

Conditional cash transfers and their impact on children (Hungary, 8-9 October 2015)

Situation and policy approach and recent trends in Belgium¹

Marjolijn De Wilde
University of Antwerp

Josée Goris
Belgian Federal Public Planning Service for Social Integration

1. Situation and policy approach in Belgium

Over the past 70 years, Belgium developed a comprehensive and highly performing system of social protection. In 2014, Belgium had an at-risk-of-poverty rate of 43.1 % before social transfers (pensions included). The Belgian system of social protection reduced this rate to 15.5 %.

From the start, the social protection system had two basic objectives: the protection of the living standards of workers and their families if certain social risks occurred (as for example by losing a paid job or by reduction of certain expenses as for medical care of the education of children). This objective corresponds to the insurance principle of social security, where benefits are only granted to persons or families who had paid sufficient social contributions. The second basic objective is to guarantee minimum protection. This objective is based on the principle of solidarity.

The evolution of the social protection since its beginning is characterised by an ongoing expansion of the number of social risks and groups at risk that were covered by the system and an incessant increase in the amount of the benefits. The amount of the current minimum benefits is still not equal to the at-risk-of-poverty threshold, but evolves slowly in its direction. The phrase that the government has the intention to raise the minimum income schemes at the level of the at-risk-of-poverty threshold can be found in the last two governmental declarations. However, this sentence always ends with the remark "if the fiscal situation allows this".

In the Belgian policy there is also an increasing attention for the non-take-up of social rights. This attention is reflected among others in the growing attention for the automatic allocation of rights which needs a harmonisation and simplification of the various branches of our social protection system.

Since the end of the 90s the evolutions as described above became supplemented and influenced by the European Union, with a focus on activation and guidance for the unemployed. In Belgium, this evolution can be summarised as the transition from the passive welfare state to the active welfare state. Changes in unemployment regulations and the minimum income scheme created a framework to actively assist job seekers and social assistance recipients towards getting a job. The tools and methods developed for this purpose can be grouped under: monitoring, guidance, contractualisation, control, and ultimately sanctioning by reducing or suspending the allowance.

¹ Prepared for the Peer Review in Social Protection and Social Inclusion programme coordinated by ÖSB Consulting, the Institute for Employment Studies (IES) and Applica, and funded by the European Commission.



The focus on the activation of job seekers and the social inclusion of people furthest from the labour market can be seen as inspired by a respect for human dignity and the fight against poverty and social exclusion, as for example in the European recommendation on active inclusion. The Belgian Constitution foresees in its article 23 a right to work. The government engages itself to strive for the highest possible level of employment and a safety net for those who are able and willing to work but who cannot access the labour market because a lack of jobs.

Another way of looking, that currently resounds louder and louder, is that our system of social protection is too generous and does not include enough incentives to stimulate people to go back to work. Starting from this vision, it is claimed that the improper use of social benefits leads to a culture of dependency where people settle in their situation and become an unproductive burden for the society. Looking from this perspective, the proposed remedies are lowering benefits and minimum wages and disciplining through sanctions, so that the benefit receiver becomes encouraged to provide for his/her own subsistence. This way of looking puts a lot of pressure on the individual responsibility of the citizen. The key message here is that people remain dependent on benefits, because they have a lack of capacities, their behaviour is not adequate or appropriate and not conforming to the general and socially accepted norms and values.

The examples below of conditional cash transfers should not be seen as stand-alone measures representing the whole social policy. They are instruments that are part of an integrated approach consisting in a wide range of preventive to curative measures, from encouraging and supporting methods to repressive approaches.

For example, to meet the EU-2020 target to reduce early school leaving with 10 %, the regional governments developed integrated programmes with preventive, curative and alternative aspects, not only aiming at changing individual behaviour, but also the institutional settings as for example changes in the system of apprenticeship.

