



Study on Conditional cash transfers and their impact on children

Final Report, Volume II: Case Studies

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INTRODUCTION

The aim of the case studies is to provide an in-depth analysis of specific programmes, and to highlight transferable approaches. We selected programmes for case studies in order to have a balance of various types of CCT programmes, and also to have a more or less balanced regional coverage. We only considered government run programmes that are nationally (or regionally) rolled out, so experimental programmes and NGO run programmes were not reviewed here. The following programmes were selected for in-depth study: *Kindergarten Allowance* (Hungary), *Education Maintenance Allowance* (UK), the *School Allowance* student support programme (Belgium), *Child Allowance* (Bulgaria) and the *Social Risk Mitigation Project* (Turkey).

To have various types of CCT programmes among the case studies we selected programmes with both positive and negative incentives. Two of the programmes reviewed, *Kindergarten Allowance* and *Education Maintenance Allowance* use positive incentives to promote enrolment in some form of education. The other three programmes use negative incentives, thus a transfer is revoked or suspended if the given behavioural condition is not met. Two of the programmes studied (*Education Maintenance Allowance* and the *School Allowance*) operate in EU15 countries, while *Kindergarten Allowance* and *Child Allowance* operate in countries of Central and Eastern Europe. The *Social Risk Mitigation Project* is the most comprehensive CCT programme in operation in EU member states and candidate countries.

Case studies were based on desk research and interviews with the representatives of public authorities, civil society organizations and experts. To have a reliable picture of the programme impacts the aim was to select programmes that were subject to methodologically well founded, systematic impact assessments. Ideally, measurement of programme impacts would be based on randomised control trials or, in the absence of such analysis, by using other well established non-experimental evaluation methodology (such as difference-in-differences, propensity score matching). In case of the programmes reviewed here no randomised impact evaluation exists but results of rigorous non-experimental impact analysis are available in the case of the *Kindergarten Allowance*, *Education Maintenance Allowance* and the *Social Risk Mitigation Project* programmes. Unfortunately no such analysis has been carried out in case of the *School Allowance* (Belgium) and *Child Allowance* (Bulgaria). For these two programmes our description of programme impacts relies on qualitative studies and expert assessments.

The case studies follow a common structure, however with some variations to accommodate the nature and coverage of available evidence. Case studies begin with the description of the programmes' social and policy context as well as a short description of the history of the scheme. Design features of the programmes are then presented, before discussing implementation and costs. Case studies review evidence regarding the impacts of the programme, discussing impacts on human capital accumulation and poverty as the available evidence allows. Case studies finish with the discussion of possible ways to improve the given scheme.

CASE I. THE *EDUCATION MAINTENANCE ALLOWANCE* (UNITED KINGDOM)¹

1. INTRODUCTION

This chapter on the *Education Maintenance Allowance* (EMA) and its replacement scheme, the *16 to 19 Bursary Fund* summarises the rich literature on the impact of these programmes, and especially their significance on human capital-related behaviour. A literature review is complemented by interviews with an academic expert, a government official and a representative from a non-governmental organisation (NGO). The interviews revolve around the description of the social problems that the programmes are meant to address, the policy context, the political will behind the decisions, programme implementation, operation and impacts, plus an assessment of conditional cash transfers in general.

After providing the background and context to the *Education Maintenance Allowance* and a description of its functioning in the United Kingdom, we present a summary of the numerous available studies of the impacts of the EMA. Some of these focus on evaluating the intended effects of the programme, others on assessing its repercussions. Both quantitative and qualitative evaluation studies are outlined, with a concentration on the most comprehensive ones. Then the replacement programme of EMA in England, the *16 to 19 Bursary Fund* programme is introduced. The chapter concludes with a few recommendations about the two programmes and conditional cash transfers in general.

2. SOCIAL AND POLICY CONTEXT OF THE PROGRAMME

The rationale for introducing EMA was the low rate at which young people continued in education after the compulsory schooling age, together with the high rate of those “Not in Education, Employment or Training” (NEET). The issue of young people dropping out of education early, without qualifications and with low rates of overall attainment, is regarded as both an economic and a social problem. Not only does a lack of educational attainment have an adverse impact on the self-esteem of individuals, but research shows that people with low qualifications are more likely to become unemployed and earn low wage. More importantly, the combined effects of those people who are underperforming and not reaching their potential have a depressive effect on the economy.

The *Education Maintenance Allowance* was introduced to reduce drop-outs from secondary and tertiary education up to three years beyond the compulsory schooling age of 16. The underlying assumption behind the introduction of the EMA was that credit constraints were part of the reason why students were not continuing in education beyond the compulsory age. As was explained by one expert who was interviewed, the Government was following what

¹ This case study builds on interviews with Lorraine Dearden (Institute for Fiscal Studies), Claire Humphrey (Education Funding Agency) and Janet Evans (Barnado’s).

had happened in Australia earlier, in 1988, when a similar scholarship programme was successfully introduced there.

EMA was launched in 1999 as a pilot programme covering only 12 Local Education Authorities (LEAs) (out of 150 in England) with some of the highest drop-out rates. The original plan was to evaluate the programme using a randomised controlled trial with two of the local authorities (in London and Leeds), but in the end the randomised controlled trial was not carried out. As the evaluation of the pilot showed some positive results, the Government decided to roll the programme out – to 40% of the country in 2002, and to 80% in 2004. In 2010, the programme in England was cancelled because of budget cuts, and was replaced by a bursary scheme programme for students from very low-income households. However, after reviewing the results, Scotland, Wales and Northern Ireland decided to continue with it (Coughlan 2011).

3. DESCRIPTION OF THE PROGRAMME DESIGN

The *Education Maintenance Allowance* is a conditional cash transfer programme operating actually in Scotland, Wales and Northern Ireland. In England the programme was discontinued in 2011. The EMA offers a package of financial support to students from low-income families, on condition that they participate in full-time education beyond the age of 16 and they comply with school attendance and performance conditions (Legard et al. 2001). The EMA programme is available for up to three years for students aged between 16 and 19. Students have to attend school or college for at least 12 hours per week and have to take part in a programme geared towards a recognised qualification, such as GCSEs, BTECs, NVQs, A or AS Levels or Basic Skills courses. The financial package of EMA consists of a weekly allowance and two types of bonuses: one for regular attendance and one for finishing the course (Legard et al. 2001). In England students received payments of £30, £20 or £10 depending on household income, direct to their bank accounts every fortnight. Bonuses were independent of parental income (Fletcher 2009). The allowance was conditional on the student signing a contract with the educational institution and fulfilling the requirements of that contract, as well as on having any absences certified. Conditionality was monitored by the schools, which collected data on every student taking part in the programme (Individualised Learner Records).

The programme is means tested. In England, only those students were eligible for the programme whose parents' income did not exceed £30,810 in the year prior to application (Fletcher 2009). Those with annual household income of below £20,817 could claim an allowance equal to £30 per week. For those whose household income was between £20,818 and £25,521, the amount of the benefit was £20 per week; and those with household income of between £25,522 and £30,810 were entitled to £10 per week.

In 2008/09, the EMA programme in England underwent important modifications, including the removal of the September bonus. The modifications also aimed to strengthen the link between benefit and effort: from 2008/09, a young person only received an EMA weekly payment for a week in which he/she met the standards required for behaviour and progression, as set out in the contract (Learning Agreement). The third element of the modifications was the establishment of the EMA Guarantee. From 2008/09, any student who was eligible for EMA payments received the same level of payment for up to three years (or until his/her 20th

birthday), irrespective of any increase in household income, provided the conditions were met. If there was a decrease in the young person's household income, he or she could apply to be reassessed for the following EMA year; if reassessed at the higher rate, he/she would continue to receive the higher rate for the remainder of the three years – provided the conditions continued to be met.

Despite these modifications, in 2010 England announced that it was withdrawing bonus payments for the academic year 2010/11, and was abolishing the EMA scheme in its entirety from 2011/12. Today the EMA scheme only operates in Wales, Scotland and Northern Ireland.

In Wales, Scotland and Northern Ireland, the EMA scheme is slightly different from the scheme that was in operation in England:

- In Northern Ireland, the family's income must be below £33,950 for the student to be eligible for the benefit.
- Scotland has phased out the two lower weekly EMA payments of £10 and £20, and EMA bonus payments were withdrawn from 2010/11. The family income threshold below which EMA is payable has been set at £20,351 (or £22,403 for families with more than one dependent child).
- Wales also phased out the two lower weekly payments of £10 and £20 from 2011/12. Bonus payments were also withdrawn as from 2010/11. In Wales, the family's income must be below £23,077 for eligibility (threshold also depends on how many dependent children there are in the household).

4. DETAILS OF PROGRAMME IMPLEMENTATION

In England, responsibility for funding and administering the EMA programme lay with the Young People's Learning Agency (YPLA) (formerly the Learning and Skills Council), which was supported by a national infrastructure including dedicated staff. Administration of the programme involved a national learner assessment and payment system (LAPS) operating between schools, colleges, training providers and the YPLA, which registered and administered payment decisions under the EMA scheme.

In Northern Ireland the scheme is administered by the Student Loans Company (SLC) on behalf of the Department for Employment and Learning (DELNI) and the Department of Education (DE). The DELNI holds the overall EMA budget and is responsible for making payments to students at both schools and colleges. The DE makes an annual payment to schools to cover the administration costs of running the scheme, while the DELNI provides similar assistance to further education colleges. In Wales, administration of the scheme is also the responsibility of the Students Loans Company, but in Scotland administration of the benefit falls to local authorities.

The administering agencies collect school data and organise payment to school students. They carry out assessment and administer the application procedures for schools, including handling

the appeals procedure. They offer appropriate support to students and their families during the application process and provide specific local level publicity information for schools.

In all three countries, the schools also play an important role in administering EMA, providing information to students about the availability of the benefit and how it is awarded. Schools have to ensure that their staff is properly trained to administer EMA. They notify the administering agency of each EMA-eligible student they have enrolled and each Learning Agreement that has been signed. Schools keep a record of school attendance and ensure that these records are maintained for all eligible students for six years, for audit purposes. Schools have to make timely reports about which eligible students are to receive a payment in respect of the previous week. They also notify the administering agency as to whether a bonus payment should be made. The schools likewise provide an appeals procedure for students.

COSTS OF THE PROGRAMME

In England, the number of EMA recipients grew rapidly after the national roll-out of the programme. The 643,000 young people who received EMA in 2009/10 represented around 32% of all 16–18-year-olds in England, or 47% of all those in full-time education (Bolton 2011). Public spending on the scheme was £580 million in 2009/10. Some 80% received £30 per week; 10% – £20 per week; and 10% – £10 per week.

Table 1a. Number of recipients and expenditure on EMA in England

	Number of recipients (thousand)	Expenditure, current prices (million £)	Expenditure, 2009–10 prices (million £)
2001/02	114	109	134
2002/03	124	120	143
2003/04	127	142	165
2004/05	297	260	294
2005/06	430	407	452
2006/07	527	503	541
2007/08	546	544	568
2008/09	576	525	534
2009/10	643	580	580
2010/11		564	548
2011/12		174	166

Source: Bolton (2011)

In Wales, the highest number of recipients was recorded in 2010/11, when 36,458 students benefited from the EMA. In that year, approximately 80% received the highest award (£30). The number of recipients was 17% lower (30,271) in 2012/13, and as the lower awards were phased out, almost all received the £30 award.

Scotland shows a similar evolution. The number of recipients was highest in 2008/09, when 39,000 students received the allowance, while in recent years the number of recipients has

been somewhat lower. In the peak year, expenditure on EMA was £35.4 million, while in the most recent year it was 23% lower.

Unlike in Wales and Scotland, in Northern Ireland the number of EMA recipients grew until 2010/11 (the last year for which data is available) and is expected to have shown growth in 2011/12, too. The number of EMA recipients is expected to have been 26,464 in that year, with spending on EMA forecast to have been £29.1 million. The data also shows that administrative costs amount to 5% of total spending on EMA.

Table 1b. Number of recipients of *Education Maintenance Allowance* in Wales

	January bonus	July bonus	September bonus	EMA awards			All EMA awards
				£10 award	£20 award	£30 award	
2004/05	11,642	10,569	.	1,680	1,641	10,751	14,072
2005/06	20,452	18,489	7,964	2,455	2,661	20,506	25,622
2006/07	23,979	21,301	10,957	2,474	2,993	24,905	30,372
2007/08	24,549	21,731	12,015	2,532	3,041	25,608	31,181
2008/09	25,780	23,521	12,711	2,516	3,164	27,015	32,695
2009/10	28,407	25,574	14,499	2,601	3,369	30,217	36,187
2010/11	29,665	26,681	17,148	2,506	3,366	30,586	36,458
2011/12	.	.	.	1,040	1,539	29,942	32,521
2012/13	.	.	.	174	336	29,761	30,271

Source: Welsh Government, StatsWales

Table 1c. Number of EMA recipients and spending by level of weekly payment and payment type in Scotland

	Number of recipients				Expenditure on EMA		
	£10 award	£20 award	£30 award	Total	Weekly payments (million £)	Bonus payments (million £)	Total (million £)
2007/08	3,380	3,905	29,990	37,275	26.0	7.4	33.3
2008/09	3,495	3,915	31,595	39,000	27.5	7.9	35.4
2009/10	1,165	1,530	34,530	37,230	26.8	6.4	33.2
2010/11	135	205	34,425	34,780	27.2	0.0	27.2
2011/12	0	0	34,385	34,390	27.6	0.0	27.6

Source: The Scottish Government (2013)

Table 1d. Total EMA expenditure in Northern Ireland, broken down by payment bands, bonuses and administration costs

	No. of recipients	Spending on EMAs (million £)					Total
		£30 band	£20 band	£10 band	Bonuses	Admin	
2007/08	19,251	14.8	1.1	0.4	4.3	1.7	22.3
2008/09	20,250	14.9	1.1	0.4	4.3	1.5	22.2
2009/10	23,095	16.9	1.3	0.5	4.9	1.5	25.1
2010/11	24,966	18.4	1.4	0.6	5.7	1.6	27.7
2011/12 (projected)	26,464	19.4	1.5	0.6	6.0	1.6	29.1

Source: DELNI 2012

5. IMPACTS OF THE PROGRAMME

METHODS USED TO EVALUATE EMA

This section summarises the rich literature and the interviews on the impacts of the *Education Maintenance Allowance*. There are many available studies of this programme, some of which focus on evaluating the intended effects of the programme, others on its side-effects. The table below summarises the evaluations of the effects of the programme.

The programme was evaluated quantitatively every year during its pilot phase, and here we discuss the evaluation after the third year. We also report on two general quantitative evaluations of the pilot, and on a study analysing the effects of the programme on youth crime. The quantitative evaluations were based on rigorous impact evaluation methods and offered relatively credible conclusions. It has to be acknowledged however, that in the case of the EMA no randomised impact analysis was carried out. Results of the existing non-experimental impact studies are valid only if assumptions inherent in the methods used are justified.

The qualitative analyses provide useful information about ways of improving the programme design and implementation, but their conclusions in terms of programme evaluation are less informative for policy purposes.

In what follows here, we have ordered the studies according to their focus, not their methodology; but their methodology is also mentioned in the detailed report. Both qualitative and quantitative evaluation studies will be summarised here, with a focus on the more influential or broader studies. In the first part, evaluations of the pilot will be summarised; there then follow general evaluations; and finally some interesting studies about the side-effects of the programme.

Table 2. List of studies on the impacts of the EMA based on the pilot programme

Evaluation	Type	Methodology	Focus
Middleton et al. (2003)	quantitative	longitudinal cohort study, propensity score matching on five waves of interviews, five data sets	effect on participation, staying in education, entering higher education
Chowdry et al. (2007)	quantitative	multivariate regression models on large-scale administrative data	effect on education and achievement, subgroup analysis (gender, race, socio-economic background, prior achievement)
Dearden et al. (2009)	quantitative	kernel-based propensity score matching, fully interacted multinomial probit, linear regressions	general effect, long-run effect, effect on fully eligible vs. partially eligible, effect of credit constraints
Feinstein and Sabates (2007)	quantitative	differences-in-differences	effect on crime rates
Fletcher (2009)	review of evaluations	comprehensive evaluation	effect on enrolment, effect on specific target groups, policy implications
Legard et al. (2001)	qualitative	interviews	awareness, application process, decision-making of eligible
Allen et al. (2003)	qualitative	case studies, contextual data collection, interviews	impact on vulnerable groups (homeless young people, teenage parents, disabled young people)
Aitken et al. (2007)	qualitative	interviews with students and education providers	students' awareness, opinion, alternatives; providers' awareness, opinion, experiences
Maguire et al. (2002)	qualitative	based on surveys	number of applicants, general opinion, implementation, administration

RESULTS OF PILOT PROGRAMME EVALUATIONS

IMPACTS ON PARTICIPATION RATES

Dearden et al. (2009) performed a quantitative analysis of the effects of the programme. From the 15 educational areas of the pilot, nine urban zones were selected for the evaluation. These were generally characterised by relatively high deprivation rates, low rates of educational enrolment in the given age group, and poor results at the end of the school year. The authors of the evaluation selected nine educational districts as control groups; these were similar to the experimental districts in terms of their observable characteristics. The authors used sophisticated econometric methods (kernel-based propensity score matching, fully interacted multinomial probit, and fully interacted linear regressions) to measure the effect of the programme on participation rates. They showed that the EMA increased the participation rate by 4% among eligible females and 5% among eligible males. There were some differences between the impact in the first and the second year (the same participating person involved for two years), and the study investigated the drop-out rates of students already involved in the EMA programme. The EMA programme seemed to have a longer-term effect in all models – about 4.1 percentage points. Among those eligible for the full allowance, all effects were higher: eligible for full EMA – 6.7 percentage points; eligible for partial EMA – 1.2 percentage points; not eligible – no significant effect (no spillover effects).

In addition, the study analysed whether it was the *credit constraints* that hindered students in continuing their education. The study used housing wealth as a proxy for wealth status of the households. Those living in rented housing were considered credit constrained, while those living in owner occupied housing were considered as unconstrained. The coefficient for those living in rented houses was higher, but not significantly. It seems that students from a lower socio-economic background overly discounted the return to education, which was consistent with prior theoretical assumptions.

During interview with us, experts argued that, while the study showed a significant impact on those participating, the evaluation did not really measure whether EMA improved academic outcomes. There was some slight evidence that it had a small impact on the proportion of those in vocational education, but it did not seem to have had much effect on young people obtaining a higher-level academic qualification. The evaluation did not cover the long-term impact by following participants and non-participants through the labour market. That would have been ultimately important in judging the usefulness of the programme.

Middleton et al. (2003) performed an evaluation study of the pilot programme after three years, in 2003. Their evaluation was a longitudinal cohort study, comparing eligible groups in EMA and non-EMA areas. The methodology used was propensity score matching. The evaluation was based on five waves of interviews and five datasets. A slightly higher percentage of students stayed on in post-compulsory education, according to this evaluation. The participation in education increased by 4.3 percentage points in the case of year 12 students, and by 6.2 percentage points in the case of year 13. The effect seemed to be stronger for young men than for young women. Some 80% of participating students reported continuous payments. Stoppages were usually due to attendance problems or, in some cases, to administrative problems. The impact of EMA was highest on children from lower socio-economic backgrounds, whose parents were semi-skilled or unskilled workers, or who were without work. At the same time, the highest bonuses were largely correlated with level of prior achievement, and hence higher socio-economic background (Middleton et al. 2003).

The study by Middleton et al. (2003) revealed that EMA had a significant positive effect on entry to higher education, as the pilot group did not choose lower-level education programmes compared to the control group. Eligible students in pilot areas were less likely to take part-time jobs than those in control areas, which could indicate that their financial situation was significantly eased by the allowance.

Lastly, the longer-term effects seemed positive, as students who participated in EMA and achieved higher education levels found more jobs than drop-outs who did not participate in the programme (Middleton et al. 2003).

IMPACTS ON FULL-TIME EDUCATION (AGES 16–17) AND EDUCATIONAL ACHIEVEMENT (18–19)

In the study using multivariate regression models on large-scale administrative datasets for school years 2001/02 to 2003/04, Chowdry et al. (2007) performed subgroup analysis of different effects by *sex*, *race*, *material deprivation* and *prior academic achievement*. The research found that the general difference between pilot and control areas with all control variables was 2 percentage points in the case of females. For males, no significant effect was observed. The difference estimated between each control area and each pilot area was 3 percentage points for females and 2 percentage points for males.

However, individual-level estimation for those who did actually receive the EMA could be biased: the study did not have precise information about the socio-economic background of the students, and the use of local background proxies could mean that the effect was underestimated. The subgroup analysis by race at the individual level showed that the impacts of the programme were concentrated on white females and males, while it did not have a significant effect on Asian or black students, except for black females.

