

Greece introduces a “Childbirth Benefit” and changes the eligibility criteria for other benefits

ESPN Flash Report 2020/16

DANAI KONSTANTINIDOU AND ANTOINETTA CAPELLA – EUROPEAN SOCIAL POLICY NETWORK

MARCH 2020

A new one-off “Childbirth Benefit” of €2,000 is granted to mothers who are legal and permanent residents of the country for every child born in the country after 1 January 2020. Certain amendments to the eligibility criteria for other social protection benefits have also been introduced. In response to the COVID-19 outbreak, the Government has extended the duration of approved applications of the beneficiaries of certain welfare benefits as well as the deadline for the submission of applications for the “Childbirth Benefit”.



Description

Apart from the reform of the social insurance system, which is currently underway, the main social policy priorities of the newly elected Government in Greece (July 2019) concern the introduction of a new one-off “Childbirth Benefit” and modifications to the eligibility criteria of certain social protection benefits (Law 4659/2020 adopted in February 2020).

In particular, Law 4659/2020 introduces a new one-off “Childbirth Benefit” to act as a financial incentive for future parents, while contributing to the first costs of raising a child. The amount of the benefit is set at €2,000 for every child born in the country as of 1 January 2020. For 2020, €123 million drawn from the budget of the Ministry of Labour and Social Affairs have been allocated for this benefit, while the annual budget for subsequent years is estimated at €170 million.

The benefit is provided to mothers who have given birth to a child on the condition that they are legal and permanent residents of the country. Children born in Greece to third-country nationals are also entitled to this benefit provided that the beneficiary mother has been a legal and permanent resident of Greece during the last 12 years prior to the year of their birth. Yet, according to the Law, the benefit is provided to children born to third-country nationals in 2020, 2021 and 2022 on the condition that the mother has been legally and permanently resident in the country since 2012.

The benefit is means-tested. The specific income criteria to be fulfilled are determined by the annual pre-tax family income and the “equivalised size” of the family, in accordance with a specific equivalence scale. This size is defined as the weighted sum of the family members, where one parent has a weighting of 1, the other parent a weighting of 0.5 and each dependent child a weighting of 0.25; the equivalised size of a family consisting of two adults and two dependent children is thus equal to 2. In single-parent families, the first dependent child has a weighting of 0.5 instead of 0.25. The total pre-tax family income is divided by the family’s equivalised size. To be eligible, the family’s equivalised income may not exceed €40,000 per year. (“Dependent” children include unmarried children up to 18 or 19 [24] if enrolled in secondary [higher] education; they also include children with 67% or more disability as well as orphan children who have lost their two parents.)

The “Childbirth Benefit” is exempted from any tax and is not subject to any deduction or seizure by the State or a third party. It is paid in two instalments of €1,000 each and does not count towards total family income. The application must be submitted within three months of the child’s birth.

Moreover, Law 4659/2020 amends certain eligibility criteria for the “Child Benefit”, the “Rent Subsidy” and the “Social Solidarity Income” scheme. In particular, from the school year 2020-2021 onwards, if a beneficiary family includes children of compulsory school age, the provision of all the above

LEGAL NOTICE

This document has been prepared for the European Commission. However, it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

mentioned benefits is contingent upon their enrolment in school and regular attendance (i.e. they should not have to repeat a grade due to absences).

In addition, the Law modifies the eligibility criteria relating to legal and permanent residence, which is a requirement to be entitled to the "Child Benefit" and the "Rent Subsidy". In particular, it states that third-country nationals (who have not been granted refugee status and are not beneficiaries of subsidiary protection) must have legally and permanently resided in Greece over the last 12 years prior to their application in order to receive these social protection benefits. Previously, third-country nationals had to have been legal and permanent residents of the country for the last 5 years. It should be pointed out, however, that for the other categories of beneficiaries (such as Greek citizens, EU citizens, refugees, etc.), the criterion concerning the period of legal and permanent residence is still 5 years.

Transitional provisions foresee that third-country nationals who are already beneficiaries of the "Child Benefit" and/or the "Rent Subsidy" will continue to receive these benefits without having to fulfil the new eligibility criteria.

Another important change is that the "Child Benefit" can no longer be seized by the State or a third party. Finally, the Law renames the "Social Solidarity Income" scheme, which will henceforth be known as

the "Guaranteed Minimum Income" (GMI) scheme.



Outlook and commentary

Although the introduction of the new one-off "Childbirth Benefit" is considered a positive development, the amount of the benefit is too low to provide an incentive for people to have (more) children and will most likely act more as a help towards the costs of having a child. In other words, its impact on the challenge of increasing the very low fertility rate of the country is expected to be rather limited.

As to the changes in the eligibility criteria for the social protection benefits, the new criterion introduced, the requirement of minor children to attend school, is very welcome. It may help to tackle issues of non-enrolment and early school dropout.

By contrast, the new criterion lengthening the period of legal and permanent residence required for third-country nationals (from 5 to 12 years), in practice excludes a large number of third-country nationals who reside in the country from receiving this benefit. Moreover, although the transitional provisions guarantee that those third-country nationals who are already beneficiaries of these benefits will continue to receive them, it is not specified for how long this transitional phase will last.

It should be noted that due to the COVID-19 outbreak the Government has extended: a) the duration of approved applications of the beneficiaries of the "Rent Subsidy" and the GMI scheme which expired in February 2020 by one month; and b) the three-month deadline for the submission of applications for the "Childbirth Benefit" by one month.

Further reading

Ziomas D., Theodoroulakis M., Capella A. and Konstantinidou D. (2018), *Reforming the social welfare system in Greece*, ESPN Flash Report 2018/59, European Social Policy Network (ESPN), Brussels: European Commission.

Ziomas D., Bouzas N., Capella A. and Konstantinidou D. (2018), *New reform of the family benefits scheme in Greece*, ESPN Flash Report 2018/28, European Social Policy Network (ESPN), Brussels: European Commission.

Ziomas D., Capella A. and Konstantinidou D., (2019) *Implementation of a new means-tested rent subsidy in Greece*, ESPN Flash Report 2019/29, European Social Policy Network (ESPN), Brussels: European Commission.

Author

Danai Konstantinidou and [Antoinetta Capella](#) (National Centre for Social Research [EKKE], Greece)

The Flash Reports are produced by the European Social Policy Network (ESPN) established in 2014 to provide the European Commission with independent information, analysis and expertise on social policies in 35 European countries. The topics covered are identified by ESPN experts in the light of significant developments in their countries, or in some cases suggested by the Commission or the Flash Reports' editorial team (Eric Marlier and Slavina Spasova). The ESPN is managed by LISER (Luxembourg Institute of Socio-Economic Research), APPLICA and the OSE (European Social Observatory). More information on the ESPN: <http://ec.europa.eu/social/main.jsp?catId=1135&langId=en>.

Quoting this report: Konstantinidou, Danai and Antoinetta Capella (2020). *Greece introduces a "Childbirth Benefit" and changes the eligibility criteria for other benefits*, ESPN Flash Report 2020/16, European Social Policy Network (ESPN), Brussels: European Commission.