How to design child benefits

ACKNOWLEDGMENTS

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Back Blurb:

This is the tenth in a series of primers developed to support policymakers and practitioners in Asia and the Pacific in their efforts to strengthen social protection. The primer highlights the role of child benefits to support families and the implications of different design features that impact on this.

The first primer in this series explores why social protection is needed; the second explains how to design inclusive and robust social protection systems and focuses on tax-financed income security; the third focuses on its effective implementation; the fourth discusses options for financing; the fifth highlights key concepts and schemes required for disability-inclusive social protection; the sixth illustrates how the design of social protection systems can either exacerbate or mitigate the disadvantage women; the seventh highlights key design elements in developing an inclusive and comprehensive old age pension system; the eighth outlines key strategies to ensure the right to maternity leave and maternity cash benefits, and the ninth clarifies understanding around universality in social protection, what it entails and how it can be operationalised.

1. What are child benefits?

Child benefits are part of a package of social protection schemes that provide support to children and their families. This package includes schemes specifically targeted at children or households where they live (Table 1). Children also benefit from subsidies and exemptions along with other social protection schemes not specifically targeted at children, but which contribute to the wellbeing of households where they live. The affordability of health care services also has a significant bearing on the wellbeing of children. A variety of human rights instruments and international labour standards have established the right of children to social protection (Box 1).

This primer uses the definition of children in the Convention on the Rights of the Child (CRC), which defines a child as every human being under the age of 18 . It follows that comprehensive child benefits should be designed to reach the population aged 0-17, possibly extending to youth over 18.

Table 1: Social protection benefits focused on children[i]

Scheme	Key characteristics
Child benefits	Cash benefits (or tax rebates/credits) paid to families with children.
Parental/maternal/paternity leave benefits	Benefits paid to compensate impact of caring responsibilities on the potential to earn an income in the labour market.
School feeding programmes	The provision of food to school children. This can take the form of in-school feeding and/or take-home rations. It may involve the provision of meals, or fortified energy biscuits and snacks.
Scholarships	Cash benefits provided to school children, typically those perceived to be more vulnerable and marginalised. Schemes may vary on the extent to which benefits are intended to cover only education related costs, or support household income more broadly.
Childcare services	Access to childcare services can be provided through a mix of approaches including direct government provision, financial support to families, incentives for non-state provision, and mandates or incentives for employer-supported childcare.
Birth grants	One-off cash benefits paid to families following the birth of a child.

Child benefits relate to the general costs associated with raising children. This stands in contrast to other benefits and services which are more directly related to specific situations or costs. Different forms of parental leave are related to the opportunity cost of parents temporarily exiting employment to care for children. Childcare services also aim to address the costs of providing care and facilitate the continued employment of parents and caregivers. School feeding programmes contribute to the costs of an adequate diet for children and scholarships primarily cover the costs associated with education. Child benefits, by contrast, are more flexible in their use. They may be used to cover specific educational or nutritional costs, to pay for children's clothes or childcare, or to compensate for caregivers' reduced participation in the labour market. As such, child benefits play a particularly important role in supporting families to cover a diverse range of costs.

Box 1: International standards on social protection for children

The right of children to social protection is firmly established in the UN legal framework on human rights.

- The **Universal Declaration of Human Rights**, 1948, specifically states children's right to social security[1]; to a standard of living adequate for their health and their well-being; and to special care and assistance.[2]
- The **International Covenant on Economic, Social and Cultural Rights**, 1996, further requires States to give families the widest possible protection and assistance.[3]
- The **UN Convention on the Rights of the Child** (CRC) states that "States Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with their national law".[4]
- **ILO Convention No. 102** sets minimum standards for the provision of family (child) benefits in the form of periodical cash and in-kind benefits.[5]
- The more recent **ILO Recommendation No. 202** stipulates national social protection floors should comprise basic income security for children, providing access to nutrition, education, care and any other necessary goods and services.[6] These benefits are defined as a basic social security guarantee. R202 emphasizes the universality of protection, meaning that all children should be covered.