The study used neighbourhood information and free school meal eligibility as proxies for a disadvantaged socio-economic background. The impact was highest – 3 percentage points – among females from the worst neighbourhoods (the worst 40%). Among males, the effect was higher in fairly deprived neighbourhoods than in the most deprived ones. Turning to the free school meal proxy, the effect was stronger among more deprived students. The impact was greatest among low-achieving females, though the effects were significant for all groups of females. It would seem that the lowest-achieving males and females were not in education at the age of 17. For other males the effect was significant (1–3%).

The study estimated the effect on attainment, as well. For females, there was no significant effect at age 18–19, but for males the effect was significantly positive. Asian and black females showed 4–6 percentage points greater probability of reaching the level 3 threshold at the age of 19, and the same was true of black males. The effect was highest for students from very deprived households, especially females. Level 2 seemed to prove attainable even for low or middle achievers, but level 3 only for prior high achievers (Chowdry et al. 2007).

IMPACTS ON VULNERABLE POPULATIONS

Allen et al. (2003) evaluated the impact of the pilots on specific vulnerable sections of the population targeted by the EMA. They used case studies, contextual data collection and qualitative interviews. They analysed the effects on *homeless young people*, *teenage parents* and *disabled young people*.

Homeless young people had both positive and negative experiences of schooling. A strong support network of institutions for personal development was needed. Their information about EMA was rather limited: they knew only about the requirements and sanctions, but less about the flexibilities. In the case of teenage parents, awareness of the programme was reported to be high. The EMA played an important role in returning them to education. But the effort involved in gaining a small number of students was too high, relatively speaking. Most of the teenage parents believed that they had to stay at home with their children, as it was their responsibility. At the same time, EMA could significantly increase participation in education. The take-up by disabled young people was disappointingly low, as was their awareness of the programme. Experience of EMA was usually reported to be positive, but it did not play a large role in the decision to stay on at school.

All in all, the effect of EMA on specific vulnerable groups is still debatable. The existence of EMA was positively evaluated by the students as a way of incentivizing them to continue with their studies. But awareness of its flexibility was low. The impact on disabled youngsters was marginal; on teenage parents highly variable; but on young homeless people was good. The reported barriers to participation were physical barriers to access, personal issues and lack of previous school experience (Allen et al. 2003).

PERSONAL IMPACTS OF PARTICIPATION IN EMA

In a qualitative study Legard et al. (2001) found that the decision at the age of 16 about whether to continue in education was taken jointly by students and parents, but with a significant impact of the teachers. Some students had already mapped out their career paths by this time, while others were quite unclear about their future. Generally, the decision was taken before the participants even knew about EMA, so the timing of the provision of information was criticised by the interviewees. They reported having quite a lot of information about EMA, especially about the regular attendance conditions. However, the application process was considered to be too difficult.

The allowance was reported to be spent according to three different beliefs about its goal: 1. to help out the household, 2. to cover educational expenses, 3. to reward good performance by the student. Bonuses were usually spent by the young person, while the allowance itself was often used by the household.

EMA seemed to influence people with poor labour market opportunities, but not those who were strongly averse to school. The allowance encouraged students to participate more in social activities and to save more, but it could not compensate them for earnings forgone. As in the studies already mentioned, the impact of the allowance was found to be higher in lower-

income households. The EMA was also reported to have an impact on students' relationships with their parents, reinforcing their self-esteem and sense of responsibility (Legard et al. 2001).

EFFECTS ON YOUTH CRIME

Feinstein and Sabates (2007) handled the non-random assignment of districts with higher crime rates in pilot areas by using a differences-in-differences estimation. They found that there was a significant decrease in crime rates in the areas where the EMA pilot was launched. This effect was only significant for the generation of young people eligible for EMA. Burglary rates, for example, fell by between 1.1 and 1.5 offences per 1,000 students in the pilot areas. Among older generations, this effect was not significant, which implied that the effect was down to EMA. The study identified five potential channels through which education had an effect on crime: income, parenting, pleasure, patience and risk aversion.

EVALUATION OF THE NATIONAL ROLL-OUT

IMPACTS ON RETENTION, ACHIEVEMENT AND SUCCESS

In 2004, the EMA was rolled out nationally, and thus there was no longer the possibility of comparing EMA recipients to a control group of identical non-recipients. Aitken et al. (2007) compared EMA recipients to a group of learners with similar characteristics in terms of home area and level of study, but with differences in other respects, such as socio-economic status, prior educational attainment, etc. Among the 2,000 EMA recipients, Aitken et al. (2007) found that those eligible for only lower EMA support were slightly more likely to complete their courses – though this could be explained by prior attainment and socio-economic status. Some 16% of participants said that they would not have finished their studies without EMA, especially those who would have left to earn money. They attended more lessons and worked harder thanks to EMA. Some 90% reported that the eligibility criteria were fair. In many cases, EMA was their main source of money for course-related costs.

In addition, recipients said that information about EMA had reached them easily via their teachers, tutors and parents. In most cases, students reported being supported by their parents to continue in education, especially if they were eligible for EMA. Some of the students said they would have stayed in education anyway, but others said they would have gone out to work. Students from lower socio-economic backgrounds were less likely to continue in education.

The study questioned 375 education providers. These reported that the EMA had increased applications from and participation by students. Retention also improved, as did students' attendance and punctuality. The education providers generally felt well informed about the EMA and found the administrative support helpful. They could offer students information and assistance with filling in the forms and with explaining the terms and conditions of eligibility. They mentioned that – administratively speaking – the management of EMA involved a lot of additional work for them (Aitken et al. 2007).

In another similar study, Fletcher (2009) found that EMA was very successful in reaching its goals. It significantly increased enrolment in secondary education. At the same time, it effectively focused on the target group (low-income households, low achievement levels, single-parent households and ethnic minorities). The programme was important, as Britain is still below average in terms of getting children from poor socio-economic backgrounds to perform well at school.

Fletcher (2009) suggested that even with a rise in the school leaving age, EMA would provide a positive incentive. In the long run, an integrated system of support for children is needed to compensate for low socio-economic background of the students.

IMPACTS ON POVERTY

According to an academic expert, while some beneficiaries of EMA were indeed in poverty, even children from households with annual earnings of around £30,000 were eligible. Since average earnings are about £25,000, clearly the range of recipients was quite broad. The biggest impact was found among those whose families were on some sort of state support. In the short term, it made a difference to the family budget, and it had an impact on education. But it is impossible to say what the longer-term consequences were – whether it had any impact on inequality or whether the recipients' families are now better off.

The government was hoping that the programme would help to keep in education those who otherwise would have not been in education, employment or training. During an expert interview our interviewee argued that, for men, the increase in participation did come from the NEET group; whereas for women, there was an even split between those who would have been in employment and those not in employment, education or training.

BUDGET CUTS AND DEADWEIGHT LOSS

The Conservative government dropped the EMA and replaced it with a different scheme, with only one-third of the funding. The equality impact assessment published by the Department for Education in April 2011 asserts that, while reports showed that EMA did have a positive impact on participation, attainment and retention, it was a very expensive way of supporting young people to participate: an annual budget of £500 million paid to 45% of 16–18-year-olds in further education and an average of £45 million per year to administer. The decision to reprioritise investment to target educational inequalities was based on the combined research evidence, which suggested that only around one in ten of those receiving EMA said they could not have remained in education without it – i.e. less than 5% of all 16–19-year-olds in education and training (DfE 2011: 2).

The assessment maintained that, since most young people already continued in further education, it was no longer appropriate to operate an incentive-based scheme. Hence the school leaving age was raised. The *16 to 19 Bursary Fund* would be used to subsidise the costs related to being in education, such as special equipment or course materials, books, field trips,

transport and meals. The *16 to 19 Bursary Fund* is targeted at improving the educational outcomes of the most disadvantaged young people and making sure that they are not prevented by financial barriers from participating in their route of choice, particularly post-16 learning.

But according to research by the NGO Barnardo's the assumption that young people used EMA as an optional incentive to continue in education is false. According to their findings, the poorest young people claimed the EMA as a necessary means of assistance, and without it they struggle to continue with the education or training required to find the jobs they aspire to. Young people report that they are not able to attend school if they are not subsidised effectively.

6. REPLACING EMA IN ENGLAND: THE 16 TO 19 BURSARY FUND

EMA payments for all students in England ended in August 2012, but students in Northern Ireland, Scotland or Wales can still claim the benefits. In England, EMA was replaced in September 2011 with the £180 million *16 to 19 Bursary Fund* scheme to help 16–19-year-olds continue in full-time education or training, if they might otherwise struggle for financial reasons. The new programme comprises two elements: a *Defined Vulnerable Group Bursary* of £1,200 a year for the most vulnerable young people, such as those in care, care leavers, those on Income Support or Universal Credit, and disabled young people in receipt of both Employment Support Allowance and Disability Living Allowance (or Personal Independence Payment); and a *Discretionary Award* of up to £800 a year, distributed by institutions – schools, colleges and training providers – to over 15% of 16–19-year-olds in full-time education who are facing genuine financial obstacles to participating (UK Department for Education website).²

EMA was a much bigger programme than the *16 to 19 Bursary Fund*, and it had much more funding; however, the new scheme is better targeted. The Education Funding Agency (EFA) believes that although there is less money now, it reaches the people who need it most.

PROGRAMME IMPLEMENTATION AND ADMINISTRATION

The EFA is the government agency that implements the policy, and that delivers and operates the *16 to 19 Bursary Fund*. In the case of Defined Vulnerable Group Bursaries, the EFA has outsourced operations to a company called Capita, which administers the bursaries on behalf of the EFA. By contrast, the Discretionary Awards require funding agreements and contracts with the various educational establishments. The award allocation is then added to the

² <http://www.education.gov.uk/childrenandyoungpeople/youngpeople/studentsupport/a00203061/16-to-19-bursaries>

existing funds of the institutions. The *16 to 19 Bursary Fund* is a centrally held budget; transfers are done either annually or three times a year.

There are approximately 3,500 institutions that receive funding from the *Bursary Fund* to support students. It is a wide-ranging list: from local authorities that directly fund young people's education; through independent specialist providers who deal with young people with complex special needs who may have learning disabilities; to colleges and schools.

Providers are in charge of managing applications, determining award criteria and distributing funds. The first year of the *Bursary Fund* served as a 'transitional' year, during which most second-year students who had previously claimed EMA continued to take up transitional payments; however, all students were eligible to apply for the *Bursary Fund* from September 2011 (Callanan et al. 2013).

In the case of local authorities administering the Discretionary Awards, some are providers themselves – delivering education directly – and so receive an award allocation. Others act on behalf of groups of local school authorities who work with them to agree common criteria across the area for how the awards are going to be administered.

According to *Evaluation of the 16–19 Bursary Fund Year 1 Report* (Callanan et al. 2013), bursary grants have more commonly been disbursed direct to students, rather than paid in kind, i.e. in the form of books or equipment. Some 62% of providers paid all bursary awards direct to students, with 27% using direct payments and in-kind awards, and 12% making only in-kind grants.

Bursary awards were conditional on attendance at 96% of providers; on compliance with behaviour standards at 63%; and on completion of course assignments at 48%.

In terms of information dissemination, 97% of providers had publicised the *Bursary Fund* to young people using written materials; 75% through word of mouth; and 68% through events such as open days. Some 90% of colleges had publicised the *Bursary Fund* on their websites, but only 40% of school sixth forms had done so (Callanan et al. 2013: 12).

CHALLENGE IN IMPLEMENTATION

Some of the reported drawbacks in implementation of the *16 to 19 Bursary Fund* included inequality in the financial support available to young people at various providers in the same area, the administrative burden placed on providers, and lack of experience of assessing financial situations (Callanan et al. 2013).

In areas where the local authority operates the *Bursary Fund* on behalf of schools, this was perceived to offer efficiencies in terms of administration, to detach financial support from education, and to guarantee equality in the amount of support accessible at various providers. Nevertheless, there was less flexibility, as some providers were unable to adapt to the way payments were made or to respond to individual student needs.

In addition, several political problems were identified as barriers to implementing the *16 to 19 Bursary Fund*. The good reputation enjoyed by the old EMA and popular resistance to the drop in the budget aggravated people's unwillingness to see the EMA replaced.

Another barrier was the lack of recognition by many young people that they were entitled to a bursary. There was very high awareness of the EMA (almost half of all young people in the 16–18 cohort were receiving it), and so awareness of the new scheme is inevitably much lower.

Following the first year implementation of the *Bursary Fund*, most providers were planning to make some changes for the 2012/13 academic year. These changes involved eligibility criteria for Discretionary Awards (34% of providers), advertising of the *Bursary Fund* (32%), administration (30%) and the type of bursaries offered (27%) (Callanan et al. 2013: 12).

PROGRAMME IMPACTS

The Year 1 Research Report found in a survey of providers that the *Bursary Fund* had had some positive impacts on young people's participation (58% of respondents agreed) and engagement in learning (54%). In the same way, 68% thought it was effective in targeting young people who had to cope with the greatest barriers to participation (Callanan et al. 2013: 66). However, the impacts since the introduction of the *Bursary Fund* are still not known, as the final report will only be delivered in 2014.

The small discretionary payments are having an adverse impact on young people, despite their motivation to continue learning (Evans 2012). On the one hand, the fact that the payments vary and are discretionary makes for uncertainty among young people. Colleges make a discretionary payment depending on their analysis of a student's financial need. Therefore, students do not know in advance of starting college either whether they will be entitled to a bursary, or how any award will compare to those of other students at the same college. On the other hand, a student's decision may depend on where the best bursary is available. Young people may select courses that are not appropriate, simply because they can receive more money. Whereas a young person might formerly have chosen not to continue in education at all, or to go into a job with training, now the temptation may be to choose an academic course. For there is a huge difference in the support given to students in higher education, compared to those following other paths: the inducement of £4,500 a year in higher education is much greater than the attraction of £1,200 a year for a vocational route. For plenty of young people, that is the motivation behind their decision, but that may not be appropriate for what they intend to do. In addition, this process has greatly affected the way colleges decide how they make payments.

In general, there is a potential risk of diminishing participation. The charity Barnardo's has gathered examples of young people who are disengaging and participating less in education simply because they cannot obtain funding.

Another negative aspect is the possibility of stigmatization: young people may be reluctant to come forward and claim funds because they are concerned about drawing attention to themselves. Stigmatization is one of the reasons why the EFA leaves it up to the educational establishments to decide how to administer the awards: they are closer to the young people

and are thus in a much better position to find ways of getting the funds to the target group without singling anyone out.

ON VULNERABLE GROUPS

Barnardo's found some evidence that the *Bursary Fund* is having an adverse impact on the most vulnerable young people, and that the current scheme is failing to address sufficiently the needs of these particularly vulnerable young people. Some of those impacts include: reduced educational attainment as a direct result of the reduced financial support offered by the scheme; the quality of young people's educational experience has been compromised; resentment and frustration among young people caused by the discretionary nature of the scheme.

7. CONCLUDING REMARKS

The *Education Maintenance Allowance* is a means-tested programme that subsidises children to remain in school for up to two years beyond compulsory schooling age. The programme was piloted from 1999 and rolled-out nationally across the United Kingdom in 2004. Quantitative impact evaluation of the pilot programme showed that the transfer contributed significantly to increase stay-on rates in secondary school past the age of 16. Despite its beneficial effect, the government of England decided to stop the programme in 2011 due to its high deadweight loss. Scotland, Wales and Northern Ireland however have decided to continue with the programme.

In England EMA has been replaced by a similar programme with reduced budget, the *16 to 19 Bursary Fund*. Several specific recommendations have been made by experts to improve this current scheme. First, given that in the English education system the proxy for poverty is eligibility for free school meals, a pragmatic position would be for the Government to decide who is entitled to a bursary using the same criterion as is used to determine eligibility for free school meals. For instance, the charity organisation Barnardo's advocates that every young person who is eligible for free school meals should receive a bursary of £30 a week to continue in education.

Second, there is a need for schemes that clearly signal to young people what their options are. In the current UK education system there are various schemes for different tracks (i.e. vocational, higher education or tertiary) available to post-16s. These are all independent of one another and are inconsistent in terms of their implementation. For example, students in tertiary education are offered higher grants, compared to students in vocational education. This can influence young people's educational choices, since they tend to select a track where they receive more support to stay on in education. This is problematic since it might push young people to base educational choices on short-term monetary rewards rather than long-term labour market prospects. Therefore, resources should be redirected (depending on availability) into a conditional cash transfers for post-16s to stay in full-time education in a more consistent and transparent scheme.

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CASE II. THE *KINDERGARTEN ALLOWANCE* IN HUNGARY³

1. INTRODUCTION

This case study examines a Hungarian conditional cash transfer programme, introduced on 1 January 2009. The *Kindergarten Allowance* programme is intended to motivate low-educated, socioeconomically disadvantaged parents to enrol their children in kindergarten before the compulsory age of five.

Evidence shows that children from disadvantaged families amass significant cognitive deficits before they reach school age. However, regular kindergarten attendance has great potential benefits and may increase the likelihood of later school success and chances in the labour market.

The proportion of children enrolled in kindergarten at an early age (three or four years) is significantly lower among poor and low-educated parents, whose children could benefit most from kindergarten education. Less than 30% of those children whose mothers have not completed even primary education and only slightly more than 60% of those children whose mothers have not completed more than eight years of schooling start attending kindergarten at the age of three. One of the main reasons for this is severe poverty.

The positive impacts of the conditional cash transfer programme are readily observable: according to the estimates of Kézdi and Kertesi (2014) one-sixth of the newly enrolled 3–4-year-old disadvantaged children would not have begun attending kindergarten at this early age without the allowance. As the results of the quantitative impact evaluation shows these children were induced to enrol by the financial incentive.⁴

However, severe poverty is not the only factor that prevents disadvantaged households from accessing kindergartens. Capacity constraints and social distance between poor families and the kindergarten staff are equally important barriers. The conditional cash transfer programme has failed to address these serious supply-side problems and the negative impacts that the programme has on service quality. The programme could have a greater impact if the current design and implementation inefficiencies were rectified.

2. SOCIAL AND POLICY CONTEXT OF THE PROGRAMME

THE POLICY PROBLEM

In 2011, 39.6% of children (aged 0–17) in Hungary were at risk of poverty or social exclusion (AROPE) – a 6.2 percentage point increase since 2008. The difference between the AROPE

³ This chapter uses information from personal interviews with Mária Herczog, President of Eurochild, and Bódiné Pajer Mariann and Paszkoszné Kulcsár Andrea both at Ministry of Human Resources, Hungary.

⁴ Section 7 provides a detailed description of the authors' findings.

rates of children and the total population was more than 8.6 percentage points –one of the highest differences in the European Union (López Vilaplana, 2013).

Children growing up in poverty and social exclusion are less likely to perform well at school and to be in good health. Moreover, the timing of poverty seems to have a great influence on child outcomes. Children who experience poverty during their pre-school and early school years are less likely to complete school than are children and adolescents who suffer from poverty only in later years (Brooks-Gunn and Duncan 1997). This is a very important mechanism through which poverty reproduces itself across generations. In Hungary, 20% of each cohort is unable to obtain upper secondary education and this percentage persists year after year (Kertesi and Varga 2005: 644).

The Hungarian evidence shows that there are significant differences in the cognitive development of children before they attain school age, and this depends on their socioeconomic status. In tests that measure basic competencies⁵, children whose mothers have completed only elementary education achieve significantly worse results than the overall population (by on average 0.5–1.5 standard deviation units) (Kertesi and Kézdi 2009: 114).

Home environment influences child development to a great extent. Research shows that elements of this home environment, such as warm and responsive parenting, presence of playing and learning materials, academic stimulation all contribute to child well-being and development (Bradley and Corwyn, 2005). Studies show that parental education is a predictor of stimulating home environment. E.g. one specific element of academic stimulation is whether the parent reads to the child (storytelling). Kertesi and Kézdi (2009: 115) found that in Hungary only 35% of the lowest-educated mothers (who had not completed even primary school) regularly read stories to their children (on at least 3–5 occasions a week), whereas the proportion was 91% among mothers with a college or university degree.

Research shows that pre-school age is a life stage at which interventions have a bigger impact on child outcomes and hence are more likely to help to eliminate deep and persistent poverty (Brooks-Gunn and Duncan 1997, Heckman 2006). Consequently, in Hungary kindergartens can have a vital role to play in eliminating early childhood disadvantages.

