succeed at school. Because success at school depends not only on attendance and what is available in the school (in terms of teachers' abilities or school equipment for instance), but on parental engagement with the learning process and what is available in the homes, policies that support families with school-aged children are likely to be key in reducing future poverty risks.

All OECD countries provide some sort of child allowance for poor families (as is covered in detail in parts of this document), what is less well known however, is that in some countries there are also specific benefits for families with school-aged children. The policies can be designed to encourage attendance at school (overall or at critical stages) for low-income children, or may be designed to meet specific costs for school equipment, uniforms and meals that might otherwise be a burden on disposable incomes in poor families.

For education to be successful in breaking the cycle of poverty, first and foremost, it is important for children to go to school. Examples of polices designed to encourage timely attendance in OECD countries include an increase in the means-tested Family Tax Benefit in Australia between the ages of 13 and 15. This increment is designed to increase family income, and encourage children to stay in school, when leaving school to earn and supplement the family income is an option considered for the child. A broader-coverage policy designed to encourage enrolment in school in poorer families is Mexico's *Oportunidades*, which conditions its cash payment on children in the families attending

[24] This box draws on a review of family policies in OECD countries in OECD (2011) *Doing Better for Families, OECD, Publishing, Paris – see Annex 2.3 of Chapter 2.*

school between the third grade of primary school until age 16 in some regions. Finally, in a number of OECD countries when children get older and may consider leaving school, families cash benefits or tax breaks are provided if children stay in further or higher education. Examples of countries applying these policies include: Austria, the Czech Republic Germany, and Switzerland (higher education); and the United Kingdom (further education).

For children to be successful in school, it is important for them to have the correct equipment not only for learning, but to avoid bullying and other negative consequences of not having the 'correct' equipment. Policies specifically designed to enable families to provide school equipment for children can take the form of regular or one-off cash payments, or income tax reductions for primary and secondary school children: an example of the former comes from France, which provides a periodic tax allowance for families with school-aged children, and examples of the latter include the school-clothing grant in Ireland, an annual child allowances for school-aged children for the purposes of buying school equipment in Israel, an educational care subsidy paid as part of the *Patriot's Pension* in Korea, and the Portuguese schooling compliment (paid as an element in the main Portuguese Family Allowance). Luxembourg also pays a one-off cash 'new year' school allowance per child, but it is unique in that the payment is sensitive to the age of the child: for a child aged 6-11 the payment is 105.07 EUR, for those over the age of 12 it is 150.13 EUR.

Finally school support can come in the form of services, and most often this means support with food costs. Breakfast clubs, free meals, and free milk all contribute to the nutritional needs of growing and learning children. Support for poor children in the form of food supports (milk or school meals) are found in Mexico, the United Kingdom, and the United States of America.

2.4 How do poverty measures differ, and which ones should we focus on in different contexts?

23. The sections above have outlined the various ways of measuring poverty in EU countries. It has shown that poverty levels remain unacceptably high, with 1 in 5 children on average in our sample of rich countries living in income poverty and 1 in 10 living in conditions where they are deprived of child-specific necessities.

24. What is clear is that no one measure can fully capture the experiences of poor families, and that at times a family may experience any one of these outcomes (income poverty, deprivation or social exclusion) without necessarily experiencing the others.

25. Moreover, how poverty is measured will decide which policies are better suited to combating poverty, and in turn what constitutes best practise and/or progress in combating poverty.

26. So which poverty measures should be used in different contexts? The consensus in academic and policy circles in developed nations seems to be that income poverty and deprivation, as well as joblessness and various forms of social exclusion, are all important and any one cannot fully represent the others. In a family and child setting, household spending patterns and intra-household sharing of disposable income may mean deprivation of essential items for certain family members exists (such as children's school equipment – see box 1 for a discussion of policies for supporting school children) when disposable incomes are high.[25] Moreover, in times of economic crisis or

[25] Many governments acknowledge the issues of spending patterns and intra-household sharing in cash benefit delivery, either by clearly naming the cash benefit after its purpose (immunisation allowance in Australia) or paying the benefits to the mother and not the father to try to influence the extent to which the whole family benefits (Irish family allowance for instance).

changes to family circumstances, these indicators will evolve at different speeds (when a job is lost, income falls before housing conditions worsen) meaning that both family needs and poverty measures are time sensitive, and without a suite of indicators the ability of policy makers to take advantage of the most efficient form of policy – preventative interventions – will be severely limited.

Box 2. Family poverty measurement, surveys and missing populations

An important part of fully understanding who is poor in developed countries, and which measures best represent their experiences of poverty in different circumstances, is representing 'missing populations'. All key indicators of poverty in developed countries use survey data, and missing populations refer to groups in societies that are not included in official poverty statistics. The reasons for this exclusion is mainly due to the ways in which the surveys are collected (households surveys not including institutionalised or homeless individuals), the geographical areas which are excluded from the surveys (indigenous groups living in remote regions of Canada are missing from the Gallup world poll for instance), or the cultural expectations of the survey coordinators (indigenous groups in Australia can be hard to track in surveys because of their mobility).

Using censuses, and other collections methods to study at-risk populations, provides a picture of acute poverty risks and different policy challenges in the Roma population in Europe, and indigenous populations in countries such as Canada and Australia.[26] A recent European report on promoting the social inclusion of Roma provides detailed evidence of how this increased risk of poverty and social exclusion can also vary country-by-country. For instance in regards to income poverty, Roma living in Romania and Bulgaria are four times more likely to live in relative poverty as the general population, in Spain Roma are 4.5 times more likely to live in poverty. In regards to deprivation, ownership rates of important household items in Roma families, such as a fridge or a computer, can be half to one third of rates seen in non-Roma families (these examples are true, respectively, for Romania, In Spain, on an overall deprivation index, Roma families are seen to be almost 6 times as likely to be derived in comparison to the general population.[27]

A number of factors drive the poverty risk in these populations, and can include: insecure or unofficial housing, living remote geographical locations, demographic trends (family structure, large families, life expectancy of non-dependants), low levels of education (or engagement with learning and training opportunities) and lack of formal work experience/engagement in the family.

2.2 Changes in family types over time

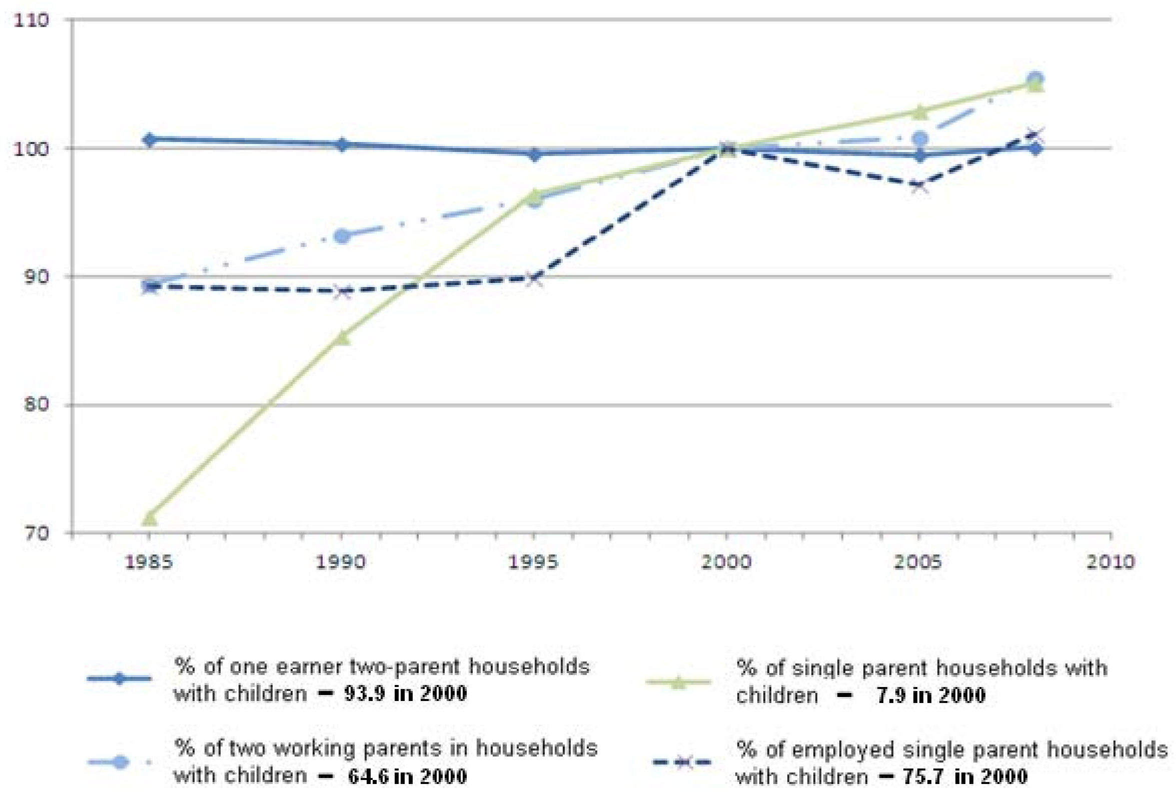
27. One of the important factors influencing the extent to which family poverty policies can reduce experiences of poverty and deprivation in advanced economies is the evolution of the family type. Due in part to the different welfare systems, as well as the evolution of family income associated with employment patterns (the increasing need for two-earner families and childcare services for instance), the face of poverty by family type in different OECD countries varies widely. This section briefly looks at the OECD trends in family socio-demographic and employment outcomes, and how these change the picture of poverty and the policies designed to combat poverty.