This primer summarises the rationale for child benefits, key design features that influence the coverage and adequacy of schemes as well as their financing. It should be noted that the primer focuses on child benefits given to children in general, rather those relating to specific circumstances such as children with disabilities. Further detail on child disability benefits is provided in the Primer *How to Design Disability-Inclusive Social Protection*. Child benefits may be provided in cash or in the form of tax credits, as in the case of Australia and New Zealand. This primer, nevertheless, focuses on cash benefits.

2. Why child benefits?

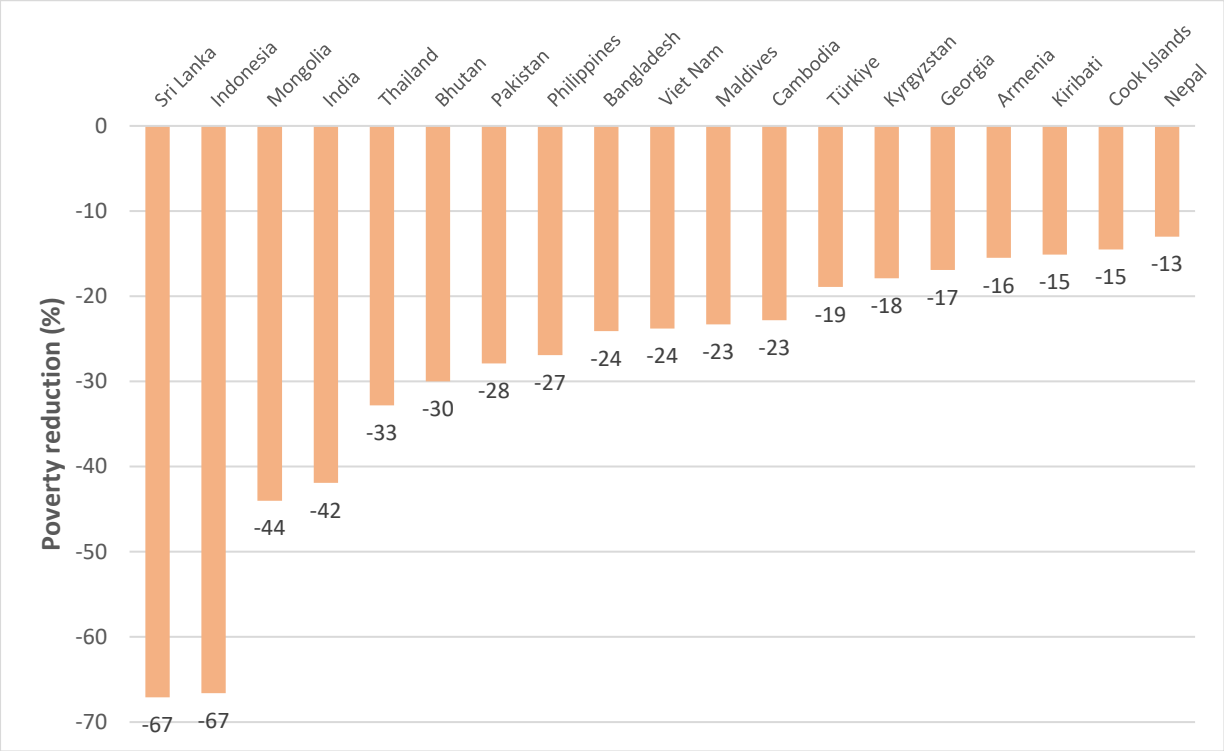
By supporting families with the costs associated with raising children, child benefits can have a significant influence on the life chances of children and the wellbeing of families. In particular, they can play an important role in reducing child poverty. Across the Asia Pacific region, children are more likely to be living in poverty than adults. Overall, 6 per cent of children in East Asia and the Pacific, and 20 per cent of children in South Asia live in poverty.[7] Nutritional and health deficiencies in early years have significant impacts on educational achievements and often major long-term impacts on cognitive development, human capital and employment prospects in adulthood. Given that children represent the future workforce, the future tax base, and the future caregivers in the context of an ageing population, addressing child poverty also has significant implications for sustainable development.