The evidence shows that the duration of kindergarten attendance has a strong effect on the results of competency tests (measured in the fourth class) among disadvantaged children⁶. An additional 1.5–2 years of kindergarten attendance results in a significant improvement in the competencies. (The improvement is 28–30% of the standard deviation of the whole population.) This impact can be observed among all disadvantaged children; however, the less disadvantaged the children are, the smaller the potential benefits of a kindergarten education (Kertesi and Kézdi 2009:111).

⁵ Basic competencies like relational vocabulary or coordinated movement, measured in the first semester of elementary school.

⁶ Based on data from the 2006 Hungarian Assessment of Basic Competencies, administered to a full cohort of fourth-graders.

However, the competency results for disadvantaged children are very low, even with the significant improvement brought about by an additional 1.5–2 years of kindergarten education. A possible way to benefit these children further would be for them to start attending kindergarten earlier, at the age of three (Kertesi and Kézdi 2009).

KINDERGARTEN ATTENDANCE

In international comparison, the healthcare network and the nursery and kindergarten system are both well established in Hungary. These institutions are potential protective mechanisms in the lives of children who face different risk factors (Szilvási 2011).

In Hungary, nurseries provide full-time childcare for children between the ages of 20 weeks to three years. However, most of the children at this age are cared for at home by the mother: in 2012, 92% did not participate in formal childcare (Eurostat, undated). This is on the one hand the consequence of the availability of extended maternal and parental leave, on the other hand due to scarce capacities. In Hungary state subsidised parental leave is available until the child reaches the age of three, which is one of the most generous systems among OECD countries. In the last three decades, the number of nurseries and available child care places has decreased dramatically. In 2008, only about 15-20% of all settlements had nurseries, mainly the bigger towns (Korintus 2008 : 46). 55% of poor families with children do not have access to a nursery in their place of residence (Havasi 2007).

Besides the enlargement of nursery capacities other alternatives of childcare can also alleviate this problem. Family day-care provides care for children in a broad age range (between 20 weeks and 14 years), even if they are mainly used as a substitute for nurseries. 60% of the enrolled children are less than three years old and an additional 25% have not reached the age of four (KSH 2012: 8). Family day-care is expanding rapidly: their capacity increased tenfold between 2007 and 2011 (KSH 2012: 7). Moreover, municipalities having less than 2000 inhabitants are allowed to establish nursery groups in the kindergarten for children who are older than two years old (KSH 2012).

Kindergarten is open to all children aged three and over, and kindergarten attendance becomes compulsory from the age of five. According to a representative survey prepared by Szonda Ipsos in 2006, 42.9% of three-year-olds, 82.9% of four-year-olds, 95.3% of five-year-olds and 98.8% of six-year-olds attended kindergarten. In 2012, 25% of children between three years and the compulsory age were not enrolled in kindergarten (Eurostat, undated).

Research shows the important social gradient in the use of kindergarten services. The number of years during which children attend kindergarten is closely related to the educational background of their mothers: 26.8% of children whose mothers have not even completed primary education and 12% of children whose mothers have only primary schooling attend kindergarten for less than two years. In middle-class families more than 90% of children attend kindergarten for more than two years. The proportion of children who take part in kindergarten education for more than two years is 20–40% lower among children in severe poverty than among middle-class children; (Kertesi and Kézdi 2009: 108–109).

Havas (2004) examined the main factors behind the shorter kindergarten career of disadvantaged children. He examined 227 settlements where (based on preliminary data) it was expected that kindergarten attendance could be problematic. The main predictors were congestion, capacity constraints and the high proportion of children who started kindergarten only at the age of five or six. Havas (2004: 10) found that only 35% of those kindergartens examined had adequate capacity, while 47.5% faced a significant shortage of places. Capacity problems were more likely to emerge in settlements where the proportion of Roma is higher.

Naturally, not every applicant can be accepted in under-served areas. Before the introduction of the *Kindergarten Allowance* programme the disadvantaged children had less chance to begin attending kindergarten early, at the age of three due to the enrolment mechanism. If there were capacity constraints, children aged five and over were preferred, because kindergarten attendance was compulsory for them. If there were any more places available, the children of working parents were first taken. Consequently, children from the most disadvantaged families, in which the parents were unemployed or were on a disability pension, were less likely to be admitted to the kindergarten at this early age (Havas 2004).

Kertesi and Kézdi (2014) also demonstrate that kindergarten attendance of parents with low education is also below average in settlements that do not suffer from capacity constraints. This shows that demand side factors also play a role in explaining the low overall kindergarten attendance of this group. Besides the shortage of kindergarten places, Havas (2004) defined other factors that hinder adequate kindergarten attendance:

1. *Severe poverty.* Poor families seek to postpone kindergarten enrolment, because they lack the money to pay the meal charge or to buy clothes appropriate for the season. Moreover, if the children are already enrolled, they often do not attend kindergarten regularly. The main reasons for irregular attendance are bad living conditions and frequent illness resulting from poor nutrition and inadequate hygiene. The frequent absence of children from kindergarten can hinder effective pedagogy.
2. *Distrust between parents and institutions.* Poor parents and kindergarten teachers often distrust each other. Parents are afraid that their children will have to face an unknown, hostile environment, where they may be exposed to discrimination. Kindergarten teachers might fear that these children will create problems that they will not be able to handle.

Under socialism, the ruling ideology made poverty a taboo, and so nurseries and kindergartens were not sensitised to the needs of families living in poverty and exclusion (Szilvási 2011). The repercussions of this phenomenon are being felt to this day.

In summary, Hungary has a relatively well-established kindergarten system, though settlements where the proportion of families living in persistent poverty is extremely high are more likely to be facing a dysfunctional kindergarten services (Havas 2008).

ATTITUDES TOWARDS SOCIAL TRANSFERS

The justification for social transfers by society is always a crucial question from the government's perspective. Means-tested social transfers are generally unpopular among the middle class, since they tend to be net contributors to the system. Moreover, the unpopularity of social transfers often results from an attitude on the part of society that holds the poor responsible for their own situation (Schüring 2010).

According to a survey prepared by Medián, a Hungarian research institute in 2011, 49% of respondents agreed that welfare programmes should support only those poor who, by their work and behaviour, show that they deserve it. Moreover, 67% thought that the state should somehow ensure that beneficiaries use the money to cover their families' (and their own) living expenses. Hungarians perceive it to be a serious problem that some recipients spend social transfers inappropriately. The survey also shows that among Hungarians the majority support conditional cash transfers. The conditions that enjoy most support are the enrolment of children in kindergarten, school attendance of school-aged children and cooperation with employment institutions in exchange for the subsidy.

3. BRIEF HISTORY OF THE PROGRAMME

A kindergarten attendance allowance programme was first proposed by the Education and Children's Opportunity Round Table in 2008. The government introduced the programme on 1 January 2009. The aim of the legislation was to create a demand-side incentive that would motivate low-income parents to enrol their children in kindergarten before the compulsory age of five. The hope was that early kindergarten attendance – which plays an important role in the social integration of disadvantaged children – would increase the likelihood of later school success and ultimately improve those individuals' chances in the labour market.

The 1997/XXXI law on child protection (Gyvt.) was modified to introduce the *Kindergarten Allowance*. The details of the new legislation (including eligibility, terms and conditions, the amount of the allowance, and the form and distribution of payments) were established in Gyvt. 20/C and in government directive 149/1997 (IX. 10.) 68/F–L. The legislation was later modified under the Magyar Programme on the basis of experience and feedback from law enforcers and citizens. Before this modification, many municipalities interpreted and applied the legislation inadequately. The main problem fields included the determination of eligibility, disbursement of the allowance and the question of non-compliance and resulting sanction (Autonómia Alapítvány 2010).

The principles of the legislation remained unchanged, but the eligibility and application criteria were clarified. The amendments came into force on 1 April 2013. One of the most important changes to the legislation was that guardians, as well as parents, could now apply for the allowance. Furthermore, harmonization of the legislation was necessary to accord with changes to the definition of a “multiply disadvantaged” (see later) child. This amendment came into force on 1 September 2013.

New legislation aims at making kindergarten attendance compulsory for every child from the age of three: 'Children shall participate in pre-school activities for not less than four hours a day as from the starting date of the pre-school year in the year in which they turn three before 31 August' (Act CXC of 2011 on National Public Education 8 §). This legislation was to have come into force on 1 September 2014, but the Hungarian Parliament postponed its introduction until 2015, because the capacity constraints rendered it temporarily impossible to fulfil.

As soon as the new legislation comes into force, the *Kindergarten Allowance* programme will end. Experts interviewed fear that making kindergarten attendance compulsory from the age of three will lead to the merging of the *Kindergarten Allowance* into the universal Child Benefit scheme. As the Child Benefit is conditional on regular school attendance (actually for school-age children it is called Schooling Allowance) the transfer will be probably withdrawn from disadvantaged families if their children do not regularly attend kindergarten. This will mean that instead of a separate positive incentive for kindergarten enrolment, parents may now have to face the possibility of being sanctioned by the withdrawal of a transfer that was earlier provided without behavioural conditions.

4. DESCRIPTION OF THE PROGRAMME DESIGN

TARGETING

The Hungarian legislation uses the concept of “disadvantaged” and “multiply disadvantaged” for targeting of support to children of needy families. Children from multiply disadvantaged households are eligible for the *Kindergarten Allowance* if they are enrolled in kindergarten at the age of three or four. According to the regulations that were in force when the allowance was introduced, a child was disadvantaged if he/she was eligible for regular child protection support on account of family or social background. A multiply disadvantaged child is a disadvantaged child whose parents have completed only elementary education at the time of enrolment in the kindergarten.

According to the new legislation, multiply disadvantaged children are those children who are eligible for child protection subsidy⁷ and who also meet at least two of the following conditions:

- The parent/guardian has a background of low education and has not completed more than eight years of education. In the case of parents raising a child together, neither parent should have more than eight years of education.
- The parent/guardian was a registered job seeker for at least 12 of the 16 months prior to the claim for the child protection subsidy.

⁷ Child protection subsidy is conditional on a low monthly income. In 2013, this means a per capita household income lower than 37,050 HUF monthly.

- The child lives in substandard housing (a segregated area; an occupied dwelling without lavatory or bath; a dwelling with a lavatory only; a temporary dwelling)⁸.

The allowance is not given automatically; it must be claimed from the local government.

TRANSFER SIZE

Families are given a lump sum of 20,000 HUF (approx. 64€) on first enrolment, and a further 10,000 HUF at the beginning of each semester thereafter. Municipalities have the right to decide whether to provide the first transfer in cash or in kind. In-kind transfers are employed to ensure that the allowance is used specifically to meet the basic needs of those children who are vulnerable because of child neglect (Szociálpolitikai és Munkaügyi Intézet n.d.).

Cash transfers are made two months after enrolment, whereas in-kind transfers are given to the families within 21 days. Consequently, while the transfer disbursed in cash is actually conditional on a strict criterion (regular kindergarten attendance), the transfer disbursed in kind is received before compliance can be monitored.

BEHAVIOURAL CONDITIONS

Conditions require that the child attends kindergarten regularly in the first two months after enrolment. Kindergarten attendance is considered 'regular' if the child stays in the kindergarten for at least six hours on those days when the kindergarten operates, and if the total number of certified and uncertified days of absence does not exceed 25% of the kindergarten days of education per working day. If these conditions are not met, the sanctions affect the total withdrawal of the allowance.

5. DETAILS OF PROGRAMME IMPLEMENTATION

In the implementation of the *Kindergarten Allowance* programme, several actors are involved. This section briefly introduces their functions.

The notary of the settlement registers multiply disadvantaged children at the request of the parent/guardian. In the case of the *Kindergarten Allowance*, he or she checks whether the child is eligible. If eligibility is verified, the notary initiates contact with the kindergarten and requests confirmation of regular kindergarten attendance every term thereafter, for as long as the child participates in pre-school education. The notary also pays out the allowance.

⁸ The original Hungarian concepts (*félkomfortos lakás*, *komfort nélküli lakás* and *szükség lakás*) are not known as such in English. *Komfort* refers to having running water and a lavatory and bath in the dwelling. *Félkomfortos lakás* means that there is less than that in the flat (which in Hungary typically means there is no bath, but there is running water and a lavatory). If all of this is lacking, that is a *komfort nélküli lakás*, even though there may be running water in the kitchen.

As the *Kindergarten Allowance* has to be claimed individually, a major issue is the adequate provision of information to parents. In this process, the kindergartens play a critical role.

It is widely recognized that the number of multiply disadvantaged children is inaccurately determined, mainly because it is up to the parents to make an application. Both the target group and the organizations involved in the implementation process have serious problems with interpreting the definition (Autonómia Alapítvány 2010).

Generally, those kindergartens that participate in the Government's integration programme (and hence get direct financial support based on the number of registered multiply disadvantaged children) put more effort into providing parents with information about the *Kindergarten Allowance*. In the case of those settlements that do not participate in the integration programme, there are fewer multiply disadvantaged children registered than would be suggested by the socioeconomic profile of the settlement (Autonómia Alapítvány 2010).

Besides their crucial role in providing information, the kindergartens have to confirm that an eligible child is enrolled in the kindergarten and that he (or she) attends regularly. Moreover, a kindergarten has to inform the notary if an eligible child starts at another kindergarten or ceases to participate in pre-school education.

The *Kindergarten Allowance* has to be claimed at the municipality; moreover, municipalities have the right to decide whether to provide the first transfer in cash or in kind. Some municipalities inform parents about the *Kindergarten Allowance* in a formal letter. However, in interviews conducted by the Autonómia Alapítvány (2010), several respondents who had received such letters complained that they did not know what the exact conditions of the transfer were. To some parents it was not even clear that regular kindergarten attendance and disbursement of the transfer were connected.

Municipalities are only to a limited extent able to assess the everyday needs of multiply deprived children; thus, if the municipality decides to provide the first transfer in kind, a more competent organization – the child welfare service – needs to be involved. The child welfare service ensures that the individual needs of children are taken into account as far as possible, and therefore they must contact eligible families. Moreover, they ask at the kindergarten where an eligible child is enrolled whether any special facilities or equipment is needed to facilitate attendance (Szociálpolitikai és Munkaügyi Intézet, n.d.)

COST OF THE PROGRAMME

The cost of the *Kindergarten Allowance* programme is fully covered by the central budget. The municipalities claim a down payment through an electronic system operated by the Hungarian State Treasury. The notary⁹ of the municipality pays the allowance to eligible families from a

⁹ In Hungary the notary of a settlement is the managing director of the municipal administration, being responsible for leading the daily operations of the local government.

fund made available by the State Treasury for just this purpose. After payment, the municipality accounts for the expenditure to the State Treasury (Bódiné 2013).

In recent years, 760 million HUF have been earmarked for the CCT programme annually (Bódiné 2013). Table 1 shows the latest data for 2011 and 2012.

Table 1. Main data on the *Kindergarten Allowance*.

	Number of benefit recipients			Total amount of benefit, thousand HUF			Average amount per capita, HUF		
	cash transfer	in kind transfer	total	cash transfer	in kind transfer	total	cash transfer	in kind transfer	total
2011	31,804	1,530	33,334	545,890	29,870	575,760	17,164	19,523	17,272
2012	33,307	1,474	34,773	572,200	29,400	601,600	17,180	19,946	17,301

Source: KSH (2011) and KSH (2012).

In 2011, 33,334 children received the allowance, 4.6% of them received the allowance as an in kind transfer. The total amount spent on the CCT programme was 576 million HUF. In 2012, this amount rose by nearly 26 million HUF due to the increased number of beneficiaries (34,773). The proportion of children, who were provided the allowance in kind, decreased slightly.

Table 2. shows the shares each region takes up from the total cash outflows of the CCT programme in 2012. The distribution of the transfer is unequal across the regions. Two regions, Northern Hungary and Northern Great Plain receive more than 60% of the total amount, whereas this ratio is fewer than 5% in the case of both Central and Western Transdanubium.

Table 2. Allocation of CCT benefits across regions.

Region	% of total cash outflow, spent in the region
Central Hungary	6,93%
Central Transdanubium	4,44%
Western Transdanubium	3,45%
Southern Transdanubium	12,88%
Transdanubium	20,76%
Northern Hungary	26,43%
Northern Great Plain	36,54%
Southern Great Plain	9,33%
Great Plain and North	72,30%
Country, total	100,00%

Source: own calculation based on KSH data (2012).

6. IMPACTS OF THE PROGRAMME

QUANTITATIVE IMPACT EVALUATION OF THE PROGRAMME

To assess whether the *Kindergarten Allowance* programme had achieved its primary goals, Kertesi and Kézdi (2014) carried out an external impact evaluation of the programme. The main questions of the study are whether the transfer increased the enrolment in kindergarten among the eligible children, and what fraction of the beneficiaries would not have enrolled their children in the absence of the programme. The authors also examine whether the effect of the programme varies with capacity constraints.

Participation in the CCT programme was voluntary. In the absence of randomization the authors carried out a non-experimental impact evaluation. There was a substantial regional variation in programme take-up rates; moreover, many municipalities with eligible children had nobody taking up the allowance. These municipalities were used by the authors of the study as a non-experimental control group. Areas in the treatment group were subdivided into groups based on treatment intensity, namely the fraction of kindergarten-age children in area who received the allowance. The different levels of treatment intensity are defined as follows:

- low-participation group: 0.1-5%
- medium-participation group: 5.1-20%
- high-participation group: 20%+

The comparison of the average outcome of the treated and the average outcome of the untreated municipalities would have been misleading, because the municipalities with zero take-up are in many aspects different from the treated ones. E.g. the ratio of the multiple disadvantaged children in these municipalities is smaller. For this reason, the authors used a difference-in-differences measurement strategy.

The national kindergarten attendance rates of 3 and 4-years-old children were investigated in the year before the programme was introduced (2008) and in the second year of the programme (2010). The differences in attendance rates between these two years and the differences over the period between 2006 and 2008 were compared. This methodology relies on the assumption of common trends in the two periods. Hence, the difference in differences shows additional enrolment due to the CCT programme.

The difference-in-differences estimate shows the aggregate impact of the programme. According to the estimate, 1,450 children would not have enrolled in kindergarten in the absence of the *Kindergarten Allowance* programme. Among these children 900 are 3 years old and 550 are 4 years old. Effects are large in the high treatment intensity areas.

The programme's impact was also estimated using fixed-effects panel regressions, based on kindergarten catchment area level data in a ten-year time period (2001-2010). Fixed-effects models make it possible to control for all stable characteristics that could bias the estimated effect. Lack of comprehensive data on programme eligibility and enrolment by place of residence made it impossible to conduct the analysis at the level of municipalities. Consequently, kindergarten catchment areas were defined. These are a set of municipalities that can be considered relatively closed systems regarding kindergarten commuting. For the

purposes of the analysis, the smallest possible kindergarten catchment areas were identified, enabling to have a sufficient number of catchment areas and sufficient heterogeneity in programme participation rates across different catchment areas.

The results of the fixed panel regression are similar to the aggregate difference-in-difference results. Compared to the changes in the control areas a decrease in kindergarten attendance rates in the low-participation areas and a slight increase in the medium-participation areas are apparent. A significant increase in kindergarten enrolment rates is found in the high treatment intensity areas.

Table 3. Effect of *Kindergarten Allowance* in panel regressions.

Dependent variable: standardised kindergarten attendance rate		
	3-year-olds	4-year-olds
Low-participation areas	-0.221 [0.081]**	-0.401 [0.068]**
Medium-participation areas	0.156 [0.069]*	0.005 [0.070]
High-participation areas	0.549 [0.098]**	0.303 [0.096]**
Catchment area fixed effects	yes	yes
Year fixed effects	yes	yes
Number of observations	13,451	13,449
Number of catchment areas	1,372	1,372
Within R-square	0.01	0.01
Clustered standard errors in square brackets		
* significant at 5%, ** significant at 1%		

Source: Kertesi and Kézdi (2014).

Lastly, the problem of inadequate capacities was addressed. The authors tested the hypotheses that the programme had significant effects in areas where there is no shortage of kindergarten slots. As expected, results show that the CCT programme had its largest impact in the absence of supply constraints. However, the kindergarten enrolment rate in high treatment intensity areas increased in nearly all supply categories. As the authors point out this result suggests that many poor families enrol their children in kindergarten, even if the conditions are unfavourable. This overcrowding may have a negative impact on the quality of service.

To conclude, the impact evaluation shows that the *Kindergarten Allowance* programme had some positive effects. One-sixth (1,453 out of 8,371) of the eligible children who were newly enrolled attended kindergarten as a consequence of the programme. Five-sixths of them would have begun attending kindergarten at this early age, regardless of the allowance. Change in kindergarten attendance was significantly stronger in high treatment intensity areas, where more than 20% of the kindergarten-aged children received the allowance. In these areas enrolment rates increased most in regions where there were no capacity constraints. However, increases were also noted in under-served areas, which could lead to a potential decline in the quality of the service.