[26] See for example http://www.eu2011.hu/developing-european-roma-policy for the Roma population in Europe; for indigenous groups in Australia and Canada see http://www.aifs.gov.au/institute/pubs/fm2009/fm82/bh.pdf; and http://www.parl.gc.ca/Content/LOP/ResearchPublications/prb0917-e.htm#a9 (see section F).

[27] Frazer, H. and Marlier, E. (2011) Promoting the Social Inclusion of Roma: Synthesis Report of the EU Network of Independent Experts on Social Inclusion. On Behalf of the European Commission, DG Employment, Social Affairs and Inclusion, Brussels.

28. Figure 4 shows the trends in family type and employment in OECD countries between 1985 and 2008. The clearest relative increase in family type is that of sole parents, rising by almost 30 per cent in the years between 1985 and 2005 (from 5.7 per cent of all families with children to 8.2 per cent) before continuing an upward trend. The flip side of this trend (though not presented) is a fall in the proportions of families with two parents. Large families are not included in the trend charts due to lack of data over this period, however recent work by the OECD[28] shows that large families are less common as fertility rates have fallen (a finding particularly strong for already low fertility countries, such as Japan and Korea). In terms of employment status by family type; the traditional breadwinner couple family rate has remained quite stable over the period, however there has been a marked increase in both the two-earner family and the employed sole parent family since 1985.

Figure 3: OECD trends in family type and family employment status (2005=100)



Source: OECD Income distribution questionnaires, 2012.

29. A number of other important socio-demographic and socio-economic factors will impact on the poverty rates and policy for family in advanced economies. For instance

[28] OECD (2011) Doing Better for Families, OECD publishing, Paris.

family formation and breakdown are important factors, as is the age of parents, extended family and grandparent support, and details having to do with employment security and earned income, and the costs of raising a family (housing and education markets). Other important variable factors include: divorce rates which negatively associate to family size, re-coupling patterns of sole parents by country, the rates of out of wedlock births which have increased in all countries (where data is available), and fertility rates are often higher in low income and less educated households as female labour market participation increases and many educated women are waiting later to have children or not having children at all.[29]

30. There are a number of important messages for how socio-demographic and socio-economic trends impact on the picture of poverty and the policies designed to combat poverty. First, families that are being formed are more vulnerable to poverty than they were a generation ago, as fertility rates in low income families are increasing relative to high income families. Second, family breakdown is more common leaving sole parent families with limited resources, increasing a reliance on child support policies (for a brief discussion of child support policies see Box 3) and social assistance in some cases. Third, the numbers of large families are falling; a group associated with high poverty risks. Fourth, an increasing number of households, whether single or coupled, are fully employed, which on the one hand should offset some poverty risks, and on the other increases childcare use and childcare costs. Fifth, and finally, these trends vary by country and so the final impact on poverty will vary, and the mix of policies better suited to meeting the needs of families will need to be reviewed on a country-by-country basis.

Box 3. Child support policies

As has been seen in other part of this paper, welfare efforts supporting families with children to live out of poverty are not having a great deal of impact on the average family over time. What might be of more use is to understand the extent to which policies designed to protect certain children from vulnerabilities might be more or less effective in different settings.

Child support is one such policy, designed to ensure that sole-parent families – who lose both a carer and a potential earner from the family unit – are not left at an income disadvantage because of family breakdown.

Child support policy is also of particular interest for efforts to sustainably combat income poverty due to increasing rates of family breakdown, and sole parenthood, in developed countries.

Child support policies can take various forms, though generally they are either advanced public child support payments or publically-assisted private payments systems. Based on these two types of payments systems, and using available data on coverage of child support systems and payments to and from families that have experienced family breakdowns, it is possible to test which policies in which countries are the most efficient at reducing poverty.

Using data reported by the OECD,[30] associations between the coverage of sole parents and amounts of child support received by sole parents and overall reductions in sole parent poverty rates show a positive and strong association between the recipiency rate of child support in the sole parent population (the benefit coverage) and reduction in sole parent poverty rates achieved by the policy. In contrast, plotting the fall in the sole-parent poverty rate after child support payments against the value of the average payment as a proportion of disposable income shows no

[29] Ibid, see Chapter 1.

[30] OECD (2011) Doing Better for Families, OECD publishing, Paris. Evidence for the Danish example is also drawn from this source.

discernable association. Together the data show that in countries with low 'pre-child support' poverty rates and high benefit coverage, small amounts can make big differences (Austria, Denmark, Finland and Sweden), but when poverty is low and coverage is low (as in Italy) low payments make little difference. In general, higher payments are needed to have any real impact on sole parent poverty if coverage rates are low, the example of Poland shows that in countries with low coverage, a high level of child support (above 20 per cent of disposable income) is needed. Countries with low coverage and payments below 20 per cent of average disposable income do not see similar falls in their sole-parent poverty rates (in Poland the fall is around 45 per cent of total pre-child support sole-parent poverty).

A 'good practice' example can be taken from Denmark. Denmark has the second highest post-child support sole-parent poverty reduction rate, has the second highest coverage, and has the second lowest relative payment level. The Danish system is an advanced maintenance system that ensures regular payments are made to the parent with care responsibilities through publically provided advance payments that are later recouped from the non-resident parent obligated to provide financial help (Sweden and Finland also advance payments). The system is simple, paid at a flat rate (lowering administrative costs), and future payments received from the non-resident parent are not offset of social assistance payments the sole parent might be receiving.

Despite promising Danish results, there remain a number of real concerns with the advanced maintenance system (including potential disincentives of the system for non-resident parents to meet their financial obligations and the lack of incentives for shared parenting, and in turn higher public costs). Nonetheless, countries prioritizing improved coverage – as a critical aspect of an efficient anti-poverty strategy – could consider advancing payments.

2.3 What are the Characteristics of Poor Families?

31. To understand what family types are at risk of poverty and why, two questions need to be answered. First which types of family have the highest risk of being poor? Second what type of family contributes most to family poverty? For example, as we shall see, the risk of poverty is higher in large families, but in most countries most poor families are now small. The comparative picture is also slightly different if we use a relative income poverty threshold or if we use a deprivation-based measure of poverty.[31]

32. Tables 2 and 3 below are based on the background analyses[32] for UNICEF Innocenti Report Card 10 and the on the secondary analysis of EU SILC data for 2009. Table 2 gives the relative risk of income poverty in households with children, by country; and Table 3 presents data on the composition of children in income poor families. The evidence on deprivation risks and rates by family type are in Tables 1 and 2 in the annex. The following conclusions can be drawn:

- In all countries in the OECD, children living in **sole parent families** have a higher than average risk of income poverty. The relative risks vary between countries but it is much higher in Cyprus (4.3 times higher), Germany and Luxembourg (both around 3 times higher). In only one country, Romania, is the risk of income poverty in sole parent families the same as in couple families. In regards to deprivation, children in sole parent families have a higher risk of experiencing deprivation in all countries studied. The relative risk varies from low

[31] Additional evidence in support of the content of this section is reported in the annex. Annex Table 1 gives the relative risks of children being deprived on two or more child items with the risk for all children in each country set at 1.00. Annex table 2 provides the proportions of children living in deprived conditions (2 or more items missing).

[32] Bradshaw, J., Chzhen, Y. , de Neubourg, C., Main, G. Martorano , B. and Menchini, L. (2012) *Relative Income Poverty Among Children in Rich Countries: Background Paper for UNICEF Innocenti Report Card 10*, UNICEF IRC: Florence. de Neubourg, C., Bradshaw, J., Chzhen, Y., Main, G., Martorano, B. and Menchini, L. (2012) *Child Deprivation, Multidimensional Poverty and Monetary Poverty in Europe, Background* Paper 2 for UNICEF Innocenti Report Card 1, UNICEF Innocenti Working Paper 2012/02

levels in the Slovak Republic (1.2 times as likely) and southern EU countries (except Cyprus), to over five times the risk in the Netherlands and Luxembourg. Variation among the richer EU countries is likely to be due to the extent to which policy supports sole parents compared with couple families.