[1] UN General Assembly, *Universal Declaration of Human Rights*, 1948 Art.22.
[2] UN General Assembly, *Universal Declaration of Human Rights* Art.25(1) and (2).
[3] UN General Assembly, *International Covenant on Economic, Social and Cultural Rights*, *United Nations, Treaty Series, Vol. 993, p. 3*, 1966 Art.10(1).
[4] UN General Assembly, *UN Convention on the Rights of the Child*, 1989 Art.26.
[5] International Labour Organization, *Convention Concerning Minimum Standards of Social Security*, 1952 Part VII.
[6] International Labour Organization, *Recommendation Concerning National Floors of Social Protection*, *R202*, 2012.
[7] ILO and UNICEF, *Towards Universal Social Protection for Children: Achieving SDG 1.3 – ILO-UNICEF Joint Report on Social Protection for Children.*, 2019 <https://www.unicef.org/media/49401/file/Towards%20universal%20social%20protection%20for%20children.pdf>.

Child benefits can contribute to addressing poverty in different ways. The costs of raising children can pose a significant challenge to households and are an important driver of poverty. By compensating for at least some of the costs associated with raising children, child benefits can help households to smooth consumption and avoid vulnerability and poverty, thus supporting their overall wellbeing and participation in the economy and society. Child benefits can therefore provide a mechanism to improve the life chances of children and break intergenerational cycles of poverty.

In this context, significant evidence exists on the impacts of child benefits on reducing poverty, inequality and improving outcomes for children and their families. Simulations undertaken by ESCAP show that a universal child benefit at global average benefit level would reduce poverty at national poverty lines for families with children from 13 per cent in Nepal to almost 70 per cent in Indonesia and Sri Lanka (figure 1). It would also reduce inequality, as measured by the Gini coefficient from between 1.8 per cent in Cambodia to 7.3 per cent in India.

Figure 1: Simulated reduction in poverty from a universal child benefit at global average benefit level, measured by national poverty lines for households with children[ii]



A wealth of evidence exists on how child benefits can improve child nutrition and health.[8] For example, in Thailand, the small Child Support Grant was found to result in reduced incidence of wasting and increased prevalence of breastfeeding.[9] Meanwhile, by reducing financial barriers to accessing health care services, social protection can contribute to improving health outcomes among children. Child benefits can also contribute to reducing child labour by improving the welfare of households and

[8] Francesca Bastagli and others, *Cash Transfers : What Does the Evidence Say ? A Rigorous Review of Programme Impact and of the Role of Design and Implementation Features* (London: Overseas Development Institute, 2016) <https://www.odi.org/publications/10505-cash-transfers-what-does-evidence-say-rigorous-review-impacts-and-role-design-and-implementation>.

[9] UNICEF Thailand, *Thailand Child Support Grant: Impact Assessment Endline Report* (Bangkok: UNICEF Thailand, 9 June 2019).

supporting school attendance.[10] With additional income, families are in a better position to support and invest in their children's education. There is widespread evidence that children who benefit from these transfers are more likely to attend school.[11] For example, an evaluation of Indonesia's PKH programme found that it halved the proportion of recipient households not in school.[12]

3. Key design features of child benefits

Child benefit schemes can be designed in many different ways. In terms of eligibility, schemes can be targeted or universal, conditional or unconditional. There are also many options for financing them, setting benefit levels and the way in which benefits are delivered. Such differences often reflect the underlying objectives for the introduction of the scheme, as well as considerations of affordability.