QUALITATIVE STUDIES OF PROGRAMME IMPACTS

A mainly qualitative study was conducted by the Autonomía Alapítvány (2010), one year after the programme was launched. The evaluation was based on kindergarten data from the school years 2008/09 and 2009/10, and on structured interviews conducted with local government actors, kindergarten teachers and parents (both participating in the programme and not). Data were collected in 20 settlements. The sample contained small towns with one or two kindergartens, and cities with segregated kindergartens.

It was found that in settlements where a sufficient number of kindergarten places were available, children attended kindergarten from the age of three. If there were capacity constraints, enrolment from the age of four or five was typical. Moreover, the *Kindergarten Allowance* had a greater impact on ensuring regular kindergarten attendance by multiply deprived children than on encouraging new enrolments.

The results showed that bigger cities typically sought to avoid the use of in-kind benefits, due to difficulties in supplying them. When it came to cash transfers, the date of their disbursement substantially determined what they were spent on: generally speaking, the later the transfer was received after enrolment, the less of it was spent on things needed in the kindergarten.

In the evaluation of the Autonomía Alapítvány (2010) three elements of the programme design were criticised. First, inadequate communication and hence lack of information: many of the respondents reported that they did not know the exact criteria for the allowance. Secondly, according to many respondents the targeting of the transfer programme was unfair, because very often there were no significant differences in socioeconomic status between disadvantaged and multiply disadvantaged children. Finally, many respondents criticised the overly strict regulations that unnecessarily penalise the families of those children who cannot attend kindergarten regularly for reasons beyond their control, e.g. because of serious illness.

WEAKNESSES IN THE PROGRAMME DESIGN AND IMPLEMENTATION

Kertesi and Kézdi (2014) pointed out several weaknesses in the programme design and implementation, which were confirmed by our interview with an NGO expert. The main criticisms are as follows:

Serious supply-side problems. Kertesi and Kézdi (2014) found that scarce kindergarten capacities are a huge barrier to the success of the programme. The estimated effects are largest where kindergartens have spare capacity, and smallest where capacity constraints exist. To be able to increase the positive effects of the programme, supply-side development must take place alongside the demand-side incentive. Investment is needed to enlarge the kindergarten capacity.

Our interview with an NGO expert underlines the fact that in those areas where multiply disadvantaged children are overrepresented, kindergartens are more likely to be overcrowded and to be of lower quality. That makes the aim of the programme unrealizable.

Negative impacts on service quality. The success of day-care services largely depends on staff-to-child ratios. Hence overcrowded kindergarten groups can reduce the quality of education. In general, fundamental issues relating to service quality (like the opening hours of the kindergartens or how to ensure adequate service in the summer break) were not properly discussed before the start of the programme. For example, parents who commute often find kindergarten opening hours unmanageable.

Moreover, in order to create a successful conditional cash transfer programme, it is not enough to create a demand-side incentive. As was emphasised by an NGO expert during the interview, it is equally important to motivate the kindergarten teachers and to ensure that they have ongoing training, since they do not necessarily have the skills needed to instruct disadvantaged children. In Hungary, the professions that have a major influence on child development (e.g. kindergarten teachers or health visitors) enjoy little prestige and have low earning potential. Moreover, they often do not receive adequate feedback.

Inadequacy of the transfer's disbursement. The decision to pay the lump-sum benefit in arrears, and only if the behavioural requirement is satisfied, appears to have weakened the incentive. As additional costs arise at the time of enrolment, covering them can be a major problem if the family receives the transfer only later. In addition, the impact of giving transfers in-kind instead of cash in the case of families in lack of resources is also problematic, since this might constrain choices of households. The effectiveness of the programme could have been increased if the cash transfers had been disbursed more frequently (Kertesi and Kézdi 2014).

Lack of adequate internal evaluation. One of the main shortcomings of the programme is that it has not been properly evaluated to assess which part of the programme helped to achieve the desired goals. There was no investigation into whether the disadvantaged children are stigmatised, and no examination of what the attitudes of parents, children and kindergarten teachers are towards the programme.

It is very likely that tension between different social groups grew sporadically. Resentment developed among parents who were not eligible for the transfer, and frequently among kindergarten teachers, too. This attitude often resulted from a lack of information. Hence sensitization of the community is of paramount importance, even if it is not a quick and easy fix. A media campaign explaining the aims of the programme and reporting on its outcome could have been useful.

Lack of parenting elements. Both the NGO expert and authors of the impact evaluation study (Kertesi and Kézdi 2014) emphasised that it would have been good to involve parents more in the programme –e.g. some eligible parents might have assisted in the kindergarten as volunteers. This would have improved their parenting skills and they would have become full-fledged members of the community. The main deficiency of the programme is that it does not include similar elements or parent training programmes.

Administration inefficiencies. The registration of multiply disadvantaged children is the task of the local government, not of kindergartens or schools. So it is assumed that parents are well informed; but in fact the poor typically have less information about opportunities. This decentralised administration of the programme has caused substantial regional variation in programme take-up rates (Kertesi and Kézdi 2014).

7. CONCLUDING REMARKS

As demonstrated by a quantitative non-experimental impact evaluation, the *Kindergarten Allowance* did contribute to more earlier kindergarten attendance among children in low-income families in Hungary. However experts argue that the Kindergarten Allowance will not alone suffice to close the gap in cognitive and non-cognitive development between children of affluent and low income families. Other policy approaches that could be helpful are summarised below.

1. Elimination of primary barriers to kindergarten attendance. As a first step, it is crucial to expand kindergarten capacity. To help families overcome any financial obstacles that may hinder kindergarten attendance before the compulsory age of five, a good alternative to the current *Kindergarten Allowance* might be to have a free, high-quality service provided to multiply disadvantaged children. Another possibility would be to increase Family Support.

2. Earlier intervention. Whether or not a child is ready for school at the age of six is not merely a question of adequate kindergarten attendance. Readiness for school is influenced right from birth. Maternal sensitivity and early childhood stimuli are determining factors in a child's cognitive development and are of greatest importance up to the age of three. A conditional cash transfer programme with the same aims as the *Kindergarten Allowance* programme could motivate parents to bring their children to institutions (crèche, Sure Start Programme etc.) as early as possible.

It is also important to develop the health visitor service. Health visitors can help to improve parenting skills and control the developmental progress of children from birth onwards. Typically, families with the lowest socioeconomic status do not have recourse to health visitors. Health-visiting standards should be developed and the issues relating to children's development needs should be determined.

3. Integrated approach. It is important to develop integrated policies to improve the quality of early learning for children aged 0–6. One such initiative is the Hungarian Sure Start Programme (in Hungarian: Biztos Kezdet Program¹⁰). This approach has the advantage of ensuring that developmental delays are spotted early on. Moreover, community integration can be achieved before a child starts kindergarten, thus eliminating segregation problems there. Furthermore, parents come to realise that they have several similar difficulties, regardless of their socioeconomic or educational background.

¹⁰ For more information about the programme please visit <http://www.biztoskezdet.eu/#>.

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CASE III. THE *SCHOOL ALLOWANCE* PROGRAMME (FLANDERS, BELGIUM)¹¹

1. INTRODUCTION

The *School Allowance* (*Schooltoelage*, Student Support Programme) programme in Belgium, operated by the Department of Education of the Flemish Government and funded out of the central budget, originally offered unconditional financial support for vulnerable children at primary and secondary school. It was converted into a conditional cash transfer (CCT) programme in 2008, at which point a condition was introduced to target truancy. The condition stipulates that if a student skips school for more than a set number of days per year, he or she (or rather, his or her family) must pay back the student support received during the previous academic year. The new version of the programme aims to combat early school leaving more directly than before the amendment.

The programme targets pre-school, primary and secondary school pupils from low-income households, and the main goal is to keep them in education. An improvement in their educational performance (i.e. better marks) is not an explicit aim, though it is regarded as an indirect goal that may be achieved through continuous school attendance.

The new conditional element involves withdrawal of the transfer from chronic truants. The assumption is that pupils and students from low-income families are most at risk of early school leaving, and hence targeting them would be an effective way of combating truancy.

2. SOCIAL AND POLICY CONTEXT OF THE PROGRAMME

TRENDS IN TRUANCY AND EARLY SCHOOL LEAVING IN FLANDERS

In the early years of the millennium, Flanders witnessed a steady upward trend in truancy. The data show a definite rise in the number and share of students who skipped school for at least 30 half-days in a single academic year. As Table 1 shows, the number and proportion of such pupils at primary school almost doubled in the three years between 2008 and 2011, rising to 0.33 per cent in 2010/11. The trend was similar in secondary education, where the truancy rate increased by approximately 50 per cent between 2005 and 2011, to reach 1.5 per cent.

¹¹ This case study is based on an interview with Kristof Veermans and Evi Neven of the Department of Education, Flemish Government, which took place in Brussels on 14 November 2013 and over the phone on 11 June 2014. The case study also uses information from an interview with Soetkin Bauwens from Onderwijssecretariaat van de Steden en Gemeenten van de Vlaamse Gemeenschap (OVSG).

Table 1 Truancy in Flanders (pupils with 30 or more recorded instances of truancy)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Primary education	no data	no data	no data	797	1,013	1,373
% of the school population	no data	no data	no data	0.19	0.25	0.33
Secondary education	3,995	4,142	4,771	5,052	5,640	5,893
% of the school population	1.0	1.0	1.2	1.2	1.4	1.5

Source: Department of Education, Flemish Government (2013).

One of the many consequences of truancy can be exclusion from school. The number of students expelled from secondary school also increased between 2009 and 2011, to affect 0.5 per cent of all students in secondary education. The highest risk of being expelled was to be found in part-time education, which accounted for almost half of all students expelled in 2010/11. In the same two years, there was also a substantial increase in the relative proportion of full-time students who were excluded (Table 2).

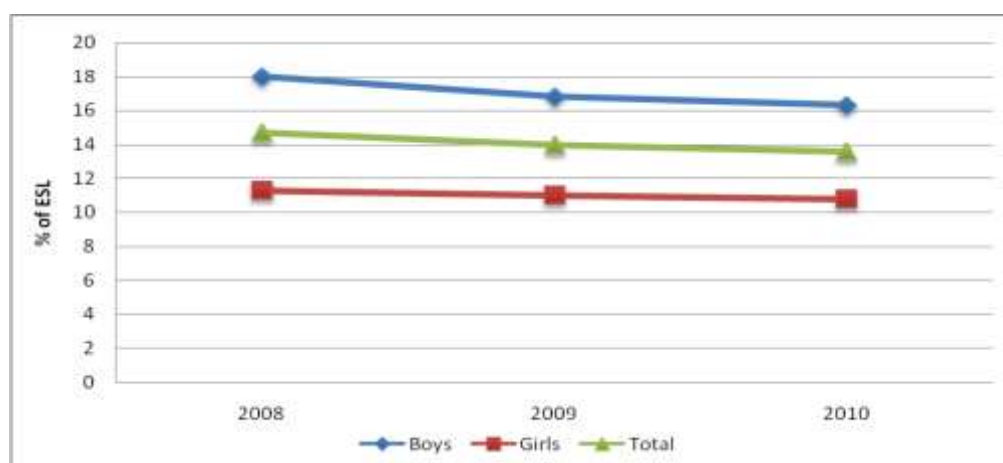
Table 2 Students expelled from secondary schools in Flanders

	2009/10	2010/11
Number of exclusions	1,850	2,162
% of the school population	0.5%	0.5%
Full-time education	31.7%	39.5%
Part-time education	42.6%	44.7%
Special education	41.1%	35.7%

Source: Department of Education, Flemish Government (2013).

Another consequence of truancy is early school leaving. According to the definition employed by the Flemish administration, this covers those who are not in compulsory education and have not obtained (1) a diploma of secondary education in the academic, technical or artistic track; (2) a certificate for the sixth year of vocational education; (3) a certificate of part-time education or apprenticeship; or (4) a certificate of special needs education. As Figure 1 shows, the share of early school leavers was around 14 per cent between 2008 and 2010; this figure remained quite stable over those three years, though among boys it did decline slightly (from 18 per cent to 16 per cent), albeit not enough to have much impact on the overall figure.

Figure 1. Share of early school leavers (ESL) in Flanders, Belgium, 2008–2010



Source: Department of Education, Flemish Government (2013).

A further aspect of the situation is the level of early school leaving in Flanders, compared to the EU27 and other regions of Belgium (Table 3). Although the EU definition employed here differs from the Flemish administration's definition of ESL (see above), it is clear that in Belgium overall the ESL rates are lowest in Flanders, where they are also below the EU27 average; in fact, the region currently enjoys one of the best rates in Europe. Furthermore, Belgium as a whole has been below the EU average since 2000 (Allinckx and Van Trier undated). Although the different methods of calculation make it hard to compare the longer time series (Table 3) with the data provided by the Flemish Department of Education (Figure 1), the overall trend does broadly seem to be similar. Since the Labour Force Survey (LFS) data source shows the figures for 2012, we can observe a decrease from 2010 to 2012, which stands in contrast to the increase seen in the previous period from 2008 and 2010/2011.

Table 3. Rates of early school leaving between 2000 and 2012

	2000	2002	2004 ^a	2006	2008	2010	2011	2012
EU27	17.6	17.0	16.0	15.5	14.9	14.1	13.5	12.8
Belgium	13.8	14.1	13.1	12.6	12.0	11.9	12.3	12.0
Walloon Region	15.5	16.1	15.3	14.8	15.2	13.7	14.7	14.8
Brussels – Capital Region	20.7	22.4	18.1	19.3	19.9	18.4	18.9	24.1
Flemish Region	11.6	11.7	11.0	10.0	8.6	9.6	9.6	8.7

Note: an a indicates that there was a break in the series (change of methodology for gathering information and/or data gathered) for calculating the rates.

Source: Labour Force Survey – Eurostat site, cited in Allinckx and Van Trier (undated).

THE POLICY CONTEXT

The government of Flanders adopted an action plan against truancy in 2006. This plan outlined a comprehensive set of actions: monitoring/information policies, prevention, guidance and sanctions. An important element was a proposal for a proper division of responsibilities among the actors involved in the process – students and parents, on one hand, and the school on the other. According to the action plan all parties should play their part in revealing the underlying causes of truancy, and then in providing guidance and finding a solution. It was the mandatory task of “pupil guidance centres” to support schools and to signpost pupils and parents to suitable welfare services. And as a last resort, the police also had a role in the process: if guidance or support did not help, the school could invoke local cooperation agreements with the police, who could then get a criminologist involved (Action Plan 2006; Department of Education 2013).

As certain elements of previous policies were proving ineffective, in 2008 (academic year 2008/09) the government decided to amend the student support programme. According to our interviewees from the Department of Education, it was always known that students with a difficult socio-economic background were more likely to skip school, and so it was evident that a policy was needed to encourage such students not to start (or keep on) playing truant. It was also realised that the number of students skipping school was increasing. So the decision was made to introduce a school attendance condition in the School Allowance benefit and reclaim the benefit from the families of chronic truants.

Policies against truancy and early school leave are pursued in recent years. An action plan to combat ESL was adopted in September 2013 by the Flemish authorities, which also adopted the overall EU target of halving the proportion of early school leavers by 2020 (Action Plan 2013). The 2013 action plan is a reworked version of the plan adopted in 2006, which

emphasised the multiple causes of truancy and stressed that the policies adopted should reflect this. The 2013 action plan preserves the main aspects of the 2006 action plan, such as the vision, the continuum of actions, the local approach and the responsibilities of several actors. However, special attention is paid to improving the administrative integration of the system, so that school-level and central-level registration of truancy is improved (Department of Education 2013). The action plan was adopted in September 2013, but with no extra budget attached. The document follows the EU's "Council Recommendation of 28 June 2011 on policies to reduce early school leaving" (EC 2011), but is also connected to the "Career Agreement", as stakeholders in both the Department of Education and the Department of Work were involved in drawing it up. Alongside several other measures, the action plan on truancy has attracted considerable attention. In addition, it seeks to formulate a new vision for pupil guidance and to develop personal pupil files (though these steps are still under consideration).

The 2013 action plan places an emphasis on prevention, link to the labour market, intervention and compensation. Regarding *prevention*, the main goal is to enable ESL policy to be developed and implemented at the school level. The further development of career guidance is planned, including improvements to the career guidance website (www.onderwijskiezer.be). A study of school leavers will also be undertaken to gather knowledge of labour market opportunities. As regards the *link to the labour market*, the action plan intends to strengthen the work component of the "learning and working" system in part-time secondary education, and to make a practical internship mandatory for students in vocational education. In general, the action plan also proposes improving the use of labour market instruments within educational settings. A further related measure is implementation of the Flemish Qualifications Structure, which brings occupational and educational qualifications together within a single framework.

Regarding *intervention*, the action plan proposes the stimulation of mentoring (including peer coaching), and another major feature is the introduction of personal development plans. In terms of *compensation*, the further development and implementation of qualifying pathways is planned through cooperation between the worlds of education and work, and by involving other actors, such as institutions of formal adult education or companies (Action Plan 2013; Department of Education 2013).

3. BRIEF HISTORY OF THE PROGRAMME

Two student support programmes exist in parallel, within the same framework. The older one was launched in the 1970s and is called *Studietoelagen*: it provides financial support for students who are preparing for tertiary education. As this programme is mostly related to the young above the age of 18 and does not include a school attendance condition, it falls outside the scope of this case study. The other one is called *School Allowance* and is designed for students in kindergarten and compulsory education (aged 6–18). At the secondary level it has existed since the 1970s; for kindergarten and primary-school pupils it was introduced in 2001.

When preparing the introduction of the conditional benefit, the government of Flanders first set up a working group on truancy, which held discussions with the team responsible for

student support. However, according to the official interviewed, no targeted ex-ante analysis of potential effects was conducted, though certain background studies did play a part during the planning period. Among the most important of these were “RIA decreet studiefinanciering” and “Voorontwerp van decreet studiefinanciering MVT” (or Ontwerp van decreet betreffende de studiefinanciering van de Vlaamse Gemeenschap, see Flemish Parliament 2007). The former provided an impact analysis of the law on Flemish student support, while the latter was an explanatory memorandum about it. According to the impact analysis, taking both the pros and cons of the different policy measures into account the goals of that law include encouraging children enrolment in kindergarten and limiting truancy in primary and secondary education. The impact assessment focuses on the context of education and it supports the *School Allowance* by mentioning some basic trends in the field of education and the transition from education to employment – especially the dual facts that children’s chances of success in education improve the earlier they start their schooling, and the transition to employment is smoother for students with a longer period of training and a better level of education. Thus the message is to promote an early start to education and a lengthier period of study. Consequently the main objectives of the law are to increase kindergarten participation and to prevent truancy in primary and secondary education (including in “part-time” compulsory education).

The introduction of the CCT element into the *School Allowance* programme in 2008 can be considered as innovative: as mentioned above, there were no international comparisons to draw on, and no search for best practice was undertaken before it was introduced. There are some other CCT programmes in Flanders, the experiences of which could have been utilised, but they mainly operated in different policy areas, especially employment. The concept of *School Allowance* is similar to those in terms of its incentives and the element of sanction. One such programme is the unemployment benefit itself: after losing his/her job, an unemployed person has to prove willingness to find a new job, otherwise the unemployment benefit will be withdrawn (this programme falls under the competence of the federal Belgian government, not the Flemish authorities). Another CCT example from the field of employment is that the employment allowance for unemployed people is higher if they go back to school to complete their education. In the field of child welfare services, the extension of child support could also be considered a CCT: child allowance is a basic entitlement up to the age of 18, but if the child goes on to university (i.e. enrolls in full-time education) the child allowance continues.

4. DESCRIPTION OF THE PROGRAMME DESIGN

As mentioned previously, the *School Allowance* student support programme became a CCT when the condition governing school attendance was included in 2008. The rule is that if a pupil misses school for 30 (or more) half-days in an academic year, and if this occurs in two consecutive academic years, that student (or rather the family of the student) must pay back one year’s student support.

This could be regarded as a “punitive measure”, though it is not perceived as such by the Flemish Government’s Department of Education. Rather, this element is considered to be a last resort in the authorities’ efforts to tackle truancy. Students receive a series of warnings

before they have to repay the student support. During this time they have the opportunity to refocus and change their behaviour. Officials see student support as a measure that is designed to make school accessible to all children, but one that is coupled with repercussions if a student does not attend school.

The target group is children from low-income families who are enrolled in kindergarten or compulsory education. Therefore the programme is open to children aged 3–18 (since in Flanders kindergarten starts at the age 3, and compulsory education goes on to the age of 18 at secondary school). The benefit is means-tested. Eligibility is determined by the level of household income, with different thresholds set for household of different composition (i.e. the number and characteristics of adults and children in the household). Parents' income is taken into consideration by examining their tax returns.