- In most northern European countries the risk of income poverty is higher for **families living in urban areas** (though Sweden is an exception). In the southern European countries the risk of poverty is higher in rural areas (no data is available on non-EU countries). As for the risk of experiencing deprivation by location the family lives in, there is a similar story – deprivation is a rural problem in southern and Eastern Europe, whereas in the older richer countries in the EU, child deprivation is concentrated in urban areas (Sweden again, is an exception).
- The most closely associated patterns of risk in income and deprivation are seen in **migrant families**. In most countries the children of migrants have a higher risk of income poverty: this is especially the case in the Nordic countries. In all but five countries (Latvia, Poland, Hungary, Ireland and the Slovak Republic) migrant children have a higher risk of deprivation – it is over four times higher in Finland.
- The **low educational level of parents** is associated with a higher risk of child income poverty, especially in the Czech and Slovak republics. In all countries the risk of child deprivation is also higher in families with parents with low levels of education. However, in some of the poorer countries (Bulgaria, Portugal, Romania) even children of highly education parents can be deprived.
- Children in **families with low work intensity**[33] have a much higher risk of income poverty – an unsurprising finding given the important role of employment and earned income in the protection from income poverty. For both income poverty and deprivation low work intensity presents the highest risk factor of all. With the exception of Bulgaria, Greece and Romania child deprivation rates are at least double the average in families with adults working very little.
- Children in **large families** have a higher risk of income poverty, though this varies and the variation may be associated with the structure of support in family benefits. Children in large families are also more likely to be deprived in all countries except Luxembourg.

[33] Work intensity is a calculation based on the number of months spent in employment divided by number of months spent in employment/studying/retired/unemployed/inactive for all working age adults in the household. Low work intensity is defined as less than 20 percent. High work intensity is defined as more than 80 per cent.

Table 2: Relative risk of poverty for households with children (all = 1), using equivalent income of less than 50 per cent median.

	Sole parent	High degree of urbanisation	Migrant	No education or primary or lower secondary	Low work intensity	3+ children
Australia	2.2			2.2	4.0	1.2
Austria	2.4	1.8	1.7	2.9	6.3	1.3
Belgium	2.2	1.9	2.1	3.5	5.8	1.4
Bulgaria	1.9	0.6		3.2	4.3	3.0
Canada	1.9			2.9	2.5	1.5
Cyprus	4.3	0.8	2.0	1.9	11.2	2.5
Czech Republic	2.7	1.5	3.1	7.5	8.8	2.3
Denmark	1.7	0.6	3.0	1.0	4.6	1.9
Estonia	2.2	0.8	1.0	2.5	4.7	1.9
Finland	2.3	1.0	2.9	3.2	6.9	1.5
France	2.3	1.7	2.1	2.6	6.8	1.6
Germany	2.9	0.9	1.0	4.9	5.9	1.2
Greece	1.4	0.9	1.8	2.3	2.6	1.2
Hungary	1.3	0.6	0.5	3.8	4.9	1.8
Iceland	2.1	1.0	1.1	0.9	4.4	1.4
Ireland	1.5	0.7	1.0	1.8	2.4	1.4
Italy	1.9	1.3	1.3	2.0	4.3	1.8
Japan	2.5			2.8		1.3
Latvia	1.5	0.6	0.6	2.8	4.1	1.9
Lithuania	2.0	0.4	0.9	4.5	4.4	1.8
Luxembourg	3.0		1.3	2.5	4.1	1.0
Malta	2.7	1.1	1.4	1.7	5.0	1.6
Netherlands	2.0		1.9	2.7	5.0	1.3
New Zealand	1.6			2.0		1.6
Norway	2.8	1.0	2.5	3.5	4.9	1.4
Poland	1.7	0.8	1.2	2.5	3.1	1.8
Portugal		0.9	0.9	1.4	4.3	2.4
Romania	1.0	0.2		2.1	2.5	1.7
Slovak Republic	2.0	1.0	0.3	6.2	7.1	2.4
Slovenia	2.1		1.7	4.8	10.8	1.6
Spain	1.6	1.1	1.6	1.9	3.6	2.3
Sweden	2.3	0.7	2.3	2.7	6.8	1.5
Switzerland	2.3			2.8	2.4	1.8
United Kingdom	1.3	1.3	1.7	1.9	2.2	1.7
United States	1.9			2.5	3.1	1.5

Source: Analysis of EU SILC, 2009, and national surveys.

33. To complement evidence on relative risk factors, Table 3 presents data on the composition of children in income poor families.

- Despite the risk of income poverty being high among children in **sole parent families**, they constitute only a minority of all poor children in all the countries. The proportions vary from 38 per cent in Sweden to only 3 per cent in Greece. Children in sole parent families also constitute only a minority of all deprived children in all the countries. The proportion varies from 72 per cent in Iceland with very few deprived to only 4 per cent in Greece.
- Child income poverty is concentrated in **families living in urban areas** in many countries but in many of the Central and Eastern European countries (CEE) countries the majority of income poor children live in rural areas - in Romania 95 per cent do. Child deprivation results are similar, again concentrated in urban areas, with many of the former CEE countries having more rural poor.
- Rates of income poverty and deprivation in migrant families are very strongly associated. Children in **migrant families** represent a majority of all the children in poverty in Austria, Belgium, Cyprus and Luxembourg. They are a very small proportion in most of the CEE countries. Children in migrant families represent a majority of all the deprived children in Austria, Belgium, Cyprus, Iceland and Luxembourg. They are a very small proportion in most of the former CEE countries.
- There are large variations in the percentage of income poor and deprivation poor children with **parents with low educational levels,** but the proportions are higher in the southern European countries.
- Both the majority of income poor children, and deprived children, live in **families with low work intensity.** In every country there are children living in poverty in households with high work intensity (the working poor). Norway and Iceland are countries with high proportions of working families with children in income poverty or experiencing deprivation.
- As we have seen, the risk of income poverty, and the risk of experiencing deprivation, is higher for children in large families, but in most countries the majority of poor children (of both types) live in small families (1 or 2). For both types of poverty, the exceptions are Belgium, Denmark, Finland and the United States.

Table 3: Percent of income poor children by family type/status

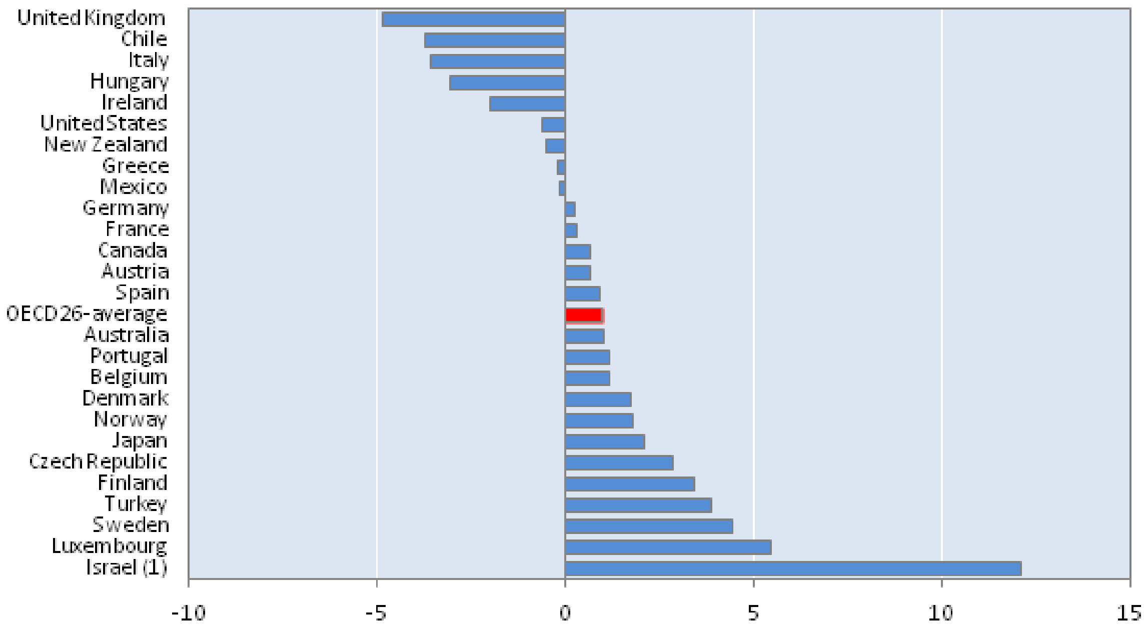
	Sole parent	High degree of urbanisation	Migrant	No education or primary or lower secondary	High work intensity	1 or 2 children
Australia				32	19	55
Austria	28	54	60	21	13	69
Belgium	32	79	62	56	6	48
Bulgaria	6	20	1	76	6	60
Canada				23		58
Cyprus	35	65	52	11	14	71
Czech Republic	34	30	19	28	7	69
Denmark	29	19	43	12	42	48
Estonia	29	32	14	13	20	63
Finland	20	29	29	14	14	49
France	28	60	43	30	15	56
Germany	41	41	11	22	12	72
Greece	3	28	33	35	32	92
Hungary	15	9	1	49	4	53
Iceland	33	67	14	10	54	56
Ireland	35	19	29	31	14	55
Italy	16	42	23	51	11	76
Latvia	20	27	10	27	19	63
Lithuania	28	14	6	23	21	65
Luxembourg	34	67	82	58	25	85
Malta	28	85	16	80	4	73
Netherlands	20		21	22	39	57
Norway	52	55	39	41	39	57
Poland	10	22	1	10	18	62
Portugal	19	32	14	84	25	69
Romania	4	5	0	45	31	56
Slovakia	7	13	1	14	12	50
Slovenia	17		23	23	15	67
Spain	7	42	26	54	21	82
Sweden	38	16	48	10	41	60
Switzerland				13	13	55
United Kingdom	24	88	34	15	21	53
USA				10	27	46

Source: Analysis of EU SILC, 2009, and national surveys.