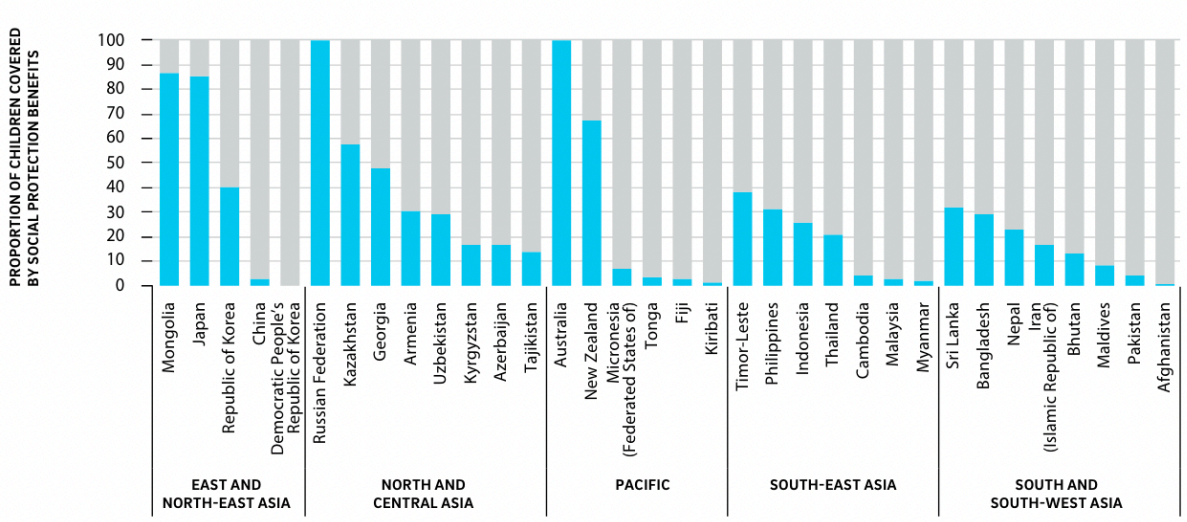
a. Eligibility and coverage

About half of all countries in the Asia-Pacific region have some form of child benefits in place. Particularly prominent are non-contributory child benefits, many of which were introduced in the past two decades. They include schemes targeted to individual children or poor families as well as conditional cash transfers linked to compliance with behavioural conditions. A handful of countries (including Azerbaijan, Tajikistan and Thailand) have child benefits for members of contributory social insurance schemes. Not all schemes in place are rooted in national legislation (statutory), instead being implemented as short-term programmes, rather than legislated policies. This is more common for schemes primarily financed by development partners.

Despite an increasing number of countries with child benefits, the proportion of children covered remains comparatively low. Just about 18 per cent of all children (or households with children) in Asia and the Pacific receive child and family benefits.[13] As shown in Figure 2, when benefits do exist, coverage varies significantly between countries. Australia, Japan, Mongolia and the Russian Federation cover more than 80 per cent of children, while various countries across all subregions have coverage levels below 10 per cent. Indeed, despite children being more likely to be found in poverty than older age groups, coverage of child and family benefits is lower than for other life cycle risks such as old age, sickness and maternity. While this level of coverage needs to be considered in the context of the wider package of benefits and services available for children (described above) it points to a significant shortfall in social protection for children.

[10] ILO and UNICEF Office of Research - Innocenti, *The Role of Social Protection in the Elimination of Child Labour: Evidence Review and Policy Implications* (Geneva: ILO, 2022).
[11] Bastagli and others.
[12] Nur Cahyadi and others, 'Cumulative Impacts of Conditional Cash Transfer Programs: Experimental Evidence from Indonesia', *American Economic Journal: Economic Policy*, 12.4 (2020), 88–110 <https://doi.org/10.1257/pol.20190245>.
[13] ESCAP and ILO, *The Protection We Want: Social Outlook for Asia and the Pacific 2020* (Bangkok: UN ESCAP, 2020).

Figure 2: Percentage of children and households receiving child and family benefits, by country, latest year available



Source: International Labour Organization, World Social Protection Database. Available at https://www.social-protection.org/gimi/ShowTheme.action?id=10.
Note: Based on Sustainable Development Goal indicator 1.3.1.

The main determining factor of coverage of child benefits is the eligibility criteria. Table 2 illustrates the variety of rules that exist for receiving a child benefit in selected countries across Asia and the Pacific.