In details, the method of calculation is the following (see Official website of School- en Studietoelagen¹²). In the first step household are assigned points based on the number and characteristics of the household members who live in the same address with the pupil. All people living in the same address with the applicant pupil are considered to form one living unit ("leefeenheid"). Points can be earned if the pupil lives with his/her parents or the student provides for his own income (independent), and also additional points are counted after each brother or sister. If there is more than one person in the household who is enrolled in an institution for higher education, the applicant also receives extra points for each student in higher education, minus one point (thus, if a brother and sister are studying in higher education, the household receives only one extra point). In addition, one more point is received for each household member with a disability. On the other hand, one point is lost for each person in the household who is an income-earner but does not have blood or legal ties with the pupil.

In the second step the maximum income threshold is determined for each category based on the sum of the points counted in the first step. A pupil receives student support if the income of the household is less than the maximum income threshold (see Table 4) in the corresponding household category (i.e. a household with the given number of points). For instance, a pupil living with his parents and one baby brother (where the household unit points are 3 for the two children and the fact the applicant lives with his parents) will receive student support if the total annual income of his parents is less than 36.566,21 Euros.

¹²http://www.ond.vlaanderen.be/studietoelagen/brochure1415/inkomen/#Stap_3:_bereken_het_aantal_punten_van_de_leefeenheid

Table 4 Income threshold of School Allowance eligibility by household composition for school years 2014/2015

Points based on household composition	Maximum annual income (€)
0	17.016,27
1	25.131,25
2	31.484,33
3	36.556,21
4	42.055,17
5	48.835,41
6	53.426,76
7	55.882,63
8	58.338,48
9	60.847,66
10	63.517,07

Source: <http://www.ond.vlaanderen.be/studietoelagen/brochure1415>

The rules and eligibility criteria for student support are identical at primary and secondary level, but the amount of the financial incentive varies according to the level of education and the income of the household in which the pupil or student live. The amount of the transfer is the difference between *actual income* of the given household and the income threshold for that particular household type (up to a prespecified maximum amount). The maximum amount of support varies by the pupils' age and school type. In kindergarten the sum is 92 EUR/year, in primary school the amount of the benefit is between 104 and 156 EUR/year and in secondary education between 129 and 1140 EUR/year. In higher education the amount of the school allowance varies between 254 and 3.924 Euros/year¹³. The actual amount of student support is calculated with phasing out when family income approaches the threshold of the family type. However, if the income of the family is exceptionally low, higher amounts of student support are possible.

In 2012 the average amounts of allowances were 87 Euros in nursery, 124 Euros in primary and 411 Euros in secondary education. The number of applicants for the academic year 2012/13 was 73,360 in the kindergartens, 131,893 in the primary schools and 156,275 in the secondary education, while the numbers of allowances granted were 49,527 at the nursery, 98,487 at the primary and 118,284 at the secondary level. It means that two-thirds of the applicants at kindergarten were granted (67,51%), with an even higher share, around 75%, in the primary and secondary schools (74,67% and 75,69%). (Education Statistics 2012/13, page 5)

¹³ The support for students in higher education belongs to the parallel programme „Studietoelage” which is a very similar programme except for the conditional element. As it is not a CCT, in general this paper does not analyse it, but as a benchmark it is relevant to see some of its characteristics, such as the amount of the support.

Prior to losing student support through truancy there are several steps: pupils must have skipped school for 30 half-days in a year, for two consecutive years, without a good excuse. The pupils receive warnings on several occasions if they start to miss classes, so they can take care not to have too many absences. According to the latest data provided by the Flemish Department of Education, 0.74 per cent of all students lost the support on account of missing school in 2010-2011, and therefore had to pay back the previous year's money.

5. DETAILS OF PROGRAMME IMPLEMENTATION

Implementation of the student support programme is the responsibility of the Flemish Department of Education, and responsibility for its operation also rests with that agency. That includes all stages in the process – from the planning, through the receipt, consideration and checking of the applications, to the transfer of the support due, as well as the coordination and fulfilment of all other management and administrative tasks.

The Strategy Council of Education (the schools are represented on this board) is responsible for helping schools to inform parents of the criteria and the deadline for applications. Parents receive information elsewhere, too: besides the school and the Department of Education website, various local actors are involved. The local authorities may include information in the magazines they publish; then there are the unions, welfare services, local educational experts, the regional educational board, the pupil guidance centres, and a local community official who helps parents fill in the application form either on paper or online.

In determining eligibility, verification of household income is automatic, as the Department of Education has direct access to income data via the tax authorities; therefore parents do not have to indicate their income on the application form. There are some exceptions to this, mainly because the income data that the education office uses are two years old, and so if someone has lost his/her job in the previous two years and does not have a new job, documents must be provided to prove unemployed status. Applicants provide information on household composition in the application form. The application form lists all household members, and the ages of the children must be indicated, so that it is clear how many of them are under 18. For each household, the ministry staff checks eligibility in terms of total household income.

Currently, students must apply for the support each year; but the office is considering the introduction of a system whereby students get the support automatically, without any need to apply. For the implementation of this automatic system an integrated database covering all possible income sources is needed, which would include information on non-taxable income sources (like welfare support), that the authorities are actually unable to include in the calculation of family income. There are about 50 databases that need to be combined. The development of such a system started 2–3 years ago, but it will take at least 10 years to complete.

An application can be submitted at any time in the school year, but the deadline is the end of the academic year. The application form can be submitted either on paper or online

(<https://daf.vlaanderen.be/daf/index.jsp>). The student support is paid as a lump sum once a year (during the academic year), as soon as the income checks have been completed.

Truancy is monitored via electronic school registers: all schools are connected to the network, and information on the attendance records and the marks of students is collected by the Department of Education. The ministry however is not authorised to act immediately when a student is found to have a number of unexcused absences exceeding the permitted number of occasions. There is a privacy issue that limits the scope for intervention by the ministry: the information on who receives student support is regarded as sensitive. The time lag in issuing a warning (it can be several months) does impede effectiveness in certain respects.

COST OF THE PROGRAMME

The *School Allowance* programme has an open-ended budget, i.e. no budgetary limit has been set on how many students are to be funded. The School Allowance Programme made up a budget of 65 Million Euros in the academic year 2012/13. The costs were divided unevenly among the three educational levels: the nursery level costs 4,325,193 Euros, the budget of the primary level is three times higher, 12,199,822 Euros, whereas the budget of the secondary level is the highest of all, as it is 48,573,887 Euros (Education Statistics 2012/13, page 5)¹⁴. Approximately 25 per cent of all students receive student support; they are the socio-economically weakest social group. Less than 1 per cent (0.74 per cent) of the supported students are sanctioned.

It may be worth pointing out here that parents also receive child allowance. Currently this comes from the federal budget, but in January 2015 responsibility will devolve to the Flemish Government. According to officials at the Flemish Ministry of Education, it may be more effective to link the truancy issue to child allowance, rather than to student support. Child allowance for the first-born child is 90 Euros per month; for the second child it is 167 Euros per month; for the third (and any subsequent) child the allowance is 249 Euros per month. It is likely that this policy will change in the near future, given that this was an issue in the 2014 elections and the budget has been cut by 20 per cent. It is however difficult to foresee how the policy on child allowance will change due to the instability of the political situation after the elections in 2014.

6. IMPACTS OF THE PROGRAMME

Unfortunately rigorous impact analysis of the *School Allowance* programme has not taken place so far. The Flemish Ministry of Education has only recently started an official evaluation of the *School Allowance* programme. At the time of our interviews (November 2013 and June 2014), the ministry representatives had only a few preliminary results on its impact; and the data were not available for analysis. In December 2013, the then Flemish minister of education acknowledged in the Flemish Parliament that the results of the evaluation were not yet

¹⁴ Total expenditure on the programme including tertiary education in the academic year 2012/13 was 140,000,000 Euros.

available. He also declared that it was likely that “the impact of the disciplinary measure (i.e. sanctions) is only limited” (Flemish Parliament 2013). Furthermore, the latest figures show a rise in the number of school allowances that have been reclaimed (1,389 in 2011/12), as well as in the number of truants (1,421 in primary school, 5,927 in secondary school in 2011/12) (AgODi 2012: 59).

Since the CCT element of the programme was only launched in 2008/09 for secondary education and in 2009/10 for primary education, and since losing the student support on account of truancy is only possible after two years, the earliest the ministry could examine the results and review the new condition was in 2010/11 for secondary education and in 2011/12 for primary education. Some additional administrative issues also meant that analysis could only start in autumn 2013.

One limitation of the evaluation exercise is that it does not compare the current situation with the situation pre-2008, the year before the conditional element was introduced. Another difficulty is that any evolution must per force be small because of the short time that has elapsed since the CCT started operating (there are only two years to analyse).

Table 5. Truancy in academic year 2010/11 in Flanders

	Total	Kindergarten	Primary education	Secondary education
Total number of pupils enrolled in schools of the Flemish community	1,113,914	259,399	410,208	444,307
Total number of pupils receiving student support	277,397	52,040	101,681	123,676
Number of truants with student support	3,364	725	262	2,377
Number of truants without student support	11,875	5,314	791	5,770
Percentage of pupils with student support who skip school	1.21%	1.39%	0.26%	1.92%
General percentage of pupils who skip school	1.37%	2.33%	0.26%	1.83%
Percentage of pupils without student support who skip school	1.42%	2.56%	0.26%	1.80%

Source: Department of Education, Flemish Government

Some preliminary data from 2010/11 are already available, see Table 5. These data compare truancy among recipients and non-recipients of the transfer, but do not take into account other factors affecting absenteeism, and thus do not constitute proof about the impacts of the programme. The main message from these data is that overall the share of pupils playing truant is slightly lower among those receiving student support than among those not receiving support. Among kindergarten-age children, twice as many of those who do not receive support (2.56 per cent) are absent, compared to those who do receive it (1.39 per cent). Among secondary students the difference shows the same trend, but is very small; in primary school there is no difference at all. As a possible reason for the lack of difference between recipients and non-recipients at the secondary level, one representative of the Department of Education

assumes that students of secondary-school age have greater willpower and parents have less control over their behaviour.

In addition, the programme has a limitation: it is available to only 25 per cent of all students; the remaining 75 per cent cannot really be sanctioned if they do not attend school regularly. Thus sanctions for truancy would be more effective if they were linked to the child allowance, which is a universal benefit (whose average amount per child is 80 Euros per month,).

The Department of Education has no data to show how well the programme reaches students from a minority or migrant background; but, as one representative of the Department of Education remarked, it is a fact that migrant families generally have a lower income level than the average, and so it is more likely that they will be receiving student support. In order to stay in Belgium legally, migrants must be registered with the tax office, even if their income is zero. Thus any child from a poor migrant family that is registered will receive student support – even if the family only has income generated from the black economy.

7. CONCLUDING REMARKS

Critics of the programme claim that the policy of *School Allowance* provides an example of a welfare measure that can have a negative impact on the most vulnerable, i.e. its target group. Cantillon and Van Lancker (2011) argue that the social policy paradigm behind the student support programme leads to a situation where the vulnerable people will not always be able to meet the condition of the transfer. The authors raise three issues that are problematic in this programme:

1. The long time lag (two years) between the condition being broken and the consequences presumably weakens the effect of the incentive since “the link between cause (truancy) and effect (repaying the school allowance) has dissolved after such a long period and therefore has little effect as an instrument to raise awareness among parents” (Cantillon and Van Lancker, 2011: 12).
2. The financial consequences for poor people may reinforce their poverty; thus this kind of disciplinary policy reaffirms the unequal income distribution.
3. Only those families that are eligible for the allowance can be sanctioned. But disciplinary rules should apply to everyone. “Thus arises a somewhat schizophrenic situation in which only the least affluent are punished by revoking an allowance designed to help them preventing exactly what is being disciplined.” (Cantillon and Van Lancker, 2011: 13)

The representatives of the Department of Education accepted the criticism that only this particular social group is sanctioned if the children play truant. On the other hand, representatives of the Department argued that this should not be an excuse for doing nothing to combat truancy. For the time being, this is the only thing that can be done by the Department, as student support is an educational financial incentive that is under control of the Department of Education, whereas child allowance is not a Flemish responsibility.

Sanctioning low income families is justified by the fact that truancy is higher than average in this group.

In the absence of a rigorous impact evaluation it is difficult to judge the impacts of the programme. It seems clear however, that several measures could be taken to improve the programme, including tackling truancy earlier, and not waiting six months before sending a warning letter. Also social services that help families of truant children could be reinforced and the pupil guidance centres and schools should get more involved.

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CASE IV. THE *CHILD ALLOWANCE* PROGRAMME IN BULGARIA¹⁵

1. INTRODUCTION

The Child Allowance in Bulgaria is a non-contributory allowance paid to families with children up to the age of 18 (or 20 if the child is in education). From 2002 the allowance has been subject to a school attendance condition, which makes it de facto a conditional cash transfer, similar to child benefit schemes in other Central and Eastern European countries, such as Slovakia, Hungary and Romania. In this case study, background, design and implementation of the programme are discussed. The case study also summarises what can be known about the impacts of the programme, although an in depth quantitative impact assessment has not been performed in the case of this programme.

2. SOCIAL AND POLICY CONTEXT OF THE PROGRAMME

The Child Allowance is a benefit with the aim of reducing child poverty and also having an effect on early school leaving and dropout. In the following section the social and policy contexts of the programme are presented covering both the poverty and the educational aspects.

POVERTY

In the past decade, the at-risk-of-poverty rate has increased steadily in Bulgaria, rising from 14 per cent to 21 per cent between 2001 and 2010. Geographical inequalities are quite significant: the poorest western part of the country has gradually fallen behind the economically more developed regions around the capital Sofia.

Bulgaria has some distressing poverty indicators, especially those that refer to the future life-chances of children. The risk of poverty among households with dependent children has for some time been higher in Bulgaria (47.7 per cent in 2011) than in any other EU Member State. However high that figure may be, the Bulgarian government has managed to reduce the risk of poverty for families with children from its 2003 level of 58.1 per cent. In households where two adults live with three or more dependent children, the poverty risk is extremely high (84.8 per cent). Single parents (mostly mothers) also suffer from a significant poverty risk: on average 72.1 per cent. These figures are well above the national average since the percentage of people with income below 60 per cent of the median is 20.7 per cent. This is the second

¹⁵This chapter uses information from personal interviews with Elena Kremenlieva, Ministry of Labour and Social Policy, and Dani Koleva, Child Policy Director, National Network for Children made on the 28th of November 2013 in Sofia, Bulgaria.

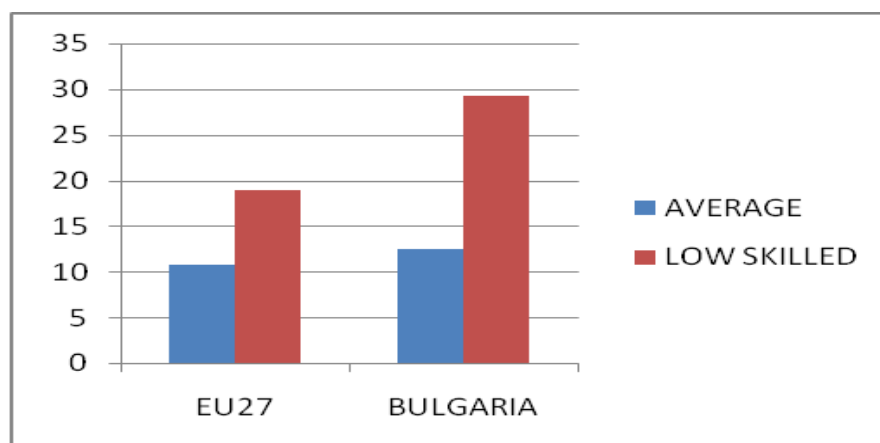
highest poverty rate in the EU, only slightly better than Romania's 21.1 per cent (Eurostat 2013).

Similar to other Eastern European countries poverty in Bulgaria has an ethnic dimension. According to the 2011 census, 325 343 Roma people live in Bulgaria, which means that Romani make up for 4.9 per cent of the population. This group's poverty is quite severe: according to the research carried out by the EU Fundamental Rights Agency almost 90 per cent of Roma live on an income under the at-risk-of-poverty line, compared to a percentage of just above 50% among the non-Roma living in close proximity with the Roma families (FRA and UNDP 2012).

UNEMPLOYMENT AMONG LOW-SKILLED WORKERS

Under-education generally leads to unemployment, both in Bulgaria and throughout the EU. In 2012, Bulgaria's average national unemployment rate was 12 per cent, but among the low-skilled active population it stood at 30 per cent (Eurostat 2013). In Bulgaria, the proportion of jobseekers with low qualifications (30 per cent) is significantly higher than the unemployment rate among low skilled workers in the EU (19 per cent). One can see that, while the average unemployment rate is around the EU level, the unemployment rate among low-skilled workers significantly exceeds the EU average (by 11 percentage points). Early school leaving, combined with other disadvantages that accumulate through the educational system, have negative implications for future job prospects and quality of life. The recent economic crisis has had particularly severe social consequences for those with low qualifications, as it has further worsened their labour-market prospects.

Figure 1 Average unemployment rate and unemployment rate among low-skilled workers in Bulgaria and in the EU-27, 2012 (%)



Note: Eurostat employs the ISCED 0-2 category for the definition of the low skilled.

Source: Eurostat (2013).

EARLY SCHOOL LEAVING IN BULGARIA'S PUBLIC EDUCATION SYSTEM

School drop-out rates in Bulgaria have stayed at the EU average. Looking at the past ten years, the country has been able to improve drop-out rates in the public education system by almost 10 percentage points. This improvement was particularly noticeable between 2003 and 2007, when early school-leaving rates decreased by 7 percentage points. Altogether, Bulgaria was able to reduce its rather high drop-out rate from 22 per cent in 2003 to about 13 per cent in 2012 – just around the EU average. The drop-out rate among girls (13 per cent) was slightly higher than among boys (12.1 per cent). It is also instructive to compare drop-out rates in the poorest regions against the national averages: there is a positive correlation between the economic status of the region and the rate of early school leaving. Despite the fact that national drop-out rates have declined significantly over the past decade, they recently reached nearly 20 per cent in the poorest Severozapaden region (Eurostat 2013). The difference between girls and boys is particularly significant in this region: whereas 15 per cent of boys leave public education early, a quarter (25.1 per cent) of girls never finish school.

Among Roma children, educational attainment is significantly lower compared to their non-Roma peers but recently attainment among the Roma has begun to improve. According to the UNDP/World Bank/EC regional Roma survey, the share of the Roma aged 17 to 23 who completed at least lower secondary education increased from 40 to 56% (Brüggemann, 2012). The problem is exacerbated by the fact that the schools that Roma children attend are of significantly lower quality and are located in extremely poor areas. Although the government has taken many measures to tackle these disadvantages, the enrolment and participation rates of Roma children are still rather low and their drop-out rates remain very high. Nonetheless, their school attendance has improved slightly (but steadily) in the last decade (UNICEF 2007).

EDUCATION MEASURES

In 2008, as part of a comprehensive reform package, the Bulgarian government overhauled the child benefit system and at the same time took steps to reform public education. It raised teachers' salaries by 22.5 per cent and introduced a new performance-related payment model. In a break with the earlier uniform funding, schools are financed on the basis of the number of students. The reforms have improved access to schooling for poor children (through free textbooks for children in grades 1–7, school meals and transport). Participation in public education in Bulgaria is high compared to other countries in the region. The enrolment rate is as high as 97.8 per cent for primary school, 78.3 per cent in secondary school and 73.2 per cent in early-years education. However, minority ethnic groups (particularly the Roma) do suffer from severe inequality in both access and quality of education.

SOCIAL ASSISTANCE FOR FAMILIES WITH CHILDREN

Bulgaria spends around 0,6 per cent of GDP on means-tested social assistance, compared to an average of 1,5 per cent for the EU28 (Eurostat 2011). The two most important non-contributory benefits are the Guaranteed Minimum Income (GMI) and the Heating Allowance. These two fundamental allowance programmes are supplemented by other non-contributory and categorical in-cash provisions: child protection benefits and benefits for people with disabilities. One-fifth of all households (19.6 per cent) receive child protection benefits.

Bulgaria has quite a comprehensive child protection system, including child welfare services and benefits. The Child Allowance (CA) is only one aspect of this assistance. Altogether, the Law on Child Benefits covers nine different transfers (such as benefits for children with disabilities, benefits for twins, allowance for single mothers with children), most of them non-conditional. Poor families (whose monthly net income per capita does not exceed 250 BGN/125 EURO) with infants (up to one year) receive an income-tested monthly benefit to help raise the children. The first time a child is enrolled in school, poor parents receive a lump-sum benefit to compensate for the initial costs of education. Before giving birth, mothers in need are eligible for a means-tested allowance that compensates them for loss of income. Parents with children aged 3–6 can receive a monthly benefit for their child if a kindergarten is not available where they live.