2.4 Trends in family poverty

34. Having seen how poverty is measured, the standard at-risk of poverty rates, and which families are most at risk of living in poverty, it is important to understand how poverty risks has been evolving in recent years to understand how successful recent policy initiatives have been. Figure 5 presents OECD data on changes in child income poverty rates between the mid 1990s and 2008 the latest year for which they have data. It can be seen that over this period the child poverty rate increased in more countries (fifteen countries) than it fell (nine countries). Overall the risk of family poverty in advanced economies has risen by two percentage points.

Figure 4: Percentage point change in child poverty rates mid 1990s to 2008



Source:TableCO2.2.B:
http://www.oecd.org/document/4/0,3746,en_2649_34819_37836996_1_1_1_1,00.html

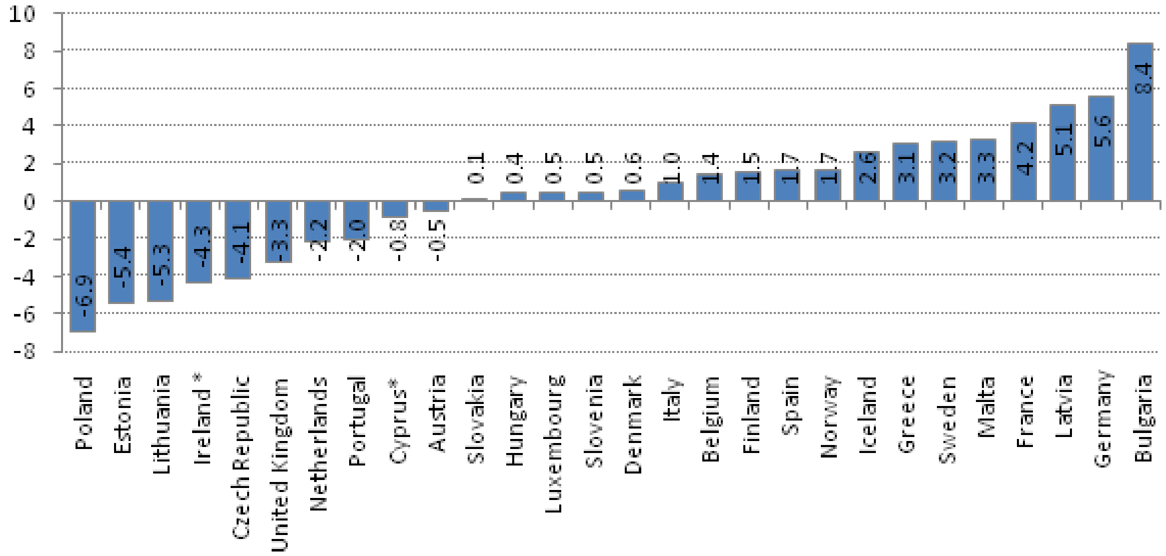
35. The OECD[34] reports trends in poverty in five-year periods form the mid 1990s to 2008. Countries showing the biggest falls over this period have reasonably consistent downward trends from above, or well above, average poverty rates. Countries with medium to high increases, again show consistency in trends more often than not, but include this time both traditional low (Denmark, Finland, and Sweden) and high rate poverty countries (Israel, Turkey).

36. The latest data on changes in child poverty is from EU SILC and takes account of 2009 income after the recession/crisis had begun to bite (data is not yet available for a broader range of high-income countries). Figure 6 shows the changes between 2005 and

[34] OECD (2011) *Doing Better for Families*, OECD Publishing, Paris.

2010. Ten out of 28 countries had a decline in child poverty over that period. However in five of those countries this decline was in part the result of the fall in the poverty threshold due to a fall in median income (Poland, Estonia, Lithuania, Ireland and the Czech Republic).

Figure 5: Percentage point change in child poverty rates 2005-2010



Note:*2009.

Source:
http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database

3. What works in family poverty reduction? The role of benefits and wages

37. This section of the paper introduces evidence of the protective factors of taxes and transfers and employment, as well as new analysis that explores the costs families incur when taking parental leave. Where relevant, it will also touch on changes to poverty rates following austerity measures in some national settings.

3.1 Family anti poverty policies

38. Welfare states in developed countries have developed a variety of policies to help families with children. They include: maternity benefits; maternity leave; free or subsidised child care; cash benefits paid in respect of children; tax benefits for children; housing and local tax benefits; free or subsidised services (health, education, housing, transport, leisure facilities); and other help - such as food stamps (SNAP) in the US. Each of these benefits is designed to supplement family incomes or provide complementary services in support of having children or raising children. Although all of the benefits have an implicit role in stabilising family income, or supplementing or freeing-up disposable incomes through cash benefits or in-kind services, few are

explicitly designed to combat family poverty. Those that are tend to be delivered to guarantee minimum living standards/incomes over a medium to long term period (such as working tax credits or food stamps).

39. The focus of this paper is on family policies that mitigate family income poverty. For this reason we shall concentrate on examining the financial resources of families with children, before looking at policies that facilitate parental employment such as parental leave (see section 3.2) and childcare policies (see box 4).

40. For most families with children the main determinant of their financial resources is what they earn in the labour market. The state may have policies that influence this, including equal pay legislation, minimum wage legislation, regulated wages in certain sectors, maximum hours per week regulations, and they may control public sector wages in various ways (like freezing them in the current recession).

41. As we have seen children can be living in poverty even though their parent(s) are in employment. There are a number of reasons for this. The first is that earnings are low because parents are working part time and/or in full-time work but their wages are low. The second is that families may be taxed into poverty – the direct taxes taken in income tax and social insurance contributions reduces their gross incomes so much that they fall below the poverty threshold. The third is that the cash benefits paid by the state to help parents with the costs of raising children, or service provided in place of cash supports such as childcare, are inadequate for their needs. And the fourth is that after having paid for housing and other charges, the resources available for consumption are too little.

42. State supports for working families include: tax benefits or allowances which reduce the direct tax liability in respect of children; child cash benefits whether income tested or universal; housing benefits or allowances that take account of the presence of a child; social assistance top-ups for low wage earning families that vary by the number and/or age of children; any mitigation of local taxes in respect of children; and, for a pre-school child, we also take account of any direct support for the costs of full-time day care in the most prevalent form of full-time day care in each country.

43. Table 3 shows the child cash benefits available in 30 developed countries, 21 of which have universal child cash benefits. A number of countries provide income related child cash benefits (TANF in the United States, Working Tax Credits in the United Kingdom). In most of these cases, they are the only form of provision but, for instance, in the Netherlands, Ireland and France they are supplements to the universal benefits for low-income families.

44. The majority of countries combine cash benefits with tax benefits for families with children. Tax benefits include tax allowances and tax credits. Tax allowances are deducted from taxable income whereas tax credits are subtracted from the amount of tax due. OECD (2011)[35] shows that public investment on tax breaks for social purposes has increased by around 30 per cent since 2000. A number of countries have tax benefits in

[35] Ibid.

addition to universal or income related cash benefits. France has a tax benefit as well as a universal and income related benefit. Germany is the only country with only tax benefits having transformed its cash benefit into a tax credit or allowance.