Table 2: Eligibility for selected child benefits in Asia and the Pacific[iii]

Scheme	Country	Year of introduction	Targeted at individuals or households	Age of eligibility	Means-tested?	Conditional?	Other eligibility criteria	Coverage of child population (0-18)
Non-contributory								
Child Money Programme	Mongolia	2005	Individuals	0-18	No	No		87%
Child Grant Programme	Nepal	2008	Individuals	0-5	No	No	Targeted to vulnerable districts and Dalit children	12%
Child Aid (Bantuan Kanak-Kanak)	Malaysia		Individuals	0-18	Yes	No		1%
Child Support Grant	Thailand	2015	Individuals	0-6	Yes	No		7%
Child Benefit Programme	Georgia	2015	Individuals	0-16	Yes	No		14%
Family Hope Programme (PKH)	Indonesia	2007	Households	0-18	Yes	Yes		11%
Pantawid Pamilyang Pilipino Program (4Ps)	Philippines	2007	Households	0-18	Yes	Yes	Targeted to the poorest municipalities	31%
Bolsa da Mãe	Timor-Leste	2008	Households		Yes			23%
BANGGA Papua	Papua Province (Indonesia)	2017	Individuals	0-4	No	No	Targeted to three poorest districts	No data

Contributory								
Child allowance	Thailand		Individuals	0-6	No	No		9%

Note: For age of eligibility, the upper age indicates the point at which eligibility ceases. In other words, eligibility from 0-18 means that a child ceases to be eligible when reaching their 18th birthday. Coverage for Nepal and Thailand uses authors' calculations based on UN Population Division (2022) *World Population Prospects 2022, Online Edition*. UN Department of Economic and Social Affairs, New York.[14]

Schemes vary in whether they target individual children, or rather households where children live. This distinction can be subtle as both types of benefits are usually paid to the caregivers of children. The strongest indication of this distinction is how the benefit is structured. Individual benefit schemes tend to provide a benefit per child, while household benefit schemes often provide a benefit based on the number of children. Indonesia and the Philippines implement targeted conditional cash transfers paid to poor households with children on the basis of compliance with attending education and health services (Box 2).

Age eligibility also varies substantially. In, for example, Nepal and Thailand, eligibility only includes the early years of the child, while in Indonesia, Malaysia, Mongolia and the Philippines, eligibility includes children up to the age of 18.

In most countries existing benefits are means tested, although the nature of means testing varies significantly from only targeting the very poorest families with children, to affluence tested schemes that only exclude better-off households. Some schemes are geographically targeted to the poorest locations. For example, schemes in Nepal and Papua province (Indonesia) do not include a means test but are targeted to the poorest districts. Both schemes also include eligibility criteria based on ethnicity. The scheme in Papua province is only available to indigenous children while the Child Grant Programme in Nepal is available to Dalit children nationwide.

Box 2: Conditionality – key considerations

Cash transfers are conditional when eligibility depends on children and/or their families fulfilling behavioural requirements. Common conditionalities attached to child benefits are related to access to and regular use of services for education, training and health, or in some cases birth registration. Conditionalities may also be set in relation to the behaviour of primary care providers or other adult recipients – for example, attendance of antenatal check-ups for pregnant women, or minimum work requirements. There has been a trend for conditional cash transfers to target mothers as recipients. However, this can expose women to the stigma of means-testing and the compliance costs of conditionalities, while carrying a disproportionate care burden.[15]

A significant factor defining eligibility is the use of means testing. Countries across the region apply different approaches to means testing. This can include assessment of household income (Malaysia and Thailand) or proxy means testing (Georgia, Indonesia and the Philippines). Most of these schemes are targeted to a minority of families with children considered to be poor, although the nature of the means test can have a major impact on coverage. For example, Malaysia's poverty-targeted scheme covers just 1 per cent of children aged 0-18, while Georgia's covers 14 per cent. Mongolia, on the other hand, stands out as one of the few countries in the region with a universal child benefit scheme (Box 3).

[14] *World Population Prospects 2022, Online Edition.* (New York: UN Department of Economic and Social Affairs, 2022).

[15] Lichao Yang and others, *Universal Child Benefits and Dignity and Shame* (New York: UNICEF, 2019).