At the time of birth, mothers receive a lump-sum benefit to help defray the immediate costs. This amounts to 250 Bulgarian Lev (BGN) for the first child, rising steeply to 600 BGN for a second child. However, this birth grant falls back to 200 BGN for the third (and any subsequent) child. According to the National Network for Children, this measure is designed to encourage middle-class families to have a second child, but to discourage poor (and Roma) parents who want to have more than two children. A ministry official confirmed that the government intends to support middle-class families and to motivate them to have more than one child.

3. BRIEF HISTORY OF THE PROGRAMME

In its current form, the Child Allowance (CA) was introduced by the 2002 Family Support for Children Act. The law enacted five different supplementary programmes aimed at improving the living conditions of poor children and their families. Before 2002, a non-conditional child benefit programme was in place under the 1968 Law on Child Protection. It provided significantly less money than the current CA and functioned as a monthly universal benefit covering all eligible children and their families.

As part of the ‘Social Investment in Children’ programme, policymakers tied the formerly unconditional Child Allowance to behavioural requirements related to schooling in some pilot regions. Families were allowed to spend the money only on clothing, food, school equipment, school meals and medical check-ups. Following the pilot scheme, in 2002 the government rolled out the educational conditions of the Child Allowance (35 BGN/18 Euro per child) across the country.

The main problem emerging in the early stages was how to fine-tune the means-testing. As a ministry representative said, ‘everyone wanted to get it’; but the government decided to increase the amount of the transfer and, in parallel, to limit the number of beneficiaries. Nowadays, more than half of the total child benefit budget is dedicated to the CA programme. The transfer is constantly being revised as the ministry investigates ways to make it more effective. According to the director of the Social Inclusion Department, the government is dedicated to preserving the conditional characteristics of the allowance, and is planning to employ the CA as part of a comprehensive pro-natalist policy package. The amount of the transfer is expected to increase to approximately 50 BGN (25 Euro) for a second child, in the

hope that this might help alleviate the long-lasting demographic crisis. The ministry is also planning to increase the benefit amounts payable to twins and children with disabilities.

4. DESCRIPTION OF THE PROGRAMME DESIGN

TARGETING

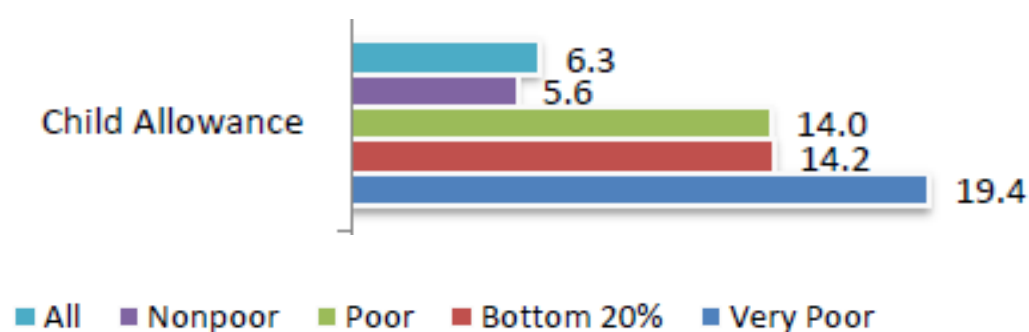
Unlike the schemes found in other Eastern European countries (Hungary, Slovakia and Romania) that condition family benefits on school attendance, the Bulgarian Child Allowance is means-tested: only families with per capita monthly income of below 350 BGN (180 Euro) are eligible. The targeting mechanism not only employs a means (and asset) test, but contains a categorical feature as well. Age eligibility means that only children up to 20 years of age are eligible. The transfer is available for the duration of compulsory education, covering the last two years of kindergarten (ages 5 and 6), the whole period of primary education (7–14) and the years of secondary education (up to 20 years of age).

The legal conditions for the targeting are regulated by the Law on Child Benefits. The administrative process of targeting and assessing eligibility rests with the regional agencies. The income threshold is reviewed by the State Budget Act each year (adjusting for inflation). The income threshold of the CA was 150 BGN in 2002 and 300 BGN in 2008, the year the threshold was raised to its current value.

TRANSFER SIZE

The current amount of the CA is 35 BGN (18 Euro) per child, monthly. It was increased from the 2008 level (29 BGN) to its current value in 2009. The benefit makes up 4.6 per cent of the average monthly wage. The Child Allowance covers 6.3 per cent of the average monthly expenditure of participating families. The poorer the household is, the larger the relative share of monthly expenditure: in the case of extremely poor families, 19.4 per cent of monthly expenditure is covered by the transfer. In 2007, the average annual amount of CA was 220 BGN (110 Euro) per child (World Bank 2009: 8).

Figure 2 Child Allowance as a share of household expenditure, 2007 (%)



Source: World Bank (2009).

Besides the CA, there is another motivational element in the family benefit system that aims to encourage children's enrolment in the next class up: families are awarded a lump sum of 150 BGN (75 Euro) when the child registers. This probably increases programme participation and compensates for the initial costs of education.

CONDITIONALITY

The education-related conditions include the compulsory enrolment and regular school attendance of 5–18-year-olds (up to 20 years old if still at school). The child is not allowed to be absent from school for more than a predetermined number of classes (five unexcused absences in a given month). Children must enrol in the next grade up (or in secondary school after they complete primary school). Education is compulsory even at the kindergarten level for children aged 5–6 years. Children are allowed to miss up to three days a month from kindergarten. The schooling condition is strict: a new claim request and relevant certification of school attendance must be submitted each year by the parents.

Since the CA employs education-related conditions and prescribes compulsory school attendance, the availability of proper education facilities is crucial. According to ministry officials, primary school coverage is adequate in Bulgaria, despite the fact that the government has reformed public education and closed some schools, principally in the countryside. The sudden shortage of school places in rural areas was compensated for by a newly established free school transport network.

The conditions imposed on the CA cover pre-school as well. Kindergarten is compulsory for 5–6-year-olds, and the parents of these children are also affected by sanctions if the attendance requirements are not met. Unfortunately, the number of kindergarten places is quite limited in Bulgaria, particularly in the steadily growing big cities. According to the representatives of non-governmental organizations (NGOs), poor children are disadvantaged in terms of access. Parents must ensure that their children attend kindergarten and have to pay 60 BGN (30 Euro) per month towards the cost. But the CA covers only just over half of that. In addition, parents must pay the extra cost of kindergarten meals. Local municipalities may cover the cost of kindergarten attendance for poor families from their own budget; however, poorer local governments are not always able to set money aside for this purpose. Another thing that

affects the kindergarten attendance is that children aged 5–6 take up all the places in pre-school facilities. Therefore, younger children (aged 3–4) are sometimes excluded because of a lack of capacity. Poor children are particularly harmed by the exclusion from early child-care facilities because without the support of local governments parents are not able to finance the costs of care and food. In addition, poor families suffer from the low quality and difficult accessibility of kindergartens in rural areas where they are often living.

SANCTIONS

Various sanctions are applied if parents fail to meet the school enrolment or attendance conditions. When a child misses a class for the sixth time in a month without an excuse (or, in pre-school, is absent for a fourth day without excuse) the transfer is automatically stopped for that month. Parents are not warned in advance, and the transfers are not collected in a separate bank account, as happens in other countries. If the regional agencies become aware that the child has exceeded the fifth unauthorised absence (agencies are informed by the school and the education inspectorate), they withdraw the money from the family for the next month. The disbursement of the CA is retroactive and families receive money for the school participation of the child only at the beginning of the following month. If the conditions are not met, the CA is suspended only for the given month and only for the absent child. The implication is that if the child meets the schooling criteria in the month following the month of the CA's suspension, the transfer will again be made automatically, without any need to lodge a claim. It means in practice that when a child misses in September more than five classes the family will not receive the CA in October (the transfer for the previous month). However, if the child meets the educational requirements in October (the month after the behaviour was sanctioned) parents are eligible for the CA again and they will get it at the beginning of November. If the suspension affects only one child of several in a family, the payment is suspended only for the absent child: the family continues to receive money for the others.

Should the Agency for Social Assistance (ASA) be informed that parents are not spending transfers on their children, the authorities may decide to provide child benefits in kind (school meals, shoes, notebooks, etc.). The Bulgarian government has a 'Concept of Social Investment' (for the period from 2008 to 2015), which prefers transfers in kind to cash benefits. This concept follows a guideline of a World Bank financed human capital development strategy that aims to increase the standard of living of children from poor and disadvantaged families. But in the case of the CA there is no exception to the rule: if the child is absent from school more than five classes, the entire monthly benefit is suspended. Children can however miss more than five classes if that is necessary and unavoidable (for example, if they are sick and a GP provides a certificate).

A different sanction applies if the family provides false information to the authorities about its eligibility. In that case, they have to return all the money received, as far back as they fraudulently claimed the benefit. This is a general sanction that affects all benefits under the Law on Child Benefits.

SUPPORTING MEASURES

The Child Allowance programme is entirely a cash transfer programme. However, by 2010 the government established family assistance centres (called Centres for Community Support) in 68 regions, and these provide support services, in addition to the transfer, with financial support from the World Bank. Community centres were established to integrate welfare services like healthcare, educational and social care institutions. These comprehensive services are ready to take care of disadvantaged people (including CA beneficiaries) in a comprehensive way. Social workers at the new family assistance centres have a responsibility to provide support and counselling, and they facilitate the improvement in parental skills and children's educational attainment (through catching-up programmes, individualised plans for children with disabilities, etc.).

Social workers sometimes carry out home visits in order to determine eligibility and to assess the living conditions of a family. Even though the assessment of eligibility takes only 20 minutes per case, these family visits are rather time consuming. Bulgaria's family assistance system is a promising attempt to reach and provide access to services for the most vulnerable groups. But the country is quite large and communities are wide spread. It is likely that total coverage of such groups will only be achieved through the introduction of a universal measure.

A ministry official communicated during the interview that the government is starting to employ more social workers in the ASA offices. However, according to an NGO representative interviewed, a large proportion of social workers do not have the necessary college degree so that the number of qualified social workers is inadequate. Social workers are overburdened: the number of cases they have to deal with is high and they treat multiple case-types simultaneously (e.g. domestic violence, adoption cases, problems of disabled people, etc.). As a result, they only have time to administer cases and are not able to deal with the family or the child in a comprehensive way (e.g. in casework or group therapy). They regularly suffer from mental burn-out, and in many cases do not personally know the family or the child they are working with.

Social workers are not directly responsible for supporting CA recipients or for helping them to fulfil the educational requirements – only for dealing with casework administration. The NGO representative interviewed pointed to the role of the signalling system (policemen, GPs, teachers, etc.) in informing the social authorities of truancy or when the child is in danger. They maintain that the signalling system is a good start; however it serves the purpose of secondary intervention, rather than prevention.

PROCESS OF VERIFICATION

Parents are required to submit a claim directly to the local agencies and submit proofs that the family's average monthly income per capita is below the predetermined threshold. Income eligibility is re-examined every year, so parents have to submit a new request to ASA at the start of each school year. The Social Inclusion Directorate is responsible for assessing and appraising the cases. Local schools also take on administrative roles. If the conditions are not

met, the educational institutions report violations to the authorities, who then proceed to sanction towards parents.

5. DETAILS OF PROGRAMME IMPLEMENTATION

The programme is funded exclusively from the Bulgarian state budget. International financial organizations (like the World Bank) also finance programmes in the country, but these programmes are support services (for example, the Centres for Community Support) rather than direct in-cash transfers. NGOs do not take part in the operation of the Child Allowance, but they do participate in social services and other areas of social care (e.g. child protection).

The Ministry of Labour and Social Policy is responsible for legislation. Practical implementation of the transfer belongs to the Agency for Social Assistance, maintained by the ministry. The ASA has a regional network (regional agencies for social assistance) in 28 regions of the country and has 47 bureaus also at municipality level. These regional agencies work directly with the beneficiaries, assessing entitlement and paying out benefits. The Child Allowance is a rather centralised, government-run programme. Disbursement of the allowance is not the responsibility of the local municipalities; rather, this task falls under the Social Inclusion Directorate of the Ministry. Regional and local agencies work together with local municipalities (but are independent of them), and are responsible for social assistance. Municipalities have other public-administration functions and operate as the managers of social and child protection institutions.

Funds come from the Ministry of Finance and are disbursed to the Ministry of Labour and Social Policy, which provides money to the ASA. The ASA then transfers allowances directly to beneficiaries with the help of its regional agencies. The staff of the agency determines eligibility at the municipality level, checking on compliance with the requirements.

Local municipalities can provide their own allowances (they may provide, on a voluntary basis, extra support over and above the regular childbirth benefit), but they are not involved in the financial and organizational processes with respect to the CA. That said, municipalities are involved through the schools, which regularly report unauthorised absences to the Regional Educational Inspectorate (REI), which informs both local and regional agencies. Schools must report absences to the REI each month. When more than five unexcused absences are detected, social workers from ASA (and other institutions) intervene.

The director of the National Network for Children highlighted that there are two providers of welfare services at the local level: the regional social agencies and the child protection departments. The first come under the Directorate for Social Assistance, while the latter belong to the State Agency for Child Protection. Although both are supervised by the Ministry of Labour and Social Policy, their responsibilities are often not clear cut, and they work in parallel to each other. These state-run institutions employ the social workers who work with CA and other social assistance benefits.

All in all, the Ministry of Labour and Social Policy is responsible for legislation and for funding child benefits, as well as for coordinating the local and governmental institutions participating in the programme. It has delegated many responsibilities to the ASA. Through its national

network, under the direct supervision of the ministry, the ASA is responsible for identifying beneficiaries and verifying their eligibility.

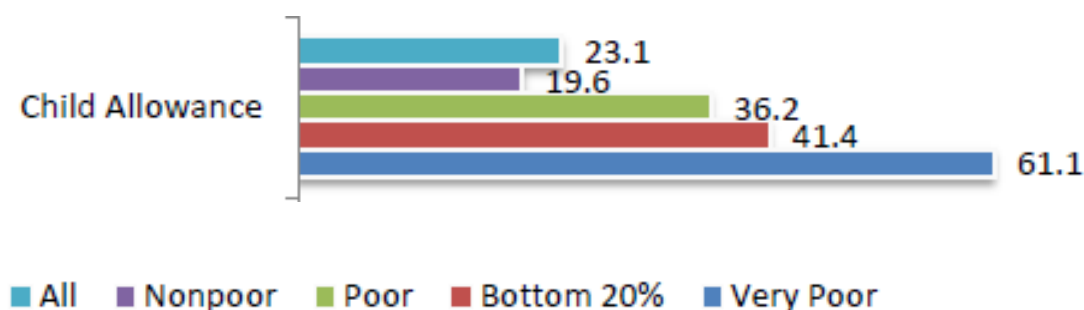
COSTS OF THE PROGRAMME AND THE CHARACTERISTICS OF BENEFICIARIES

BENEFICIARIES AND COVERAGE

In 2009, there were 1,091,156 claims for Child Allowance, 96.5 per cent of which were approved by the authorities. Thus altogether, 1,053,191 children received the CA. Almost a quarter (23.1 per cent) of all Bulgarian children (and 19 per cent of households) received the CA, including a third (36.2 per cent) of poor children and two-thirds (61.6 per cent) of children from the lowest income decile.

The transfer makes up 4.6 per cent of the average monthly wage, but it is rarely the only source of income for households in extreme poverty. Poor families are generally also recipients of transfers from the Guaranteed Minimum Income scheme. The GMI is a means-tested anti-poverty allowance that aims at supplementing the income of poor people up to a given level. The Child Allowance makes up 14 per cent of the total monthly expenditure of poor families (Figure 2 above), and this proportion is even higher among families living in extreme poverty (19.4 per cent). Among those households with children who live in extreme poverty (the lowest decile), 83 per cent receive child allowance (World Bank 2009: 9).

Figure 3 Coverage of the Child Allowance programme (%), 2007



Source: World Bank (2009).

According to Tasseva's (2012) calculations, more than a quarter (27 per cent) of total benefits is received by the lowest income quintile. For the poorest 10 per cent of the population the CA provides on average 44 per cent of the household income (Tasseva *ibid.* 22). Even though the bulk of the poor population is covered by the CA, the coverage of non-poor beneficiaries is also significant (over 19.6 per cent – Figure 3). According to the World Bank (2009: 10), this is due to the categorical characteristic of the programme and to the fact that the allowance serves also demographic goals rather than goals of poverty alleviation. This point was underscored by ministry officials when we interviewed them.

In addition, the (poorest) bottom quintile received only 40 per cent of the resources, while in 2007 the remaining 60 per cent were disbursed to non-poor families. Even the richest 20 per

cent of the population receives 12 per cent of the total programme budget. All in all, about half (52 per cent) of the CA goes to poor families with children. The large leakage of the programme is partly due to the inadequate means-testing targeting mechanism. As a result, even people whose monthly income exceeds the threshold can still receive the CA, and only 27 per cent of total spending on the CA was transferred to the bottom two income deciles. General tax evasion and underreporting of income contribute to this negative tendency as well.

The significant leakage and the problems with means testing were highlighted by both ministry officials and NGO representatives. They referred to the tendency for two-parent families to declare their income as if they were single parents with children, in order to dip below the income threshold and so receive the CA. In this way, many ineligible households participate in the programme; however the exact number is unknown because of the large latency. On the other hand, as the World Bank report (2009) showed, the income test applied is family-based, not household-based. Consequently, the per capita income of the family is significantly lower than the per capita income of the household. The category “family” generally incorporates the parents and children, while “household” refers to other relatives (mostly grandparents) or friends who live together in a given micro community and (not necessarily, but mostly) contribute to its maintenance.

Shopov (2008: 9) points out that, although the CA is not an anti-poverty programme, it does make up a significant part of the welfare support for poor people. However, many poor families with children who are eligible for the allowance do not receive it. Tasseva (2012) draws attention to the fact that 30 per cent of poor households (with potential CA beneficiaries among them) do not receive family transfers despite their evident income eligibility. On the one hand, this is due to the stigma and exclusion associated with being a recipient; on the other hand, social workers in charge of transferring the allowance to the poor are not able to reach all target groups, leaving many poor people undetected by the system.

COST OF THE PROGRAMME

Since 2003, all social benefit programmes have been financed directly from the state budget, under the regulation of central government. The Child Allowance makes up almost half (45.9 per cent) of total means-tested social expenditure. According to Shopov’s (2008) calculations, the total annual budget for the programme was 231.7 million BGN (116 million Euros) in 2007; administration accounted for 9.6 million BGN, while 222.1 million BGN were disbursed as transfers. According to ministry representatives, the entire budget spent on the CA for 2013 is approximately 400 million BGN (200 million Euros).

Administration absorbs 4.1 per cent of the total budget – quite a low figure in international terms (usually between 8 and 15 per cent) (Grosh et al. 2008: 28). The CA has the lowest project-administration costs of the four major Bulgarian cash transfer programmes (the others being the Disability Benefit, the Guaranteed Minimum Income and the Heating Allowance). The bulk of the CA administrative expenditure goes to eligibility verification. Part of the cost arises because of the need to employ social workers to monitor school absences (World Bank 2009: 7).

6. IMPACTS OF THE PROGRAMME

IMPACT ON POVERTY

In 2007 Child Allowance reduced the poverty rate by 11.9 percentage points among the overall population and lowered the poverty gap by 3.7 percentage points (World Bank 2009: 18). The same World Bank study also calculated poverty impacts on the beneficiaries. The study found that the average poverty rate among CA beneficiaries was 16 per cent before receipt of the transfer. As an evidence of the poverty-reducing effect of CA, the beneficiaries' 16 per cent poverty rate fell to 12.3 per cent. Thus the overall impact of the transfer on the incidence of poverty was a reduction of 3.7 percentage points among the beneficiaries. The poverty gap of beneficiaries was 5.8 per cent before the transfer and 3.5 per cent after it. This means that Child Allowance was able to alleviate the intensity of poverty by 2.3 percentage points among transfer recipients.