2. Some illustrative examples that can be seen as a form of conditional cash transfers in Belgium

The withdrawal of school allowances for truants

In Belgium there is no link between the child allowance and the school attendance of children. Participation in pre-school education is not mandatory in Belgium but it is highly recommended, encouraged and sometimes a condition for other services. For example, the Flemish government decided in 2010 that children of 6 years old only can be enrolled in primary school if they attended the kindergarten the preceding scholastic year for at least 220 half days. In the Flemish region 85 % of the children of 2.5 years old attend kindergarten, while this figure rises to 97.6 % for children of three years. 89 % of the children were during the third year sufficiently present.

In Belgium there is a compulsory education from 6 to 18 years. 99.9 % of this group are enrolled in an education institution in the Flemish region. In the scholastic year 2012-2013 problematic absenteeism was set for 0.4 % of the children in primary school and for 2 % for the pupils of secondary school.

The Flemish school allowance is a textbook example of CCT: since recently, the allowance is subject to both a means-test and to behavioural conditions. It is thus targeted at financially vulnerable families. But parents of students who are either unauthorised absent from school for more than 30 half days in two consecutive years or not officially registered for more than 15 consecutive days have to repay their allowance.

In their discussion paper, Cantillon and Van Lancker criticise such CCT-policy. They first address – in an incomplete way due to the absence of individual data – the efficiency of the policy. They conclude that, since the date of implementation of the policy, truancy is



increasing instead of decreasing. Second, the authors highlight an ethical issue. It is highly discussable that young people in problematic circumstances are helped by withdrawal of a benefit. "A young truant, often with a low socio-economic status, personal problems, an unhappy home, attending an inappropriate school and with few prospects in the labour market, will not be compelled to 'behave properly' by reclaiming allowances from their parent(s). Any such course of action can and will only lead to resentment and personal frustration and will, consequently, contribute to social unrest."

Child care provisions

Again in Flanders, policy has changed in the direction of CCT with regard to the payment of child care provisions. From April 2014 to April 2015, the minimum payment was 1.56 EUR a day. Parents receiving social assistance were entitled to this low rate. Since April 2015 the minimum rates increased to 3 or 5 EUR a day. The difference between both rates is that the lowest is only accessible for social assistance claimants in labour or in a labour market reintegration programmes. Claimants that receive social assistance, without following an activation measure, pay 5 EUR a day. Only on special request of the social assistance agency, a claimant is allowed to pay 1.56 EUR a day. Up to now, it is unclear how the different rates are distributed across parents using child care facilities. However, Van Lancker has extensively shown that child care in Belgium (and other countries) is underused by low-income families. This new policy will, if it does not worsen, for sure not improve this evolution. It seems clear that this change in policy is not implemented with the goal to ameliorate children's human capital. The two most prominent reasons seem savings and the reciprocity idea: only people that do something deserve full support of the government in return. Ultimately, children's human capital development is made dependent on the labour market behaviour of their parents.

Students on social assistance

In 2004 the Belgian government introduced a new policy that can be framed as a CCT with a gain relative to the base line. In Belgium – contrary to other countries – school allowances are limited to covering aspects related to schooling (subscription payment, books, special material). An allowance tailored at students with regard to living costs is non-existent. This means that students with limited resources are dependent on their parents, student labour and/or social assistance. Before 2004, social assistance agencies (on municipality level) were free to decide whether a student, single or with a family with limited resources, was considered eligible for social assistance. Although quantitative data are missing about this period, stakeholders agree that in some municipalities young individuals with the wish to study were generally accepted as clients, whereas in other municipalities the same question was almost always declined. This changed by adding to the federal legislation 'regular education' as a reason to be exempted from activation duties. A claimant between 18 and 25 years, planning to follow fulltime education which might raise her changes on the labour market, is nowadays eligible for social assistance. The student needs to prove that he/she is a regular student, but there is no obligation of good results.

