



**BELARUS**

**Commitment to Equity for Children: Redistributive Effects and Efficiency of Social Assistance to Households With Children in Belarus**

# How can fiscal policies in Belarus reduce child poverty more effectively?

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**EDITORIAL INSIGHT**

Reviewers commended this piece of research for the strong conceptual framework and comprehensive perspective to understand the redistributive effects of social and fiscal policies on children in Belarus. They also valued its sound methodology involving not only analysis of monetary poverty, but also the first measurement of multidimensional child poverty in the country. It was appreciated that the study was led by researchers from Belarus, supported by international experts, factors likely to enhance policy uptake as well as national capacity.

Reviewers also commented that the report illuminates the different policy opportunities, constraints and obstacles for child well-being and equity in Belarus, making a strong case for redefining existing policy tools to maximize their impact.



Child-related benefits constitute a major part of the public direct transfers in Belarus. Despite this explicit child focus, households with children are among the most vulnerable groups in Belarus when it comes to the risk of absolute poverty and multidimensional poverty.

In 2016, 1.9 per cent of national gross domestic product (GDP) was spent on child-related benefits, from lump-sum benefits in pregnancy, maternity aid and a childcare allowance to targeted social assistance, education and health care.

Yet poverty among children in Belarus increased to 11.3 per cent in 2017, compared with 5.9 per cent for the population as a whole. Families with three or more children aged 6–13 years – especially single-parent households, and households living in smaller cities and rural areas – are most adversely affected. Distribution of benefits appears to favour some households over others, suggesting a social policy bias and shortfalls in support for the most vulnerable.

Research funded by UNICEF Belarus and the World Bank confirms such a bias and recommends targeted interventions to more equitably and efficiently secure the welfare of the country's most vulnerable children.

## PURPOSE

The study's main objective was to understand the distributional impact of taxes and public spending on children in Belarus, by considering multidimensional child poverty (MDCP) as well as monetary poverty.

Specifically, the research sought to:

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

The study supports the United Nations Sustainable Development Goal 1 target of reducing by at least half the proportion of children living in poverty by 2030 – and Belarus's own target of reducing the national poverty rate to 4.5 per cent by the same year. By assessing the interplay of social assistance programmes with multidimensional and monetary poverty, the analysis aims to inform Belarusian policymakers and national and international researchers.



## APPROACH

### Child-centred analysis

The research team applied the Commitment to Equity for Children (CEQ4C) methodology to analyse household survey data and administrative fiscal data from Belarus. This analytical model seeks to determine the effects of child-relevant budgeting at the level of fiscal incidence (overall economic impact of government taxation and expenditures on an individual's real income), as well as multidimensional poverty and public finance analysis. CEQ4C was applied to 2016 fiscal data and Household Budget Survey data to calculate welfare before and after social policy interventions. The sample of 6,000 households encompassed 50 cities and rural councils in Belarus.

Disposable income was used as the measure of well-being. Directly transferred state benefits were subtracted from household disposable income, to which estimated direct taxes were added, to calculate market income – that is, income available to the household before any fiscal interventions.

The researchers also analysed the data in view of known determinants of poverty risk, such as the number of children in the household, their age and the place of residence (urban/rural). Subjective evaluations of households, taken from the Household Budget Survey, were also considered.

### Multidimensional poverty measure

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

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

### Limitations

Using the CEQ4C methodology requires a household-centric approach, with calculations based on the entire household as a unit rather than children specifically. The researchers therefore expanded their focus to also examine the impact of pensions, an important source of income for many households with children.