According to ministry officials, the CA is not a direct anti-poverty programme to alleviate child poverty. Bulgaria's general anti-poverty programme is the Guaranteed Minimum Income, which directly targets people in need who are not able to ensure their subsistence from primary market income. As an indication of this, the poverty rate among beneficiaries before receipt of this transfer is much higher. In the case of direct anti-poverty programmes compared to the CA (e.g. in the case of GMI, the rate was 64.4 per cent). Instead, the CA is a monthly subsidy that contributes to the costs of education and motivates families to use school or kindergarten services. This point is illustrated by the fact that while the income threshold for CA is 350 BGN, the general poverty line is around 250 BGN per capita. Therefore, a high number of not-so-poor people (above the poverty line) can also receive the Child Allowance. Nonetheless, it is an indisputable fact that, despite its relatively low amount, the CA does have an effect on poverty. Even if some other benefits have a much greater income-substitution effect than CA: for instance, the allowance for disabled people (a well-targeted benefit with the clear aim of alleviating poverty among beneficiaries with disabilities) reaches 70 per cent of the minimum wage. Regression analysis of supported families shows that the probability of participation in the CA is much higher among families that live in the countryside, have lower levels of education, belong to an ethnic minority or have a female head of household (World Bank 2009: 34).

CHILD ALLOWANCE AND HUMAN CAPITAL ACCUMULATION

Unfortunately, in case of the Child Allowance programme no systematic evaluation has been made of its effect on human capital accumulation. Although a policy note by the World Bank (2006) mentions that introducing the school attendance condition to the CA might have contributed to the observed 20% reduction in non-enrolment among low income 7-18 year olds between 2001 and 2003, it does not offer evidence to support this claim. Therefore our discussion here is based only on a simple comparison of educational indicators (school enrolment, early school leaving) between beneficiaries and non-beneficiaries. These

differences are only illustrative and do not provide firm statistical evidence about the impact of the programme.

Table 1. compares school enrolment of beneficiaries and non-beneficiaries in different age groups based on an analysis of the World Bank (2009). School enrolment of girls at the primary school level is 7.6 percentage points higher among beneficiaries compared to non-beneficiaries among the 6–14-year-olds (Table 1.). In the case of boys' school enrolment, the comparable improvement was only 1.7 percentage points. Gender differences were the opposite for secondary students (15–18 years): while there was no significant difference in girls' school enrolment rates between the two groups, while enrolment for boys of that age was almost 20 percentage points higher among beneficiaries compared to non-beneficiaries. As mentioned above, these differences do not show causal effects of the allowance since beneficiaries and non-beneficiaries may be different from each other in many respects that have not been taken into account in this simple comparison.

Table 1. Differences of school enrolment by receipt of Child Allowance in different gender and age groups in 2007 (%)

	Girls 6–14 years	Boys 6–14 years	All 6–14 years	Girls 15–18 years	Boys 15–18 years	All 15–18 years
Non-beneficiary	90.6	92.1	91.3	73.6	74.7	74.2
Beneficiary	98.2	93.8	95.8	73.3	94.4	84.8
Difference	7.6	1.7	4.5	-0.3	19.7	10.6

Source: World Bank (2009).

Another educational outcome that is of interest here is early school leaving. Eurostat defines the 'early school leaving' indicator as the share of the 18-24 years old population that has left education without obtaining a secondary school degree. As mentioned before, Bulgaria had one of the most significant improvements in early school leaving among the EU 28 countries in the last ten years. In 2004, early leave ratio was 21.4 per cent and it decreased continually to 12.5 per cent by 2013. It is of course unclear whether this decline can be attributed to the introduction of the school attendance condition in the CA. The first fully CA supported children who were recipient throughout their whole education period, were just 6 in 2002 when the programme was first implemented and would only in 2014 get into these statistics when turning 18.

Despite the decline in average early school leaving, the regional differences are still quite significant. In the poorest Severozapaden and Yugoiztochen regions this rate approaches 20 per cent, nevertheless in the prosperous Yugoizapaden region it is only 4.8 per cent. Table 2. shows that early school leaving rates were significantly higher than average in 2003 in the most deprived Severozapaden region, which is densely inhabited by poor Roma groups. By 2008- 2009 the difference between Severozapaden and the national average had disappeared, but since then the gap in early school leaving started to increased again.

Table 2. Early school leave in Bulgaria, by regions (2003-2013)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bulgaria	21,9	21,4	20,4	17,3	14,9	14,8	14,7	13,9	11,8	12,5	12,5
Severna i yugoiztochna	25,3	25,3	23,9	21,5	19,9	19,8	19,2	18,2	16,8	17,3	16,9
Severozapaden	25,3	24,3	22,5	18,0	17,1	15,4	15,2	17,2	16,6	20,8	18,2
Severen tsentralen	25,3	26,5	23,2	20,9	19,4	19,9	17,5	17,9	17,1	14,9	15,9
Severoiztochen	23,5	24,7	23,2	20,4	19,5	21,8	20,9	18,7	14,3	13,6	14,3
Yugoiztochen	27,2	25,6	26,1	25,4	22,7	20,8	22,1	18,5	19,3	21,1	19,8
Yugozapadna i yuzhna	18,4	17,6	17,1	13,4	10,1	9,6	10,1	9,4	7,6	8,2	8,5
Yugozapaden	11,1	10,1	10,6	7,3	6,3	5,0	4,5	4,3	3,4	4,0	4,8
Yuzhen tsentralen	28,7	28,6	27,1	22,9	15,4	16,3	17,9	16,5	15,0	15,9	15,0

Source: Eurostat database

During the interview with an NGO representative it emerged that the Child Allowance failed to offer a comprehensive way of alleviating poverty or encouraging school attendance. According to our interviewee, experiences in the field showed that parents often perceived the educational requirement as a penalty, rather than as help from the government in bringing up their children. The incentive is not likely to exert an important effect on the school attendance of disadvantaged children since poor people suffer a double disadvantage: first of all, they have to face poorly equipped educational facilities and low quality of educational services compared to other social groups with higher incomes. Then secondly, for poor families living in rural areas the additional costs of education (e.g. travelling, clothes, food, etc.) mean higher private expenditure in terms of both absolute costs (e.g. they live far from the school, therefore travelling costs increase) and relative costs (e.g. compared to their low income).

According to the NGO representative interviewed, the impact of the CA on poor and Roma households is reduced by the fact that the programme does not incorporate supply-side improvements and is not able to solve demand-side problems in a comprehensive way. The NGO representative also pointed out that the general improvement in quantity of education has not been matched by a similar improvement in quality. OECD (2010: 8) statistics show that the PISA results of Bulgarian children lag significantly behind the OECD average on both the reading and the science scales.

7. CONCLUDING REMARKS

Similar to some other Eastern European countries Bulgaria has converted its child benefit into a conditional cash transfer by introducing a school attendance condition into the programme. The main difference is that while child benefit is universal in Romania, Slovakia or Hungary it is means tested in Bulgaria. Studies show that the child allowance in Bulgaria decreases child poverty, less is known however about its effects on human capital accumulation, since there has been no rigorous impact assessment of the programme. Although early school leaving has

declined and educational indicators have improved among the Roma, it is unknown what role the conditional transfer played in this evolution.

Unfortunately impact evaluation of similar programmes in other Eastern European countries has not taken place either, thus up to now there is no evidence about the human capital effects of linking the child allowance to the school attendance condition. These programmes were introduced as an element of the early warning system against truancy. Even if actual sanctions are rarely used, governments seek to demonstrate to parents how important participation in education / training is (EC and GHK). The study by Friedman et al. (2009) on conditional cash transfers in Romania, Slovakia and Hungary concluded that these types of CCT programmes have not been successful in improving general school attendance and have not contributed to any narrowing of the educational gap between the Roma and the majority population.

The Child Allowance in Bulgaria and the child benefit programmes with school attendance condition in other Eastern European countries have encountered similar criticisms. Critics argue that the poor are more likely to face low quality education due to discrimination and segregation in the educational system, and also higher costs of education. As a consequence issues of supply (poor quality of education) are a greater constraint for these families than issues of demand for education. Moreover, these programmes sanction parents for the behaviour of their children without offering any efficient support.

8. REFERENCES

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CASE V. THE *SOCIAL RISK MITIGATION PROJECT* (TURKEY)¹⁶

1. INTRODUCTION

This case study looks at the relationship between the Social Risk Mitigation Project and the well-being of children in Turkey. In the second section, the socio-economic conditions of Turkey with regard to child poverty are presented, and the policies targeting children and families with children are briefly reviewed. The next section looks at the costs of the programme from a financial and administrative point of view. In the fourth section, the results of a qualitative and quantitative analysis of programme impacts are presented. Here, in addition to using findings of assessment reports, the discussion is based on expert interviews. The final section offers some concluding remarks and recommendations on how to avoid perverse incentives, stigmatization and other possible issues related to the design and implementation of CCTs.

2. SOCIAL AND POLICY CONTEXT OF THE PROGRAMME

Turkey's population is a young one compared to the populations of EU Member States: whereas in the EU those below the age of 14 make up around 16% of the population, in Turkey the figure is 26% (TÜİK 2013). But the country also has one of the highest rates of child poverty: despite the improvements of recent years, approximately 24.8% of all children suffer from basic material deprivation – well above the national poverty rate for the overall population (Gürsel et al. 2013).¹⁷ As in other countries, children are at a greater disadvantage in Turkey, and their socio-economic conditions have deteriorated further during the economic crisis. Not only are they disadvantaged materially, but 13.6% of all children are deprived educationally (OECD 2013).¹⁸ The numbers and proportions of poor children are both well above the OECD averages, regardless of the measure used. Turkey is lowest of the OECD countries in terms of material well-being, and is close to bottom in terms of health and safety, and risk-taking behaviour.

As well as child poverty, child labour is a big concern in Turkey.¹⁹ Despite the high economic growth rates, the number of children who work, especially in forms of seasonal labour, is on

¹⁶ This chapter uses information from four interviews: two were undertaken with experts who were part of the assessment project; one was with an expert at the General Directorate for Social Assistance and Solidarity; and one was with an expert from an NGO specializing in mothers' health and children's education.

¹⁷ Bahcesehir University Center for Economic and Social Research (Betam) defines basic material deprivation as not being able to keep their home adequately warm, to eat meat, chicken or fish every other day, and to replace their old clothes with new ones.

¹⁸ Educational deprivation is measured by the percentage of children aged 15 reporting fewer than four educational possessions (a desk to study, a quiet place to work, a computer for schoolwork, educational software, an internet connection, a calculator, a dictionary, and school textbooks).

¹⁹ Child labour is defined by the Labour Law, No. 4857, as children who are under the age of 15 and who have not completed primary education (TBMM 2003).

the rise: in 2012, 893,000 children were employed, 44% of them in the agricultural sector and 46% in unpaid family work. Of these working children, 50.2% fail to attend school (TÜİK 2013). It should also be noted that child labour often appears as informal employment, and so these children are not covered by social security and related public schemes. Child poverty and child labour are closely associated and can reinforce each other: low income causes families to seek paid work for their children and to allocate fewer resources to child welfare. Working and schooling are not mutually exclusive, but it is difficult to manage both simultaneously; hence children from disadvantaged families are more prone to work. In such cases, even small amounts of cash transfers can help children to stay out of work and to acquire an education (and other opportunities) that might improve their future prospects.

There are also significant regional differences in child poverty in Turkey, with the Eastern regions displaying far higher rates. Almost 42% of children in the South Eastern parts of Turkey are below the poverty line, while the figure is 13.6% in West Anatolia (Gürsel et al. 2013).²⁰ Even though most of the regional differences can be explained by economic inequalities, there are also ethnic, social and cultural reasons for the higher rate of deprivation among children in the Eastern and South Eastern parts of the country. South East and East Anatolia have been badly affected by internal conflict, and there have been massive flows of emigration, mainly to the Western parts of Turkey. There are also a number of cities in the Mediterranean and Marmara regions (like Istanbul) where child poverty is higher than the regional average, and this could be the result of internal migration.

THE POLICY CONTEXT

Aware of the problems related to poverty, the Turkish government has launched several initiatives to protect those people most in need and to contribute to human capital development. At the general level, the government offers free mother and child community healthcare, as well as primary and secondary education. Limited income tax allowances for parents are available, as is statutory maternity leave. In addition to these universal and labour market-related measures, more targeted programmes are also offered. The General Directorate for Social Assistance and Solidarity (SYDGM) is the main provider of assistance to the poor and other needy sections of society. At the provincial and district levels, Social Assistance and Solidarity Foundations (SYDVs), sub-units of SYDGM, oversee the programmes; their resources come from the extra-budgetary Social Assistance and Solidarity Promotion Fund (SYDTF).

These institutions together have multiple responsibilities, including the management of CCTs, which will be discussed in more detail below. They provide food aid to people in need before religious festivals; distribute coal for heating; provide cash or in-kind assistance to poor people for the repair and renovation of low-quality housing; offer daily hot food in soup kitchens in poor areas; and conduct various projects in areas like vocational training and job creation, which are usually undertaken in cooperation with NGOs and professional organizations, and which make use of EU grants (see sosyalyardimlar.gov.tr). School transportation for disabled

²⁰ West Anatolia region covers Ankara and Konya.

children, books, clothes, lunches and accommodation for schooling are the other types of help that poor children can receive from the social assistance and solidarity institutions.

The level of coverage and spending on social protection policies in Turkey as a percentage of GDP is still very limited and falls below the European average. Moreover, it has been found that social transfers have a lower impact on poverty than in EU countries. For instance, in 2009 after transfers relative poverty fell by only 2.7% in Turkey, but by 26% in the EU (Eurostat 2013). Despite the large number of schemes and payments (as described above), the money spent on public social assistance is barely 1% of GDP.²¹ Moreover, the policies specifically targeting children and families are minimal in relative terms, and have witnessed only modest increases over time. The Turkish social assistance system is also criticised for lack of coordination at the decision-making and implementation levels: the different government agencies, NGOs and private institutions that are involved in the various programmes rarely communicate with one another (if at all). This causes unnecessary administrative burdens, as well as the possibility of exploitation by beneficiaries. The system is also criticised for not being based on rights, and for being more like a charity,²² so that the needy tend to be selected in an ad hoc way, and disadvantaged groups are inclined to be very dependent on the benevolence of the provider (Buğra and Keyder 2005).

3. DESCRIPTION OF THE PROGRAMME DESIGN

Turkey launched its CCT programme, the *Social Risk Mitigation Project* (SRMP), in the immediate wake of its 2001 financial crisis, with the assistance of the World Bank.²³ One of the goals was to remedy the adverse impact of the crisis on the poorest sections of society. The SYDTF was granted \$634 million in 2001, of which \$500 million was provided by the World Bank and the rest by the Turkish government. The overall objectives were twofold (as with similar programmes in developing countries). On the one hand, the programme aimed to prevent poor households from becoming poorer; on the other hand, it sought to improve children's future productivity and income. The CCT in Turkey is a targeted programme. It was designed to transfer payments to the poorest 6% of the Turkish population, on the basis of education and health-related conditions. Since April 2007, the administration and execution of this CCT in Turkey has been the responsibility of the SYDGM, and funding comes entirely out of the SYDTF budget.

Conditions include both educational and health components. Also, poor pregnant women are included as a separate group of recipients, in order to tackle the issue of future poverty among the newly born. This component was added to the programme in 2005, largely to prevent early deaths and complications that might arise during pregnancy.

²¹ Overall spending on all forms of social policies in Turkey was around 13% in 2011, which was less than half the EU average. More details on costs will be given in the following section.

²² This kind of social assistance concept is, it is argued, a relic of the Ottoman period, when no formal system existed and protection for the poor and disadvantaged came mostly through private and religious charities.

²³ The *Social Risk Mitigation Project* has other components, too, such as infrastructure and governance development.

Benefits with health-related conditions are given to the mother²⁴ of children aged 0–6 years on a monthly basis, on condition they are taken to a healthcare facility for regular check-ups. For children up to 6 months, the visits need to be once a month; between 6 and 12 months, check-ups need to be every two months; and after 12 months, the child has to see a doctor every six months. Payments are made every two months until the children are 12 months of age, and thereafter every six months. Payments were 30 Turkish lira (TRY)/ 10 EURO per month in 2013. Moreover, since 2005, pregnant women have been eligible for extra benefits if they attend at least two health check-ups before the birth: TRY 30 per month, continuing for two months after the birth. Another one-off payment of TRY 70 is transferred to women if they give birth in a hospital.²⁵

Benefits with schooling-related conditions are paid to mothers of children who comply with the conditions. Compulsory schooling was extended to eight years in 1997 and to 12 years in 2012. Education at both primary and secondary level is financed by the state and is free of charge at state schools between the ages of 6 and 18. The enrolment rate in secondary education is lower, and so higher benefits have been set in order to induce a sizeable change in behaviour. Furthermore, at each education level, there is a greater investment in girls' education, with bigger transfers offered. In 2013, boys in primary school received TRY 30 per month and those in those studying in secondary school TRY 45, whereas the payments were TRY 35 and TRY 55 per month, respectively, for girls. Children receiving education support shall attend 80 percent of the total school days and not repeat the same grade more than once.

Table 1. Net schooling rates in 2011/2012 (%)

	Primary		Secondary	
	Boys	Girls	Boys	Girls
Ankara	99.63	99.47	81.82	84.11
İzmir	99.31	99.29	73.64	77.51
Bursa	99.34	99.16	77.11	75.27
İstanbul	99.66	99.4	70.71	72.14
Antalya	98.81	98.81	71.13	73.31
Adana	99.51	99.21	68.69	67.34
Gaziantep	99.54	99.2	58.48	54.71
Konya	98.89	98.6	64.53	63.95
Diyarbakır	99.27	99.3	52.54	43.91
Şanlıurfa	98.88	98.22	43.79	31.41
Turkey	98.77	98.56	68.53	66.14

Source: Ministry of Education (2013)

Table 1 presents the net schooling rates in 2011/12 across several large cities in different regions of Turkey. As can be seen, there are several cities where the rate of secondary

²⁴ Fathers, or any other adult over the age of 18 from the family, can receive the transfer if the mothers are no longer alive or live in a different household.

²⁵ Health and education benefits have been steadily increased since the start of the CCT programme to cater for the changes in the cost of living.

education is well below the national average, and where the gap between girls and boys is greater than elsewhere. For instance, in Şanlıurfa, which is one of the biggest cities in South East Anatolia, the net secondary schooling rate is only 43.8% for boys and 31.4% for girls.²⁶ In fact, one of the experts interviewed mentioned that the problems with girls' enrolment rates and low levels of literacy were among the main reasons behind the launch of the *Social Risk Mitigation Project*. Turkey was lagging significantly behind in the Millennium Development Goals (MDGs) and the government invested as much as it could to achieve these goals.

4. DETAILS OF PROGRAMME IMPLEMENTATION

The process of applying for assistance under the *Social Risk Mitigation Project* has five steps: (1) mothers apply in person at the Social Assistance and Solidarity Funds (SYDV) that exist in 973 cities and provinces, at which point they fill in a form with various questions covering demographic status, income, consumption, wealth, housing and employment. (2) Each applicant is awarded a score by the proxy means test procedure, on the basis of which they may be accepted as "temporarily eligible".²⁷ (3) SYDV officials try to verify the self-reported status of these households, and enter them on the "certainly eligible" list if there are no significant discrepancies in the information. (4) The SYDGM draws up a final list of claimants every two months. (5) The final step involves checking with the social security institution and identifying what cover individuals have (Esenyel 2009). Since informal work is quite common in Turkey, this final step is crucial in eliminating overlaps between the various social insurance schemes. However, the investigation can go against applicants: there is the possibility that they may be in the system but still not get any benefits because they have an inadequate level of contributions.

As mentioned above, the targeting of the benefit is implemented via proxy means testing. This is based on a statistical regression model which estimates per capita household consumption expenditure as a function of the variables such as household demographics, location, housing and assets. Data regarding these variables are required from the applicants in the application form. Then the system calculates the proxy means score of the applicants by using the data on households from the application forms and the weights given to each variable derived from the regression model. Applicants are eligible for being CCT beneficiaries²⁹ if the calculated score is below the predetermined cut-off score.

Targeting errors²⁸ are of course possible in centralised systems like Turkey's, and even if social audits can mitigate these mistakes, they tend to be costly in practice. Our interviews revealed that both the selection and the evaluation processes in Turkey also carry some disadvantages related to targeting. As mentioned above, in order to be deemed eligible for the transfers,

²⁶ There are also several cities in East Anatolia where female schooling rates are well below the national average and significantly below the male rates.

²⁷ Applicants can contest the decision of SYDVs if they are found ineligible. The Board of Trustees of the SYDV can reassess the situation and add the person to the final claimants list, if appropriate.

²⁸ Targeting errors can be very substantial. In Mexico, 44% of the extremely poor children aged 9–18 receive benefits, even though they do not attend school. Thus, a big proportion of poor households are not investing in human capital (Azevedo and Robles 2013).

households need to achieve a certain score, which is determined by looking at numerous variables. However, the scores assigned to each factor may be highly subjective, and in fact our experts acknowledged this as one of the criticisms that beneficiaries have of the system.²⁹ Full standardization is unfortunately not possible, but measures to improve the fairness of selection could be developed. That would however definitely increase administrative costs even more.