The percentage of student claimants increased between 2004 and 2014 faster than the overall social assistance population and the group of young (-25 year) benefit receivers. This is partly due to the fact that students generally remain in social assistance longer than other young claimants, namely until they finish their study (taking some months or years). However, it cannot be ignored that the increase is also an effect of the growing importance of a degree and the claimants' awareness of that.

In 2010 we conducted a study to investigate the profile of the students on welfare. To our surprise, half of the adult students were pupils trying to finish secondary education. The other half were students following tertiary education. Thus, the social assistance for students may be considered as a measure preventing early school leaving. Moreover, in



almost 80 % of the investigated cases (randomly chosen) the trajectory of the students could be considered as successful (time frame = one year and few months or two June exam sessions). We labelled trajectories “successful” if the students were or qualified or still followed the same education. Although we consider it better to integrate living costs in the regular school allowances, we evaluate social assistance for students as a successful measure focused on increasing the human capital of young people and on decreasing discretion across municipalities (see below).

3. Conclusions, comments and questions

As shown in both the discussion paper by Márton Medgyesi and the description of the Belgian situation, the introduction of conditional cash transfers is growing in Europe. In summary: CCTs in child- and youth-related areas are increasingly introduced with the assumption that this will improve the health and/or human capital of children. However, academically sound evidence for this assumption is, as Medgyesi comprehensively shows, scarce. Existent research is focused on short-time effects (as re-enrolment), but not on long-term effects, as the actual improvement of human capital. This means that major policy changes are based on single experiences, trend-setting in countries and cities and on gut feeling. An opposite form of good feeling is expressed by almost all (European) policy documents mentioned by Medgyesi. The message seems: “be aware of the possible negative consequences of CCT’s”. As a general remark, we think it is duly important to keep in mind the good feeling-level of the arguments both against and pro increased conditionality.

We want to add to the discussion one consideration that is not addressed by Medgyesi. The introduction of (more) behavioural conditions to cash transfers entails two – not yet mentioned – risks: the bureaucratisation of things that cannot be bureaucratized and too much local discretion. If a state chooses to introduce CCT’s and to assess eligibility by collecting administrative data, such admission can be performed by administrative clerks. The question is whether it is humanly possible to assess behavioural conditions based on administrative data. Eligibility is, in that case, not only based on distinct data as subscription in day care or education and/or on means testing, which are conditions directly related to the purpose of the benefits. Instead, the entitlement to benefits is made more uncertain by adding behavioural conditions, as enrolment on a daily basis or work-related efforts of the parents. It is highly questionable whether the conditions one wants to assess can be captured in administrative data. If trying, the consequence might be that a person in high need is withdrawn from a benefit. One could argue that – based on the accepted rules – the withdrawal is fair, but it seems unfair that such withdrawal is not at any time assessed by humans with special attention for specific situations.

Contrary to administrative assessment of cases, there is the assessment by local case managers. Recent studies indicate that the focus on behavioural conditions has increased the importance of professionals assessing situations, since such focus made treatment more individualised, including evaluations of work willingness of the parents or of reasons for absence at school or in the kindergarten. Literature on professionalism argues that an employee can only be perceived as professional if some decision-making power is guaranteed. Furthermore, the situations in which citizens ask for assistance are often so heterogeneous that it is impossible to provide specific legislation for all cases.

Therefore, implementation variation (discretion) is likely to increase following the introduction of behavioural conditions instead of categorical conditions (e.g. lone parent) or means tests alone. High discretion, however, comes with a cost, namely inequality of chances to get or retain a benefit. Our own experimental research with regard to social assistance practice shows that almost half of the treatment variation is explained by variation in treatment choices of case managers (and not by differences in client characteristics that might determine eligibility). Furthermore, we find that this use of



discretion is highest if case managers need to assess behavioural characteristics. Such high differences among similar clients might raise concerns that need to be addressed if implementing CCT's. We advise to add a note on this to the discussion paper.