Box 3: The Child Money Programme in Mongolia

Mongolia is the only lower middle-income country in the region with a universal child benefit. The scheme was initially introduced as a means-tested scheme in 2005. Because of challenges associated with targeting, the scheme was expanded in 2006 to cover all children under the age of 18. Various studies have found that the scheme has had significant impacts on child poverty.

Over the past decade, the scheme has gone through various configurations. The programme was discontinued in 2010 but then reintroduced by the new Parliament in 2012. In August 2016, means-testing was re-introduced to limit benefits to the poorest 60 per cent of children. This move was driven by fiscal consolidation and a condition of IMF loan arrangements. Following an improvement in the economic outlook, eligibility was again expanded in 2018 and, as of 2019, the scheme reached around 90 per cent of all children under the age of 18. From 2012 to 2020 the monthly benefit was MNT 20,000 per month. In 2020, this corresponded to 2 per cent of GDP per capita and a total cost of approximately half a per cent of GDP.

During the COVID-19 pandemic, the scheme was a core pillar of the country's policy response. In April 2020, the benefit was raised to MNT 100,000, corresponding to 10 per cent of GDP per capita, which is more than twice the global average benefit level. As of 2022, the benefit remains at the increased level. The scheme has also been implemented universally during this period.

Sources: Overseas Development Institute and United Nations Children's Fund, "Universal Child benefits: policy issues and options", (2020). Available at https://www.unicef.org/sites/default/files/2020-07/UCB-ODI-UNICEF-Report-2020.pdf; Anthony Hodges and others, "Child Benefits and poverty reduction: evidence from Mongolia's Child Money Programme", Working Paper, MGSoG/2007/WP002 (May, 2007); Ugo Gentilini and others, "Social protection and jobs responses to COVID-19: A real-time review of country measures, Living Paper, (Washington, D.C.: World Bank Group, 12 June 2020)," (Washington DC, 2020).

Poverty-targeted schemes generally fail to reach a significant portion – if not the majority – of their intended beneficiaries. This is due to challenges associated with high targeting errors. For example, analysis of household survey data indicates that conditional cash transfer in the Philippines and Indonesia fail to reach between 46 and 85 per cent of their intended recipients, respectively. As a result, a significant portion of the poorest and most vulnerable children are excluded. By contrast, the Child Money Programme in Mongolia reached virtually all children aged 0-18.[16]

4. Benefit adequacy and predictability

Various benchmarks exist to determine the adequacy of child benefits. International labour standards stipulate that child benefits should be set at a level which represents a substantial contribution to the costs associated with raising a child.[17] Benchmarks used to determine benefit

[16] Stephen Kidd and Diloá Athias, 'Hit and Miss: An Assessment of Targeting Effectiveness in Social Protection with Additional Analysis' (Orpington: Development Pathways and Church of Sweden, 2020) <https://www.developmentpathways.co.uk/publications/hit-and-miss-an-assessment-of-targeting-effectiveness-in-social-protection/>.

[17] Nationally defined floors. Level should provide for effective access to nutrition, education, care and any other necessary goods and services. Accordingly, R202 states that benefits should be set at levels that relate directly to the actual cost of providing for a child and should represent a substantial contribution to this cost;

levels can include the amount required to eliminate (or substantially reduce) child poverty, a calculation of the actual costs of raising a child. It can also be linked to normative benchmarks such as poverty lines and minimum wages. In reality, many child benefits are determined in a relatively arbitrary fashion and often influenced by political efforts to contain programme costs. One notable observation is that contributory child benefits paid by social insurance schemes tend to be flat rate (as in Azerbaijan, Thailand and Tajikistan).[18] This is distinct from other social insurance benefits which tend to be determined in relation to previous earnings.

The benefit level may also be adjusted according to family circumstances. These include:

- **The age of a child**: benefits may increase or decrease with the age of a child. In Indonesia, for example, the cash benefit is highest for toddlers, and lowest for primary school children.
- **The number of children:** benefits paid per child may increase or decrease for larger families. For example, in Indonesia and the Philippines, the per capita value of the benefit decreases for each additional child, and the benefit is only paid up to a maximum number of three children in the Philippines and four children in Indonesia.[19]
- **Economic status**: As well as determining eligibility for benefits, means testing may be used to determine benefit levels.
- **Geographical location**: Benefit levels may be increased for families living in certain locations.