In order to ensure coordination between educational and health care institutions and SYDGM a data exchange mechanism was created which is connected to the e-school System of the Ministry of Education and the information system of the Ministry of Health Family Medicine (UNICEF 2014). From 2010 a module for the CCT programme has been incorporated into the Integrated Social Assistance Information System. This allowed the centralised information system to receive the applications, to query information stored in databases such as income, social security and ownership status through online data exchange, to check compliance with the principle of conditionality through the systems of the above-mentioned institutions and to make payments.

Also school teachers play an important role in the implementation of the programme. For example, teachers appear to be one of the most valuable sources of information about the CCT programme in Turkey. Table 2 shows data on how applicants heard about the transfers from the recent study on the impact of the programme by Acar et al. (2012). It is clear that there is an important network effect. More than 60% of knowledge about the programme was derived from neighbours and relatives. The fund personnel were also crucial source of information – 16.4% of people in the treatment group and 14.2% of people in the control group³⁰ received information from them. The next most important source was schools and teachers: in the treatment group, 14.3% of households learned of the CCTs from their children's schools and teachers, while the figure was around 11.6% for the control group.

²⁹ There were several complaints from people who considered themselves poorer than recipients, yet were not included in the CCT programme.

³⁰ Households in the treatment group were selected from the beneficiaries, while those in the control group were selected from municipalities ineligible to participate in the program. For more detailed description of the treatment and control groups, as well as the procedures followed for the first and second rounds of surveys, see Acar et al. (2012).

Table 2. Where did you get your information about the CCT programme? (%)

	Treatment	Control
Neighbours	40.3	40.6
Relatives	20.5	16.3
Fund personnel	16.4	14.2
School/teacher	14.3	11.6
Demarche	12.6	11.2
Friends	9.2	10
Health centre	3.1	2.6
Fellow villagers	1.9	2.2
Media	1.2	1
Other	1.9	3.6

Source: Acar et al. (2012)

One interviewee asserted that teachers are much more integrated into the CCT programme and typically try to use all the avenues open to them to guide the families of children in need. This includes informing households about the CCTs and pointing them in the right direction. Besides, they collect data and keep good records of their students, and as a result the e-school database contains valuable information to assess how children are performing at different stages of their educational life. As one of the interviewees mentioned, teachers do not know the identities of the students who are receiving transfers, in order to avoid preferential treatment and segregation. The privacy thus afforded can help to reduce the likelihood of stigmatization, which can be very costly in social terms and can emerge as a big problem with targeting (Devereux 2002). But it also encourages teachers to keep better attendance records for the students: since the teachers are unaware who the CCT beneficiaries are, they cannot give them any favours. To be sure, in small communities such information is hard to keep secret, but at least on the administration side attention is paid to the risk of stigmatization and bias.

NUMBER OF RECIPIENTS AND COSTS OF THE PROGRAMME

Table 3 shows the total number of applicants and those who were eligible to receive the CCT across the regions of Turkey between 2003 and 2008. As expected, South East Anatolia was top in terms of both total applications and recipients. The poverty rates in the region are well above the national average, and so it is no surprise that more people from the region were beneficiaries – in both absolute and relative terms. The lowest number of applications came from the Aegean region, followed by Marmara region. Both of these also displayed low ratios of recipients to applicants, suggesting that the points collected by households under consideration were insufficient to qualify for the transfers. Since the poverty rates in those regions are lower than in the rest of the country, it is understandable that there should be

fewer applicants eligible for social assistance. Overall, 58% of people who filled in the necessary forms and claimed transfers received them between 2003 and 2008.

Table 3. Applicants and recipients of the CCTs

	Applicants	Recipients	Ratio of recipients to applicants
South East Anatolia	468,055	341,899	73.05
East Anatolia	387,715	293,712	75.75
Mediterranean	228,225	122,156	53.52
Black Sea	209,602	86,380	41.21
Central Anatolia	193,209	92,784	48.02
Marmara	168,720	51,608	30.59
Aegean	123,764	43,470	35.12
Total	1,779,290	1,032,009	58

Source: Ortakaya (2009)

In 2012, 2,017,810 children received education benefits, 49.9% of them girls. The total number of mothers in the CCT programme was 978,178 (i.e. mothers receiving health, education and pregnancy benefits). In all, 887,926 children attracted payments for healthcare, which corresponds to 475,441 households in Turkey. Some 6% of the total number of households in Turkey collected the CCT in 2012. As before, households in South East Anatolia and East Anatolia received the major share of benefits for both health and education. Aegean region and Marmara region have the lowest number of households and the smallest proportion of transfers on all accounts, again suggesting the differences with respect to overall poverty rates. However, it should be noted that there is variation within the regions, and in Istanbul alone more than 45,121 children were granted conditional education transfers and 6,089 children got health benefits.

Table 4. Final status of conditional cash transfers as of 2012

	Total number
Households receiving education support	964,452
Households receiving health support	475,441
Children receiving education benefits	2,017,810
Children receiving health benefits	887,926
Girls receiving education benefits	1,006,887
Pregnant women receiving benefits	25,665

Source: SYDGM (2012)

On the financial side, the administrative burden of CCTs can be important, because the selection process and the monitoring of the conditions require a huge allocation of resources, particularly if local oversight is limited. Moreover, the assessment of such programmes is cumbersome and, once again, necessitates significant human effort and budget. In the literature, generally four types of costs to the state are identified: (1) the administrative costs

related to geographical targeting; (2) the costs associated with household proxy or means testing, (3) expenses related to making transfers conditional on household actions, and (4) the costs of monitoring the ongoing programmes (Coady et al. 2004). From the beneficiaries' perspective, there are also several types of costs, such as income forgone in workfare programmes, financial resources and time invested in the application process and in fulfilling conditions. None of these are trivial, but the exact magnitude might depend on the region where the individual is located.

The CCT programme in Turkey is subject to similar concerns, and the increasing costs of implementation are highlighted by several researchers. Table 5 presents the cash outflows under the SYDVs for 2008 and 2011. The first row of the table shows the total amount of cash expenses by SYDVs in Turkey. The greatest share of the spending in both years went on periodic items – 33.84% and 39.94% in the two years respectively. While 9.62% of expenses were allocated to CCT health benefits in 2011, CCT education benefits constituted 26.67%. Both of these experienced a rise from the 2008 levels, and the increase in education spending was around 3.46% over the period. Indeed, with the exception of family allowances, all types of expenses either grew over time or saw only a slight reduction. Unfortunately, we do not have the numbers for operational and administrative costs of the CCT programme. We can however make an estimate of overall administrative costs of social programmes under SYDGM. The total money distributed to various administrative and operational units under SYDGM was around TRY 167,931,822 in 2011, which is 11.27% of the total cash payments made by SYDVs. This is a major percentage, but it includes every branch, such as strategy development, statistics, research and dissemination, and resource management, human resources, project monitoring and evaluation, among others.

Table 5. Cash expenses for various programmes

	2008	2011
Cash payments to SYDVs (in TRY)	1,252,121,755	1,490,142,965
<i>Percentage share of spending on:</i>		
Periodic expenses	33.84	39.94
Investment expenses	0.18	0.01
Health expenses	0.28	0.75
CCT health expenses	9.49	9.62
Vocational education and employment expenses	2.10	2.68
Education expenses	8.38	7.85
CCT education expenses	23.21	26.67
Social assistance expenses	1.04	2.78
Family allowance expenses	21.18	9.33
Disability support expenses	0.14	0.07
Other expenses	0.16	0.29

Source: SYDGM (2012)

In the next table, the CCT benefits are examined in terms of the share that each region received of the total cash outflows in 2011. South East Anatolia received 42.35% of all CCT health transfers, whereas this figure was a mere 2.76% in the Aegean region. A very similar picture arises for education expenses where 32.72% goes to South East Anatolia but only 5.59% to the Aegean region. The higher expenses in these geographical parts are quite predictable in the Turkish context, given the distribution of the poor, and therefore the higher number of beneficiaries. Because we do not have data on disaggregated administrative costs, no conclusions can be drawn about relative expenditure across regions. The system in Turkey is quite centralised: once the collection of data about the status of households is done, the assessment is performed according to criteria set by SYDGM. Local units are assigned a significant role in the auditing process, and there is no particular reason to believe that there would be much regional variation in the expenses required for this step.

Table 6. Allocation of CCT benefits across regions in 2011

	Health (%)	Education (%)
Marmara	2.96	8.76
Aegean	2.76	5.59
Mediterranean	9.88	10.9
Central Anatolia	4.41	8.74
Black Sea	5.57	8.31
East Anatolia	32.08	24.98
South East Anatolia	42.35	32.72

Source: SYDGM (2012)

5. IMPACTS OF THE PROGRAMME

This section looks at the impacts of the programme as found in qualitative and quantitative studies, as well as the challenges posed by such a programme. Three existing reports and four recent interviews with representatives from different institutions are the main information source for this section. Of the three reports, two were conducted by the International Food Policy Research Institute (IFPRI) in 2006 and 2007 (Ahmed et al. 2006, 2007), and the third was a project initiated by the Ministry of Family and Social Policy and carried out in 2012 by a research consortium under the leadership of Gazi University (Acar et al. 2012). While the reports by IFPRI used the regression discontinuity design (RDD) methodology,³¹ the report by Gazi University utilised both qualitative and quantitative methods to achieve a more thorough understanding of the impacts. Mothers, healthcare staff, teachers, principals and many other agents involved in the transfers are included in the sample, and their opinions are assessed by descriptive statistics and regression techniques.³² In addition to the three reports, our findings also draw heavily on four interviews – two with experts who were part of the assessment project, one with an expert in SYDGM, and one with an expert from an NGO that specialises in mothers' health and children's education.³³

IMPACTS ON SCHOOLING

³¹ This methodology mainly looks at the difference in outcomes between beneficiary and non-beneficiary households who are close to the eligibility criteria.

³² A difference-in-difference approach is employed for the quantitative impacts where the changes over time in an indicator are calculated for a treatment group, and the change in the treatment group net of the change in the control group is attributed to the intervention.

³³ The four interviewees were Prof. Nezir Köse (Gazi University, Ankara), Jülide Yıldırım Öcal (TED University, Ankara), Hilal Kuşçul (Anne ve Çocuk Eğitim Vakfı – AÇEV, İstanbul) and Caner Esenyel (Aile ve Sosyal Politikalar Bakanlığı, Ankara).

Ahmed et al. (2006) and Ahmed et al. (2007) found that the secondary school enrolment rates for girls went up by 10.7%, and by 1.3% at the primary school level. Moreover, the attendance of girls increased by 5.4 percentage points in secondary schools as a result of CCT transfers (Ahmed et al. 2006). These results indicate that the programme was quite successful in raising female participation in secondary schooling. Table 7 summarises the net school enrolment rates before and after launch of the programme. We can see that the project targets for secondary schooling were surpassed for both genders: actual enrolment rates exceeded the target rates by approximately 6% for boys and 7% for girls at the secondary school level (although one should note that the baseline rate for girls was quite low for this education category). In the report by Acar et al. (2012), it was also found that there was a positive impact of the CCT programme on secondary school enrolment on average, even though there was a slight decline in the probability of enrolment in rural areas during the 2009/10 academic year. While the probability of secondary school enrolment of girls in the treatment group was 0.79 in rural areas and 0.82 in urban areas, the same probabilities for the control group were 0.36 and 0.49 in rural and urban areas, respectively. Boys generally have higher secondary school enrolment rates, and the probabilities are recorded as 0.76 in rural areas and 0.79 in urban areas for the treatment group, and for the control group 0.44 and 0.50 in rural and urban areas, respectively. CCTs were also effective in reducing absenteeism, particularly in rural areas. There were some regional differences, and absenteeism declined most in the Mediterranean region as a result of the CCTs.

Table 7. Actual and target net school enrolment rates

	Baseline (2001)	Actual (2007)	Project target
Primary (boys)	99.6%	99.7%	99.8%
Primary (girls)	90.8%	87.2%	95%
Secondary (boys)	48.5%	61.1%	55%
Secondary (girls)	39.2%	52%	45%

Source: World Bank Project Coordination Unit

However, the programme was quite ineffective at increasing primary school enrolment rates. As can be observed from the above table, the project targets were not reached at the end of 2007. There was a gap of almost 9% between genders in 2001, and by the end of the project the gap had actually increased to 12%. Although the target was almost met for boys, the primary school enrolment rates for girls remained much lower than the target level, at around 87%. One reason for this could be the already high enrolment rates; however, as has been mentioned, this is not necessarily the case for girls. In Van, for example, primary schooling stands at around 80%, which is much lower than in some middle-income countries, and far below the national average. Therefore, regional specificities and non-economic sources of gender bias are at play and might explain why CCTs have not been able to boost the primary schooling enrolment rates. Also, it has been found that CCT transfers did not improve progression from primary to secondary schooling for either girls or boys (Ahmed et al. 2006). Thus, these transfers do not guarantee a continuation of educational life for children from

poorer households. A likely explanation could be the extra costs that emerge with secondary school education, e.g. commuting. As secondary schools are more geographically scattered in Turkey, families incur extra cost needed for the travelling to these facilities.

As was made clear by one of the experts, the money is an important incentive for families to use educational services, but it is uncertain how much of the transfers is spent on activities or items that help to improve the quality of overall educational life. Thus, basing these policies solely on financial assistance might not be sufficient to maximise the benefits for children. CCT programmes should be supported by different kinds of programmes and should be regarded as just one of the components of a more comprehensive social assistance scheme including, for instance, hot meals at school or free school equipment. It is important to recognise that just because children drop out or fail to attend school, it may not solely be on account of household factors: supply-side conditions may also play a large role. Hence, the transfers need to be backed up by other policies that contribute to the quality of education and that enhance the life chances of poor children.

However, it should be kept in mind that throughout the interviews, CCTs were generally identified as having very significant positive effects on the educational front and encouraged poor families to use educational and health care services. The positive discrimination towards girls was also said by the interviewees to be working well, since there have been important positive developments in this area.

IMPACTS ON HEALTH CARE USE

When it comes to the impact of the CCTs on health outcomes and behaviour, the first report shows a 13.6% rise in the full-immunization rate for pre-school children. Besides, the immunization rates for particular diseases (such as polio, tetanus, measles, etc.) rose from 43.8% to 57.4% on average between 2003 and 2006 (Ahmed et al. 2007). These rates have continued to increase: they stood at around 98% in 2010, when declining infant mortality rates and a greater share of hospitalised births were also visible (SBSİY 2010). It was also found that the regular health check-ups for children rose significantly among poor families, to reach 69% in 2012 (Acar et al. 2012). Thus, positive behavioural change has occurred thanks to the CCTs in Turkey, but the quality of the healthcare services that poor households have access to is still a major issue. Table 8 summarises the satisfaction of beneficiaries with the healthcare services across rural and urban areas between 2011 and 2012.³⁴

³⁴ The respondents were asked if they agreed with the statement, “I am satisfied with the way healthcare services are delivered”. The answers strongly agree = 5, agree = 4, neutral=3, not agree = 2 and strongly disagree =1.

Table 8. Healthcare satisfaction

	2011			2012		
	Rural	Urban	Total	Rural	Urban	Total
Control	4.21	4.27	4.25	4.03	3.88	3.94
Treatment	4.13	4.26	4.18	4.1	3.95	4.03

Source: Acar et al. (2012)

Despite improvements in the immunization rates and the number of doctor visits, satisfaction with the healthcare services declined between 2011 and 2012 for both control and treatment group. In 2012, on average satisfaction was higher in rural than in urban areas, which was not the case in the previous year. Moreover, there are important regional differences: in the Aegean, Eastern Marmara, Western Anatolia, Central Anatolia and Western Black Sea areas, the participants in the survey were less satisfied with the healthcare services than the national average. Also, one of the experts highlighted that the assessment of health outcomes was not possible, given the data. The records that healthcare providers and staff keep are poor, and hence the physical progression of children and their mothers is difficult to monitor. This is mainly due to scepticism on the part of doctors and healthcare staff towards the system and the fact that they do not sufficiently value the behavioural aspects behind the transfers. They do their job of examining mothers and children when they come to the health centre well, but they are not really interested in collecting information and in training families regarding the benefits of regular health check-ups.

On a related point, in one interview, the issue of supplementary programmes and quality of services was brought up. According to the interviewee, conditions attached to the transfers can bring about better healthcare service usage today, but in order to transform the behaviour of families, they need first to be educated about the usefulness of these services. Unless the idea can be inculcated that regular check-ups during pregnancy are good, and that bringing young children to see the doctor is beneficial, the positive effects of CCTs will be short lived. It is a fact that people try to avoid using the state healthcare system in Turkey. In order to attain the long-term objectives, it is crucial to provide high-quality services and to back up the CCT transfers with other programmes. Otherwise, the behaviour might backslide when the transfers are halted.

IMPACT ON CHILD LABOUR

CCTs can also have a positive (is this correct?) effect on the labour market participation of children and their parents. In Turkey, there has been no quantitative analysis; however a negative link between transfers and child labour was detected in some qualitative studies. Many of the interviews also discussed the possibility of perverse labour market effects, especially given the uncoordinated nature of the social assistance scheme in Turkey. There are certain families that are eligible for a number of benefits in addition to the CCTs – elderly care, disabled benefit, etc. Taken together, these benefits can be enough to make paid work less attractive. Thus, a centralised system where each kind of social assistance can be recorded and

monitored is needed to prevent CCTs (or indeed benefits generally) from having a negative impact on labour market participation. Furthermore, the CCTs used to be allocated to people who were not covered under social security, which aggravated the problem of withdrawing from the formal labour market in Turkey. Recently, this has been amended and people who are under the social security system are also eligible for transfers, so long as their income is below the benchmark. CCTs in Turkey are, so it is argued, also helping to reduce domestic violence, and the fact that mothers receive the payments is generally considered to be a positive development for empowerment and gender equality. Also, the possible negative impact on household size was mentioned in the interviews, but no quantitative examination has yet been done. According to one expert, families might opt to have more children in order to receive greater benefits; a benefit cap could serve to address this issue.

6. CONCLUDING REMARKS

CCTs are becoming popular as policy tools to mitigate the consequences of poverty and enhance human capital. Behavioural changes are placed at the centre, and the goal is to achieve these with the help of monetary incentives. In Turkey, the programme has been running since 2001 and has been successful in raising school enrolment and attendance rates, improving immunization rates, and encouraging regular check-ups for children and pregnant women.

However, there are several factors that could increase the effectiveness of CCTs in Turkey. First, on the administrative side, a centralised system of social assistance would be immensely useful in collecting data about applicants and beneficiaries. This would also allow the administrators to monitor the other types of allowances that the same households are collecting.

Information about CCTs should be disseminated to potential applicants and the public at large. Most households are confused about the objectives of the programme, and they learn about it through informal networks. The local offices could become more “hands on” in spreading the word about CCTs and in explaining the forms that need to be filled in during the application and the subsequent procedures. Finally, the stakeholders might also be consulted when changes to the system are mooted; this was generally not the case in Turkey when the *Social Risk Mitigation Project* was launched or when it was decided to extend it to all regions.

A second important set of recommendations has to do with taking the regional variation into account. Even though such differences exist in almost every country, in Turkey the East–West divide is very pronounced and has important consequences for the effectiveness and implementation of CCTs. For instance, the attitude towards girls’ schooling across regions in Turkey is quite distinct: there is a greater bias against female education – and in general against women participating in public life – in the South Eastern and East Anatolian parts of Turkey. Hence, transfers can only be a partial solution and real behavioural change can only be brought about by empowering women. Similar conclusions can be drawn by looking at the health behaviour and household division of labour. Without considering the cultural and regional factors, CCTs alone will not be sufficient to transform attitudes towards health and education. Besides, the service quality across regions is rather divergent in Turkey for a

number of reasons. This causes the CCT beneficiaries to have different experiences of accessing and using the public services. For instance, healthcare facilities and schools are geographically sparser in East and South East Anatolia, and as a result it is relatively harder for poor families in these regions to take their children to school in order to invest in their children's human capital.

The third point is more general and might be recommended for all CCT programmes in middle income countries. Demand-side policies and the financial assistance given to families are valuable instruments in motivating people, but they may end up being very short lived if not accompanied by policies that educate and change the mentality of household members. Simply attending school or visiting a healthcare facility does not necessarily bring sustainable human capital development. Without also providing the conditions for children to enjoy high-quality education and a healthy life style, the potential benefits of the CCT will remain untapped. Long-term behavioural changes are only possible when the consequences of their actions are explained to parents and children – and when they are fully persuaded of the benefits.

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