## KEY FINDINGS

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

### Inequitable distribution of benefits and transfers

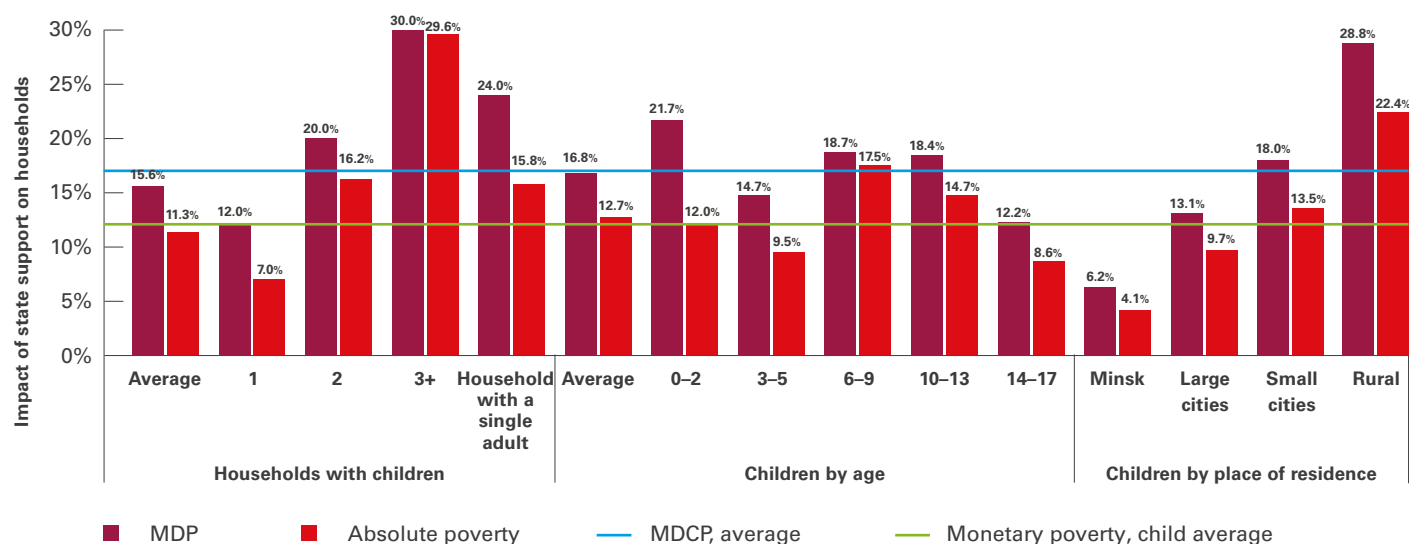
Analysis revealed gaps in the country's system of benefits and transfers, with particular groups left behind. The impact of state support on a household varied according to the number and age of its children and its economic situation.

**Policies in support of households with children need to develop targeted social assistance and introduction of vulnerable group-specific benefits for, inter alia, households with three or more children, and single-parent households.**

– Research report



**FIGURE 1**  
**Multidimensional and monetary poverty, by household variables**



Source: Author's calculation.

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

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

For single-parent households, poverty rates were higher still. Overall, 32.8 per cent of such households received some kind of child-related benefit, yet monetary poverty stood at 15.9 per cent.

Further inequalities were experienced by households facing monetary poverty and material deprivations. Transfers represented a higher proportion of disposable income – about one-fifth – for children at risk of poverty (both absolute poverty and MDCP) than for non-poor children. The researchers attributed this, however, to the scarcity of other income sources for households with poor children, rather than the lack of a targeted intervention to meet the needs of the most vulnerable.

### Weak targeting of utility subsidies and uneven tax burdens

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

Weak targeting of utility subsidies rendered these inefficient at reducing poverty levels, especially when allocated to households with two or more children or to residents of smaller cities.

Furthermore, households with children had a higher than average tax burden – 33.7 per cent of household income compared with 23.7 per cent of household income for those without children. The burden was lowest for households with three or more children under 3 years, suggesting that they tend to consume fewer fully taxable goods and services owing to higher levels of poverty. The burden was highest for households with only one child, aged 14–17 years.

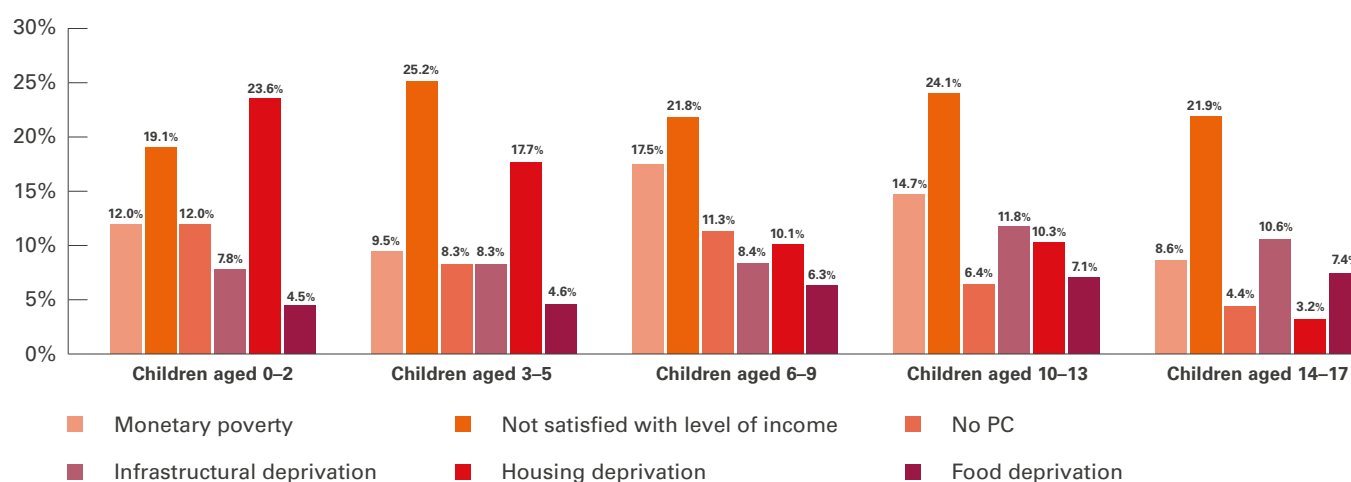
Education expenditure displayed a more progressive trend, with benefits increasing in line with the number of children per household, and higher than average rates per child in smaller cities (due to fewer students).