Child benefit levels vary substantially across the region. Figure 3 shows this as a percentage of GDP per capita, a measure that provides a useful benchmark for international comparison. For countries with different benefit levels, the minimum and maximum benefit is shown. Benefit levels range from around 2 per cent to nearly 10 per cent of GDP per capita. The global average benefit level is 4 per cent of GDP per capita.[20]

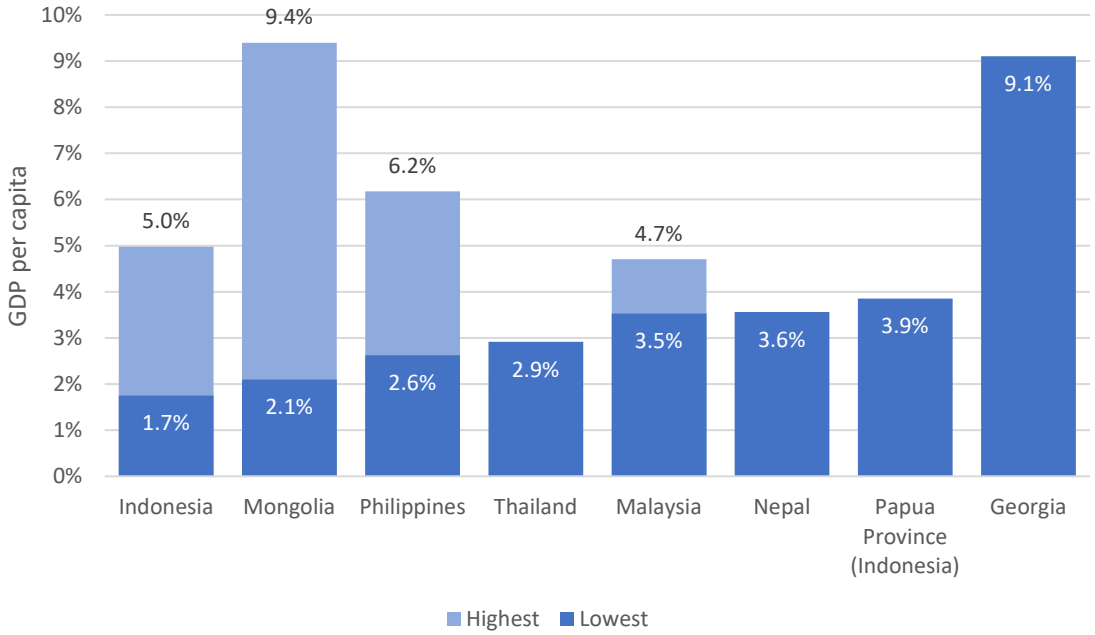
and family allowances at the minimum rate should be granted regardless of household income (ILO, *World Social Protection Report 2020-22: Social Protection at the Crossroads - in Pursuit of a Better Future* (Geneva: International Labour Office, 2021).).

[18] ISSA and SSA, *Social Security Programs Throughout the World: Asia and the Pacific, 2018* (Washington, DC: Social Security Administration, 2019).

[19] Department of Social Welfare and Development, 'Pantawid Pamilyang Pilipino Program (4Ps)', 2022 <https://car.dswd.gov.ph/programs-services/core-programs/pantawid-pamilyang-pilipino-program-4ps/> [accessed 4 December 2022]; Ministry of Social Affairs, 'Family Hope Program (PKH)', 2019 <https://kemensos.go.id/en/program-keluarga-harapan-pkh> [accessed 4 December 2022].

[20] ESCAP and ILO.

Figure 3: Child benefit levels as a per cent of GDP per capita, selected countries, latest year[iv]



Note: Values relative to GDP per capita are calculated using economic data from IMF (2022). World Economic Outlook Database – October 2022 edition, https://www.imf.org/en/Publications/WEO/weo-database/2022/October (accessed 22/12/2022). For Mongolia, the figure shows the pre-COVID benefit value, as well as the increased and current benefit level. The minimum benefit provided by conditional cash transfers in Indonesia and the Philippines represent some of the lowest benefits, although these are higher for some households (mostly for those with fewer children of younger ages).