Table 3: Main components of the child benefit packages of working families, 30 countries, 2009

	EU 15 (+NO)	EU 10	Non EU
Universal cash benefit	Austria, Belgium, Denmark, Finland, France, Greece, Ireland, Luxembourg, the Netherlands, Norway, Sweden, the United Kingdom	Bulgaria, Estonia, Hungary, the Slovak Republic, and Romania.	Canada, Israel, Japan
Income related cash benefit	France, Ireland, Italy, Netherlands, Portugal, and Spain.	Czech Republic, Bulgaria, Lithuania, Poland, Slovenia, and Romania.	Australia, New Zealand, United States
Tax benefits	Austria, Belgium, France, Germany, Spain, Greece, Italy and the United Kingdom	Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania, Slovenia, and the Slovak Republic	United States

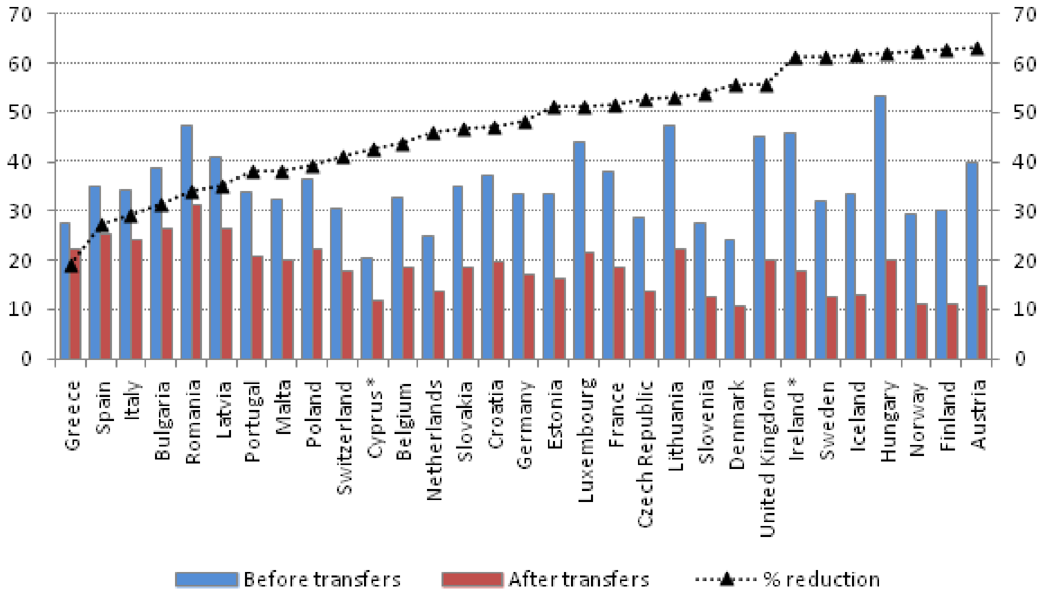
Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011) and OECD Benefits and Wages data base

45. There are a number of ways of assessing the effectiveness of the family benefit package. One technique is to compare the child poverty rate before and after transfers. The before transfer rate is what poverty would be like if there was no state help for families with children and they just relied on the market. The difference between the before and after child poverty rates is a measure of the effort the state makes on behalf of families with children.

46. Figure 7 presents the before and after transfers child poverty rate using the latest EU SILC data for 2010; countries are ranked by the percentage reduction in their child poverty rates achieved by transfers. Austria reduces its child poverty by 63 per cent compared with Greece that reduces theirs by only 19 per cent. The reasons for differences will not only be due to the amounts transferred to families, but the tax rates imposed on families' earned income, and the underlying market inequality[36] (two identical family welfare systems will have differing outcomes based on different levels of market income poverty), and the shape of the income distribution of the poor (see figure 2).

[36] Market inequality and poverty refers to the calculations of the income distribution before accounting for taxes and transfers.

Figure 7: Child poverty rates before and after transfers ranked by percentage reduction. EU SILC 2010.



Note:*2009.

Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database

47. The poverty reduction effect of tax and transfer systems is thus considerable. Overall, welfare systems have had to work harder over the years to reduce the market impact on final poverty rates, but ultimately have not managed to fully offset the increases in market income poverty. Country by country, trends have not been stable.[37] In Germany, where taxes and transfers have consistently lowered the market income poverty by around half, increases in the underlying market income poverty have driven considerable increases in final income poverty rates from 6 per cent to 9 per cent. In the United States the welfare system seems to be having a somewhat greater effect in recent years on what is a relatively stable market income poverty rate, whereas in France both market and disposable income poverty rates have slightly fallen between 1995 and 2008.

48. Another method that is used to evaluate the impact of benefit packages is to estimate their impact on model families. A number of studies of this kind have been undertaken[38] and the OECD Benefits and Wages data base[39] provides some of the

[37] Förster M. and Richardson D. (2011) "Réduction de la pauvreté des enfants : comparaisons internationales", Politiques sociales et familiales n° 104, Cnaf, juin 2011.

[38] Bradshaw, J. (2010). An International Perspective on Child Benefit Packages. From Child Welfare to Child Well-Being: An International Perspective on Knowledge in the Service of Policy Making. S. B. Kamerman, S. Phipps and A. Ben-Arieh. Dordrecht, Heidelberg, London, New York, Springer. **293-307**.

necessary information. A recent comparison of the situation in June 2009[40] for the EU and three US States (Nebraska, New Jersey, and Texas)[41] showed how for one-earner couples with two children on the minimum wage[42] that many different benefits (social assistance, unemployment benefits and family benefits) can contribute to a countries package at very different levels. Moreover for these same low-paid families, 15 to 20 per cent of their total final income comes from these packages, but on no occasion is a minimum wage plus these benefits sufficient for those families to live above the relative poverty line.

49. For slightly higher earners, a one-earner couple family on the average wage, benefits are available in each country – but make up a smaller proportion of income (around 10 per cent on average). In a number of poorer countries, one average wage plus benefits does not lift families out of poverty (Bulgaria, Hungary, Portugal, and Slovenia). In some countries (Greece, Denmark, Finland, Italy, Latvia, France and Hungary), the benefit package is responsible for lifting the average-earning family over the poverty threshold. In most other European countries, one average wage is sufficient to raise families above poverty levels.

50. In the systems described in Van Mechelen et al (2012)[43] above, there are many differences in the balance and amounts of means-tested and universal benefits. There is considerable debate in the literature about whether or not child benefit packages that consist of mainly income related benefits provide better minimum income protection for low paid workers than universal benefits. In the social policy literature there is considerable disagreement on the link between low-income targeting and the effectiveness of social protection[44]. Although targeted systems may in theory be more generous to low income families, they may be quite ineffective with regard to poverty alleviation due to take-up problems and labour market disincentives[45]. In short, anything less than the most optimal take-up (for example due to stigma) has the largest relative impact on the poorest part of the population (as they are the only recipients); and added to this, benefits paid on the basis of low income may lead to income poverty or benefit traps if recipients do not want to risk the loss of a benefits for short term, or insecure,

---

Bradshaw, J. and N. Finch (2002). A Comparison of Child Benefit Packages in 22 Countries. Department for Work and Pensions Research Report No.174. Leeds, Corporate Document Services.
Bradshaw, J. and E. Mayhew (2006). Family Benefit Packages. Social Policy, Employment and Family Change in Comparative Perspective. J. Bradshaw and A. Hatland. Cheltenham (UK)/ Northampton (USA), Edward Elgar**:** 97-117.

[39] http://www.oecd.org/document/29/0,3746,en_2649_34637_39618653_1_1_1_1,00.html

[40] For detailed description: see Van Mechelen et al, 2011:http://www.centrumvoorsociaalbeleid.be/index.php?q=node/2579.

[41] Van Mechelen , N. and Bradshaw, J. (2012) Trends in child benefit packages for working families, 1992-2009 in Marx I. & K. Nelson (Eds.) *The State of Minimum Income Protection in the European Union.* Houndmills, Basingstoke, Hampshire: Palgrave Macmillan

[42] Or in the case of countries without a minimum wage DE, DK, FI, IT, SE half the average wage.

[43] See also Van Lancker W., Ghysels, J. and Cantillon , B. (2012) An international comparison of the impact of child benefits on poverty outcomes for single mothers CSB WORKING PAPER March 2012 No 12 / 03

[44] Kenworthy, L. (2011). Progress for the Poor. Oxford, Oxford University Press.
Slater, R. (2011). "Cash transfers, social protection and poverty reduction." International Journal of Social Welfare **20**: 250-259

[45] Deacon, A. and J. Bradshaw (1983). Reserved for the Poor. The Means Test in British Social Policy. Oxford, Martin Robertson & Company Ltd.
Notten, G. and F. Gassmann (2008). "Size matters: targeting efficiency and poverty reduction effects of means-tested and universal child benefits in Russia." Journal of European Social Policy **18**(3): 260-274.

work opportunities. Evidence supports a mix of universal and means-tested benefits. Countries with the most generous child benefit packages tend to combine universal benefits with income-related cash benefits, housing allowances or supplementary benefits from social assistance[46].

3.2 Analysis of the poverty protection from tax benefits systems as children age

51. The analysis of the tax and benefit treatment of families using a model families approach for 2008 is presented in two parts. The first part aims to assess changes to poverty risks, based on different taxes and benefit for different family types (single, couple, large and mixed) *and* earnings levels. The second part will estimate the costs, and changes to poverty risks, of smoothing income and how this might be achieved by reallocating income from other parts of the family income lifecycle.

52. Because the model families approach has several assumptions, including stability in earnings levels of families, the working hours, and social contributions, they cannot talk to the experiences of unemployed families, or families that have not met eligibility conditions for receipt of benefits based on working hours, social contributions or residency in the country. These are quite severe limitations when discussing poverty risk, but analysis is available for lower income families, and evidence from their results show that patterns in income trends are very similar, but less pronounced in families on 50 per cent of average wages.[47] Not addressed in the model families analysis are non-cash benefits delivered to combat or prevent poverty, deprivation and social exclusion; including childcare services (though cash benefits are included – for a discussion of childcare policies see Box 2), and benefits on which cash transfers are conditional (e.g. the Australian Immunisation Allowance, Birth grants in Finland, or more substantial benefits like *Opportunidades* in Mexico).