### Varying deprivations by number and age of children

Households with two or more children were found to be at higher risk of housing deprivations due to limited space per person. This was especially the case for preschool children: 21.1 per cent of households with children under 2 years suffered housing deprivations.

The situation worsened for households with three or more children, in which infrastructure deprivations and monetary poverty were more pronounced. Food deprivation increased for school-aged children, peaking at 7.7 per cent for those aged 14–17 years. Only 54.1 per cent of children experienced no deprivations; 29.2 per cent faced one deprivation, 10.5 per cent faced two and 6.2 per cent faced three or more deprivations.

**FIGURE 2**  
**Incidence of selected deprivations experienced by children, by age**



Source: Author's calculation.



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Two girls play with dolls in an Inclusive Kindergarten in Vitebsk, Belarus.

### Gender-sensitive but inefficient, inequitable allowances

A cost-benefit analysis was conducted on a modified simulation of the most costly programme, the three-year maternity leave allowance. Such extensive periods of maternity allowance were found to be highly inefficient in reducing poverty. In fact, like childbirth and pregnancy registration allowances, they worsened inequalities.

## INFLUENCE ON POLICY AND PROGRAMMING

The report recommends the implementation of a range of policy measures that could help reduce the proportion of children living in monetary or multidimensional poverty, or not covered by social assistance, from 6.8 to 4.2 per cent – significantly contributing towards halving child poverty in Belarus by 2030. In particular, according to the research simulations, a reduction in child poverty from 11.3 to 5.5 per cent could be achieved at a cost of about 0.27 per cent of GDP, through the introduction of group-specific benefits to single-parent and multi-child families and the expansion of targeted social assistance (TSA) to all households with children.

The technical approach applied in this research can serve as a model to improve future data collection and analysis on child poverty in Belarus. In particular, the CEQ4C methodology can unearth findings on the role of interventions indirectly related to children. In Belarus, for example, it was found that pensions make an important contribution to reducing child poverty.

Including policymakers from the Belarusian Ministry of Labour and Social Protection and Ministry of Finance in discussions about intermediate results and research plans increased the relevance of both to the ongoing policy debate. In fact, preliminary findings informed the scaling up of TSA for households with children vulnerable to economic impacts of the COVID-19 pandemic.







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

– Research report

### BOX 1

#### KEY POLICY RECOMMENDATIONS TO REDUCE CHILD POVERTY IN BELARUS

- Targeted social assistance (TSA) is very efficient in combating poverty. Improving TSA coverage and duration for all households with children will contribute greatly to child poverty reduction.
- Group-specific benefits targeted at single-parent and multi-child families not receiving other child benefits could efficiently reduce monetary poverty and provide support to families experiencing multidimensional poverty.
- Savings made by phasing out inefficient utility subsidies could support expansion of a means-tested TSA alongside provision of benefits for particularly vulnerable households.
- Maternity leave could be made more efficient and equitable by reducing eligible leave time, levelling out the allowance over remaining years, and linking it to household wages.

## LOOKING AHEAD

The findings are currently helping to shape plans for a more dynamic population survey that will enable greater insights into key variables such as health and education. The multidimensional poverty model is being validated by the National Statistical Committee of Belarus, Belstat. In 2021, UNICEF will continue to support Belstat in producing an official methodology for multidimensional poverty measurement as part of its National Statistics Strategy for 2018–2022 and SDG Statistics Roadmap 2018.

Findings will be disseminated via the ministries of Economy, Finance, and Tax and Duties; Belstat; the Social Protection Fund; the President's administration; and the annual Kastyrynicki Ekanamichny Forum. International organizations including the United Nations Development Programme, United Nations Population Fund, International Monetary Fund and Eurasian Development Bank will also receive the report.

In the UNICEF Country Programme for 2021–2025, the Government of Belarus has expressed interest in using the recommendations to allocate public spending to reduce MDGP. Through dynamic surveys that apply the MDGP measure and CEQ4C methodology, and by promoting more rigorous data collection, UNICEF can support the Government in tracking health and education outcomes for vulnerable families. The additional data will enable the assessment and fine-tuning of social cash transfers and the integration of social services in Belarus, to better serve vulnerable families with children.



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