Box 4. Childcare policies

Secure, good quality, well-paid employment is the single most important factor in combating poverty. One way of helping families take on work, and to be secure in that work, is childcare. Childcare is often considered a panacea for the multiple goals of family policy, reducing gendered burdens of home care responsibilities, supporting child development, and freeing up parents to work and reduce poverty. To ensure that earned income makes it into disposable income, and well-paid employment makes real reductions to experiences of poverty, good quality childcare needs to be affordable.

Using estimates for 23 EU countries, Förster and Richardson (2011)[48] report analysis of how both cash and childcare can substantially lower poverty risks, both together and separately, in households with children aged under 7. Taken together, cash family transfers and childcare services reduce the poverty risk among families with under-7s by more than half on EU average: from around 17 per cent to around 8 per cent. On EU average, family cash transfers

[46] Or as Titmuss puts it 'The real challenge resides in the question: what particular infrastructure of universalist services is needed in order to provide a framework of values and opportunity bases within and around which can be developed socially acceptable selective services aiming to discriminate positively, with the minimum risk of stigma, in favour of those whose needs are greatest?' Titmuss, R. M. (1968) *Commitment to Welfare*, London: Allen and Unwin p.135

[47] OECD (2011) *Doing Better for Families*, OECD Publishing, Paris - (see pages 74-6)

[48] Förster M. and Richardson D. (2011) "Réduction de la pauvreté des enfants : comparaisons internationales", Politiques sociales et familiales n° 104, Cnaf, juin 2011

reduce poverty among young children to a somewhat larger extent than childcare services (by 37 per cent versus 26 per cent). The authors also report country-level findings for four countries: France, Germany, Sweden and the United Kingdom, and show how the respective strength of poverty reduction effects of childcare services differs across countries.

Compared to cash transfers, the impact of childcare on poverty is weakest in the United Kingdom (childcare costs are high in the UK), whereas in France and Germany the poverty reducing affect of childcare is similar to cash benefit outcomes. In Sweden childcare services have a stronger impact on poverty rates than cash benefits.

In comparison to the European average, the Swedish childcare system has a much stronger independent impact on poverty reduction than its cash benefits for families with children below the age of 7 (it is notable however that the combined effect of French cash and kind interventions has a similar final outcome).

One reason for this is that access to childcare does not show any income-level bias – meaning poor families in Sweden have the same access to the service as richer groups. Through equal access, increased earning potential or reduced private costs for poor families, or both, can increase disposable income and reduce overall poverty risks. Equal access to child care by income level is unusual: in most other OECD countries, low-income families are not using childcare as much as higher-income groups.[49]

Again, as with child support, coverage of the policy is important. But how come Sweden manages to support the access to childcare of low income families when other countries have problems? For one, Sweden is the third highest spender on childcare in the OECD, investing more of its overall family budget on childcare (and other services) than high spenders like the UK and France (who invest more on cash and tax breaks). Second, and because of this investment, childcare fees in Sweden are amongst the lowest in the OECD (for both couples and sole parents[50] – see OECD 2011, chapters 4 and 6) and the additional 'effective tax' burden on second earners and sole parents entering work is low. Finally, together these factors mean capacity and enrolment in the childcare system is high; enrolment is above the OECD average (around 70 per cent compared to 58 per cent on average[51]).

3.2.1 Family poverty risks and the life cycle

53. Evidence from OECD (2011) on how equivalised net income trends as their youngest children grow can be used to assess family poverty risks across the life cycle. The main finding from the analysis is that income – regardless of family type – fluctuates most in the early years between birth and around age 4. The fluctuations in income are due mainly to lost earnings, as one or both parents take leave to care for their new child, although these shifts in income can be more or less severe country-by-country due to the length of leave and the depth of income loss after the leave benefit is paid.

54. For example, in France, parents can take leave for up to three years, but income falls are large, and in the case of sole parents on average wages, income poverty risks are very high. In contrast, in the United States, all families will experiences a very short and sharp fall income due to the unpaid leave policy which provide workers with 12 weeks of leave after the birth of a child (available in larger companies only).[52] In Australia and Denmark falls in income are short compared to France and less severe than those experienced in the United States; in Denmark income during leave fluctuates due to different earned income replacement rates in their maternity and parental leave policies.

---

[49] OECD (2011) Doing Better for Families, OECD Publishing, Paris, page 144.

[50] Ibid, chapters 4 and 6.

[51] Ibid, page 143.

[52] See OECD (2011) for comparisons of family types and income for 31 OECD countries. For each country income changes in three types of working households when a child is born into the family are reported.

55. For all countries it is worth noting that sole parent families (due mainly to having fewer earners at home), and then large families (due in part to equivalisation of income) are less well off throughout the child's life cycle than couple families. Although on occasion, for lower earned-income groups, family benefit packages can substantially reduce difference based on family type (see the examples of 50 per cent of average wage earners in Australia, Denmark, Ireland, the Netherlands and the United Kingdom, in OECD, 2011).

56. In no country do the pre-birth level of income return after leave, due to equivalisation of income that accounts for the increase in family size. A simple but important message is that in both reality and poverty rate calculations, having a child comes with a small but measurable fall in real income for all family types which is not made up for by tax breaks or benefits provided by the majority of national family policies.

57. Based on the findings above, and the findings of extended analysis in OECD (2011), it is clear that poverty risks for all families in OECD countries, even those earning relatively well, are most severe in the early years when care and work responsibilities mean families forego part or full amount of their earnings. Once children are in school, earnings for working families and income from benefits are more stable.

58. Together this evidence and evidence of the importance of labour market attachment for reducing poverty risks raises four key concerns for policymakers:

i. First, the early years are critical for children's development and early disadvantage can create barriers for children education, health and social skill formation. Income is critical in enabling families to access services and activities for their children's development. Efforts should be made to ensure that families of all types have sufficient incomes to promote child development and access health and education services via parental leave payments, childcare or other benefits.

ii. Second, high costs, poverty risks or the crowding-out of employment opportunities associated with child rearing can lead to lower or postponed fertility and family formation. In countries with increasing trends for older parenting (e.g. Germany) and smaller families (e.g. Korea), there are valid concerns about future welfare sustainability, dependency ratios, and economic productivity. A balance needs to be struck between the private costs and social benefits of childrearing.

iii. Third, families that meet the costs of caring for children by using savings or going into debt represent future poverty risks. To maintain living standards at the point of child birth and parental leave either public or private transfers are necessary. In the case of low public support, the use of private savings or credit lines can increase the likelihood of the family entering into poverty or welfare dependency in the future when debts or savings are repaid.

iv. Fourth, spending early and preventing children falling behind (or future family poverty risks) are efficient and equitable policies with the potential to lower global welfare costs and promote growth through human capital gains.[53] By ensuring that the number of families at risk of under-investing on their children is not accentuated by early years' family policies (during the prenatal period and during parental leave), policies can be said to be fair (based on the accident of birth argument) *and* efficient, as gaps in ability are not established, later spending in primary school is made more efficient (more children are ready for school) and costly future fixes are not required.

3.3.2 How might family income be smoothed during family formation?

59. There are a number of ways to limit the risk of poverty in the early years of family formation. For example, leave policies can be paid at rates to match earned income before leave, parents can be supported into work via good quality and affordable childcare services, business can provide additional support to families enabling a smooth transition from leave to work and vice versa, and gender equitable approaches to parental leave would mean that mothers do not experience biases in terms of lower wages and less security before or after the birth of a child (which is particularly important for single mothers).

60. Below, analysis looks specifically at the first point, the shortfall in incomes during leave, and the potential costs of making up that difference in earned income (or potentially tax burdens) during the entire 18 years of earnings potential in the child's lifecycle. When incomes are smoother it will affect the likelihood of families to save or to use credit, and so impact on the likelihood of families experiencing poverty persistently or repeatedly.

61. Using information on the family tax and benefit packages, leave payments and length, the monthly and annual costs (spread over 18 years) of taking full leave entitlements in OECD countries can be calculated as a proportion of one gross average wage. The length and depth of income shifts during parental leave can be read in reference to the months of birth related leave (prenatal and postnatal maternity, parental and child raising leaves) and the monthly gross income offset. The global cost of child raising on earned income (the effective tax rate on household income) is represented by the annual gross income offset.

62. In terms of months of leave, countries with long leaves (over three years) include the Czech Republic, Estonia, Finland, France, Hungary, Norway, Poland, the Slovak Republic and Spain. Countries with short leaves of 6 months or less include Iceland, Switzerland and the United States. Countries with long leave generally have effective parental leave tax rates of above 3 per cent (Hungarian sole parents are the exception). Countries with short leave periods have effective tax rates of equal to, or lower than, one percent.

63. By family type, across the OECD, both large families and sole parent families lose less total income during leave on average than couple families. Sole parents are

[53] OECD (2009) *Doing Better for Children*. OECD publishing, Paris. And OECD (2009) *Doing Better for Families*. OECD publishing, Paris.

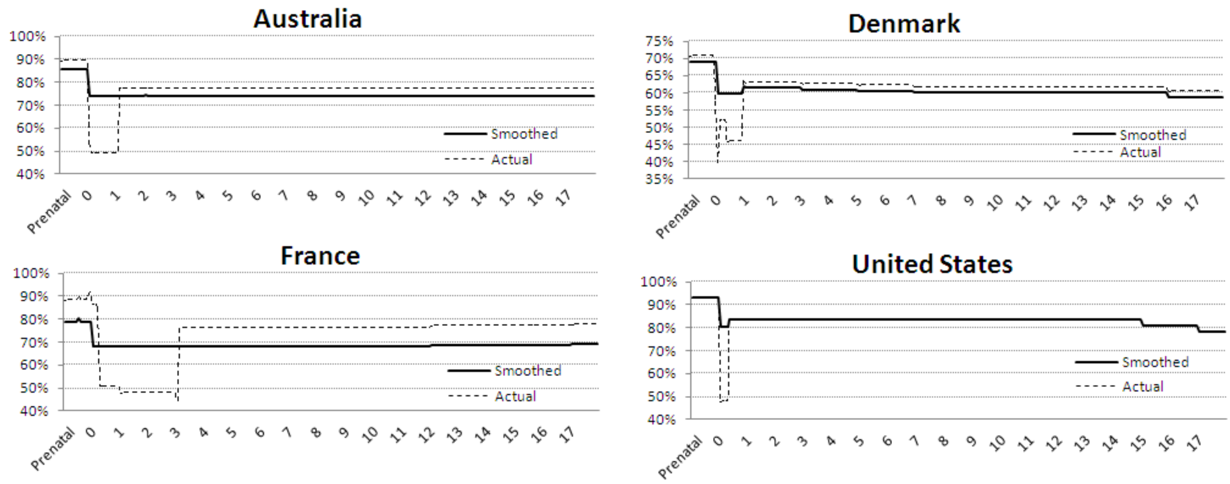
protected more than large families in relative terms (the effective tax rate on leave is 22 per cent of a single gross wage compared to 32 per cent in large families), but both couple and large families have an additional wage with which to make up the difference.

64. The length of time that income would fall if full leave entitlements were to be taken, also matters. Overall, large families have slightly more time available for leave, but this is driven mostly by long leave available in Hungary. Sole parents have shorter leave in Belgium, Greece, Ireland, Italy, the Netherlands, and the United Kingdom; these variations in are reflected in annual gross income offsets in these countries. In New Zealand, Norway, and Poland leave is longer for sole parents, however it is only in New Zealand where this difference means the global cost of parental leave for sole parents is higher than other family types.

65. Short and generous leave periods are the most effective in reducing global costs on families for child rearing, and in doing so they smooth income both during and after child rearing (low global cost reduces the need for savings use or debt accrual). In countries where global child rearing costs are lower than 1 per cent per year of a gross average wage for sole parents (and less than 2 per cent for other family types), effective replacement rates (parental leave payments plus other benefits and tax policies) are above 80 per cent and often closer to 90 per cent, and replace income for up to 12 months in total.

66. To illustrate how smoothing income during child raising might be possible, the net income trends in the example countries – under present policies – can be adjusted by global costs by reallocating them. Figure 9 applies the effective tax rates on parental leave to earned (and equivalised) income over the child lifecycle of a child born into a 2 parent 1 child family on average earnings. The results show that smoothing income over longer child related leave would offset future family earnings (via the tax system or disposable income via savings [not debt – which would incur a much higher cost]) to a greater extent. In France, for instance, where net income during leave presently falls for this family type by almost half, a three year period of leave can cost the family almost 10 per cent of annual net income. In the United States, four weeks of unpaid leave could be smoothed via the tax system (or future earnings to repay personal savings) at a rate of around 1 per cent of net income.

Figure 9: Examples of changes in family income patterns to smooth parental leave costs (two-child couple families), 2009



Source: authors calculations using OECD Tax and Benefit models.

4. Summary, Conclusions and Recommendations

67. The following summary section provides recommendations in terms of short, medium and long-term changes to family policies for the purposes of reducing present poverty rates, recommendations for preventing the transmission of poverty between generations, and reducing the risk of sporadic poverty associated with family formation and child rearing. The recommendations draw from the evidence above, and from the recent OECD analysis in *Doing Better for Families* and *Doing Better for Children,* in order to expand the recommendations into broader family and child well-being and spending issues.

68. To start, an important 'overall' recommendation is necessary. It is critical that monitoring tools for assessing rates and changes in family poverty include multiple indicators frameworks. Many governments, and notably the European Union through Europe 2020, have recognised that income poverty measures need to be complemented with other measures of living standards to fully understand levels of family well-being by country. Without a multi-indicator tool, only part of the picture of poverty in developed countries is available, and policy efforts based on such a picture will invariably be limited.

4.1 How might developed countries buck the trend of increasing family poverty rates?

69. Over recent years family policies, and welfare policies more generally, have had to work harder to keep poverty rates low as market income poverty has been increasing,[54] and overall OECD figures suggest that efforts have not been successful. As shown in the evidence above, paid employment is the only guaranteed way for most families to live out of poverty; but good jobs and well-paid jobs need to be available.

[54] OECD (2012) Divided We Stand. OECD publishing, Paris.

- To encourage families into sustainable forms of employment, training should be provided alongside unemployment or income supports benefit, and paid apprenticeships should be offered to unemployed younger people.

- To avoid potential benefits and low income traps, government should consider providing “grace periods”, or transition benefits, for benefit recipients to reduce perceived risk of entering employment. Another option would be to reduce the level of paid social assistance more ‘smoothly’, to aid the transition from benefit income to earned income.

- Governments need to make work pay, particularly for low income families by ensuring they keep more of their earned income, which means providing as a priority flexible, affordable and good quality childcare, help with transport costs associated with work, and tax credits or allowances for working families (in progressive tax systems).

- As dual earner families increase in response to a range of social and economic pressures, governments need to facilitate making work pay for both parents by reducing childcare costs where necessary, and work towards gender equitable employment and leave policies. Policy should ensure good-quality childcare to assure parents that their children are being looked after properly and enhance child development. Public childcare supports should be conditional on quality standards. For families with older children, most developed countries need to further develop their out-of-school-hours care supports.

- Women play an increasingly important earnings role in families in developed economies, and with increasing sole parent households. Gender equitable wage structures, access to training or certain sector of employment or education (including management), and leave policies will improve women’s access to employment, working conditions and in doing so offset risks associated with increasing numbers of sole parent households.

4.2 Which policies are best placed to alleviate family poverty in the short and medium term?

70. Family benefits such as child allowances and social assistance play an important role in addressing short term experiences of poverty, and going some way to stopping families employing their savings or using debt. For longer term solutions to poverty risks, investments designed to equip families with the necessary skills and tools for good and sustainable employment are necessary. For effective poverty reduction strategies, these two types of interventions need to be applied together.

- The vast majority of jobless families, in all of the developed countries, will live in poverty due to the low levels of welfare benefits in developed countries. Although increasing these benefits may create a new set of welfare dependency problems, and paying above poverty rates for any significant length of time might be undesirable (benefits could be reduced over a period to increase work incentives, whilst effectively combating poverty risks in short periods outside of the labour market), higher levels of cash benefits are undeniably one way to reduce poverty risk in the short term.

- In countries where in-work poverty is common, in work benefits or tax allowances could be increased for short income poverty term-gains.

- To complement short term poverty reduction strategies through cash benefits, strategies such as employment support programs in high unemployment areas, or in-work training, or targeted minimum wage legislation, in areas with high levels of in-work poverty, are more likely to lower poverty rates in the medium term.

71. Short and medium term gains to poverty in developed countries can be made through changes at the margins of present family policy (OECD, 2009). For instance, improvement to the family investment portfolio could be made today to ensure public support for child rearing has no gaps. Benefits targeted at 'crisis points' in family formation or child rearing, can also help, such as maintenance payments.

- Countries need to ensure that financial transfers, care supports and flexible working-time arrangements for families with young children fit together into a continuum of support without gaps in income or care replacements.

- Public child support or maintenance programmes are important tools in reducing child poverty in sole-parent families, as well as re-formed families. From the child perspective, advance payments systems are best because they maximise coverage and ensure regular support for the parent with childcare responsibilities. Nonetheless, it is important for families to ensure that disincentives to shared parenting and parental responsibilities, as well as unsustainable public spending is avoided.

- In the longer-term, good quality accessible childcare services needs in many countries are going to be key to improving outcomes for families. The infrastructure required to provide public childcare, or build a market for private childcare, may take years to establish, but is necessary to encourage family formation and parental employment in future generations (OECD, 2011).

- A by-product of greater labour market access for all families will be a reduction in market inequality. To address income poverty, social exclusion and deprivation in the long-term, increasing market inequality needs to be stopped, and then reduced. Recent OECD analysis suggests this can be done by bringing underrepresented groups, such as mothers, into the labour market to increase family earnings, and lower earnings inequality. However, if labour market participation is limited to short-hours or precarious jobs without career possibilities, earnings inequality, and so income poverty, cannot be reduced sustainably.[55]

[55] OECD (2012) Divided We Stand. OECD publishing, Paris.

4.3 Which policies are best placed to break cycles of disadvantage in poor families, and prevent the transmission of poverty risks?

72. Countries with the highest levels of intergenerational mobility are also those with the lowest market income inequality, and those with lower levels of home-driven variation in educational achievement. To this end, reasonably limiting the influence of private investment on later life outcomes is likely to reduce the transmission of poverty risks.

- Countries should invest in family policies during the early childhood years and sustain investment throughout childhood, in order for children from poorer backgrounds to take more advantage of public investment over the life cycle (OECD, 2009). Such an investment strategy potentially has high social rates of return by avoiding more costly interventions later in life such as welfare dependency or low productivity (both of which transmit poverty risks).

73. Lengthy experiences of poverty and deep experiences of poverty can lead to the depreciation of housing conditions, the use of credit services and subsequent strains on household budgets, the decrease of savings, and might mean that young people in the household leave school and enter the workforce to support the family.

- Governments should intervene at points in the lifecycle where poverty risks are entrenched (birth, during parent leave (see section 3.2) school entry, the school to work transition, or parental entry in and out of employment), and particularly at points when poor children may decide to leave the education system (see for example Australia's Family Tax Credit supplement for children aged 13 to 15, or the now defunct Education Maintenance Allowance in the United Kingdom), in affect trading-off their future opportunities and transmitting poverty risks.

4.4 Which family policies are best placed to deal with evolving family forms and needs? What role is there for flexibility / innovation?

74. One key area where innovation is needed is in the workplace. Businesses need to ensure that workplace supports are accessible to all families, including those with young children or without partners. To facilitate this:

- Governments should encourage employers to offer part-time employment opportunities, flexibility in working hours, and a more gender-equitable use of leave entitlements.

75. There remain few examples of family policies that go beyond the mother child dyad (with the exception of child support policies). However recent policy innovation has included Grandparents support in childcare (see Australia's Child care policies - although with increasing mobile families, and varying geographic constraint country-to-country, this may not prove transferable in all situations); and equal parental leave entitlements (see Iceland's parental leave policy).

- As part of a broader childcare policy, governments should carefully explore the possibilities of involving grandparents as official carers for young grandchildren to account both family interactions and life-cycle issues by providing a safe caring environment for the grandchild, combating poverty through enabling parents to work, and in some cases provided necessary additional income to the grandparents as well.

- A ‘full’ family approach to parental leave should also be considered, not only for reasons of gender equity, but also to encourage fathering skills (reading and playing) that are positive activities for child and family development.

76. Despite social policy reforms and growth in family incomes over the past two decades child poverty remains a serious problem. Now, because of the Great Recession, things are likely to get worse. In times of crisis, there remain both equity and efficiency arguments for protecting the vulnerable (OECD, 2009). To achieve this, further reform and public service efficiencies are required.

- Efforts should be made to ensure that available benefits are taken-up by eligible recipients at maximum levels. Underinvestment on vulnerable families today will create additional costs in the future.

- Service delivery efficiencies should be made to free up more funds for vulnerable families, and improve the use of, and outcomes from, family services. To begin, governments could consider efforts to collocate services to take advantage of economies of scale, and build systems to assist collaboration between family services (welfare, school and health for instance) to reduce the costs on the family of accessing multiple supports, and to facilitate the best possible outcomes for families.

77. In the past 20 years the family service sector has seen the fastest growth in family policies, and a closer linkage to cash benefits through an increasing number of conditional cash transfers.

- Countries should review options for progressive universalism / cascaded service delivery to improve efficiency without leaving children behind. Single systems of family service delivery that provide universal services with more intensive delivery to targeted populations based on initial assessments; enhance social fairness and social integration of all the children, in the most cost-effective manner. Who to target would vary policy-to-policy, but importantly would be decided on a case by case basis only possible due to the initial universal coverage.

78. Finally, with recognition of the limited impact of the main family benefits to address increasing poverty rates, and appreciated the fast moving policy change (and changing priorities of government) during the Great Recession, governments and stakeholders need to help build the evidence base with robust evaluation of existing policies, and experimentation with new policies. Innovation is necessary at the very heart of the family policy debate, if over the next generation of children present negative trends are to be reversed.

79. There is a role for international organisations, working with national governments to coordinate these efforts, and provide for the exchange of good practice and good policy for the reduction of family poverty in developed economies.

ANNEX

Table1: Relative risk of deprivation. All=1.00. Lacking two or more child deprivation items. Own analysis of SILC 2009.

	Sole parent	High degree of urbanisation	Migrant	No primary or lower secondary ed.	Low work intensity	3+ children	Income poverty
Austria	1.9	1.6	2.1	2.2	4.7	1.9	3.9
Belgium	2.2	1.4	2.2	2.9	4.5	1.4	3.9
Bulgaria	1.3	0.8	1.3	1.6	1.5	1.5	1.6
Cyprus	4.9	1.1	2.1	3.2	9	3	3.9
Czech Rep.	3.4	0.9	2.1	6.8	5.7	2.5	3.9
Denmark	3.9	1.8	3	4.5	8.7	2.7	5.3
Estonia	1.8	0.9	1.3	2.4	3.7	2	2.7
Finland	2.7	0.9	4.7	1	8.5	1.6	4.8
France	2.1	1.3	2	3.4	4.2	1.6	3.2
Germany	2.7	1.1	1.9	4	4.7	1.3	3
Greece	1.4	0.9	2.5	3	1.3	1.5	2.5
Hungary	1.5	0.8	0.8	2.3		1.6	1.8
Iceland							
Ireland	2.7	1.1	0.6	2.4	3.8	1.8	3.4
Italy	1.3	1.1	1.8	2.1	2.6	1.8	2.3
Latvia	1.6	0.8	0.9	2.1	2	1.5	1.9
Lithuania	1.7	0.6	1.6	2.8	2.4	1.5	1.8
Luxembourg	5.3	1.1	1.1	2.3	5.9	0.9	3.2
Malta	3.5	1	1.1	1.8	4.3	2.2	2.3
Netherlands	5.5		2.9	5.1	8.8	1.3	4.3
Norway	2.2	1.5	1.8	3.1	8.2	1.5	6.8
Poland	2	0.8	0.6	2.9	2.3	2	2.2
Portugal	1.7	1	1.2	1.4	2.6	2.1	2
Romania	1.2	0.8	1.4	1.3	1.3	1.3	1.3
Slovakia	1.2	0.8	1	4.4	3.7	1.9	2.5
Slovenia	2.1		1.9	4	4.5	1.8	3.2
Spain	1.9	1	2.4	2.4	3.9	3.2	2.7
Sweden	3.3	0.8	2.1	5	10.9	2.1	5.3
United Kingdom	2.2	1.2	1.3	3.5	2.4	1.6	2.6

Source: Analysis of EU SILC, 2009.

Table 2: Percent of deprived children with characteristics

	Sole parent	Low degree of urbanisation	Migrant	No education or primary or lower secondary	High work intensity[56]	1or 2 children
Austria	18	18	72	17	14	54
Belgium	31	2	63	46	14	46
Bulgaria	6	61	1	39	33	80
Cyprus	28	31	57	17	31	67
Czech Rep.	30	50	13	23	24	65
Denmark	62	12	49	43	14	39
Estonia	23	56	20	13	24	58
Finland	27	59	46	4	13	46
France	29	13	42	38	27	53
Germany	35	22	18	18	23	69
Greece	4	56	45	43	28	89
Hungary	12	58	2	30	20	55
Iceland	72	34	51	52	66	100
Italy	11	11	31	55	22	75
Latvia	16	65	14	21	32	68
Lithuania	20	72	11	16	33	69
Luxembourg	49	19	80	51	38	86
Malta	20		13	80	8	65
Netherlands	46	*	30	45	32	58
Norway	43	13	31	30	44	43
Poland	9	54	1	11	28	56
Portugal	15	16	21	80	33	72
Romania	4	75	0	28	44	67
Slovakia	5	48	3	11	34	57
Slovenia	12	*	25	19	42	64
Spain	9	25	41	67	18	72
Sweden	47	67	43	18	27	40
United Kingdom	38	1	28	25	23	47

Source: Analysis of EU SILC, 2009.

[56] Here defined as 1.0.