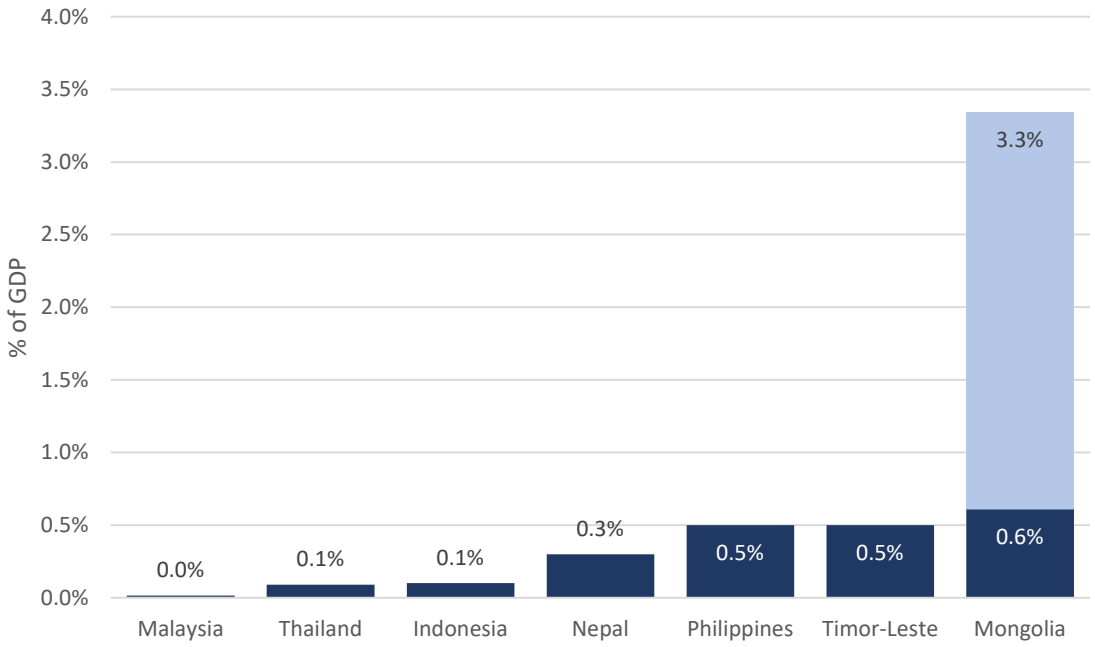
Indexation of benefit levels is critical to maintain their real value over time. Child benefits in the region tend not to be automatically indexed to, for example, inflation. Instead, benefit increases happen on an ad hoc basis, if at all. This can lead to a significant reduction of purchasing power over time. In Mongolia, the benefit level of MNT 20,000 per month remained the same from 2012 to 2020, resulting in a fall in real value by around one third. Since then, the benefit has since been increased to 100,000 MNT per month. In Timor-Leste, the benefit has remained the same since 2012, resulting in a 16 per cent fall in the real value.

5. Financing child benefits

As a result of different coverage and benefit levels, expenditure on child benefits varies significantly. In Indonesia, Malaysia and Thailand, expenditure levels amount to around 0.1 per cent of GDP, to half of a per cent of GDP in Mongolia, Philippines and Timor-Leste. For Mongolia, the expenditures are shown as of 2019 and for 2021, following the significant increase in the benefit level. This higher expenditure level of 3.3 per cent of GDP represents one of the highest levels of child benefit expenditure by international standards. In most countries where child benefits exist, these are financed from general government revenues, although some have also been financed via earmarked sources or external grants and loans. The Mongolia Child Money Programme was historically financed through the Human Development Fund which was financed from government royalties on natural resource extraction and corporate taxation on mining companies, with some additional contributions from development partners.[21] Many conditional cash transfers have at least partially been financed by loans from international development banks.

[21] ODI and UNICEF.

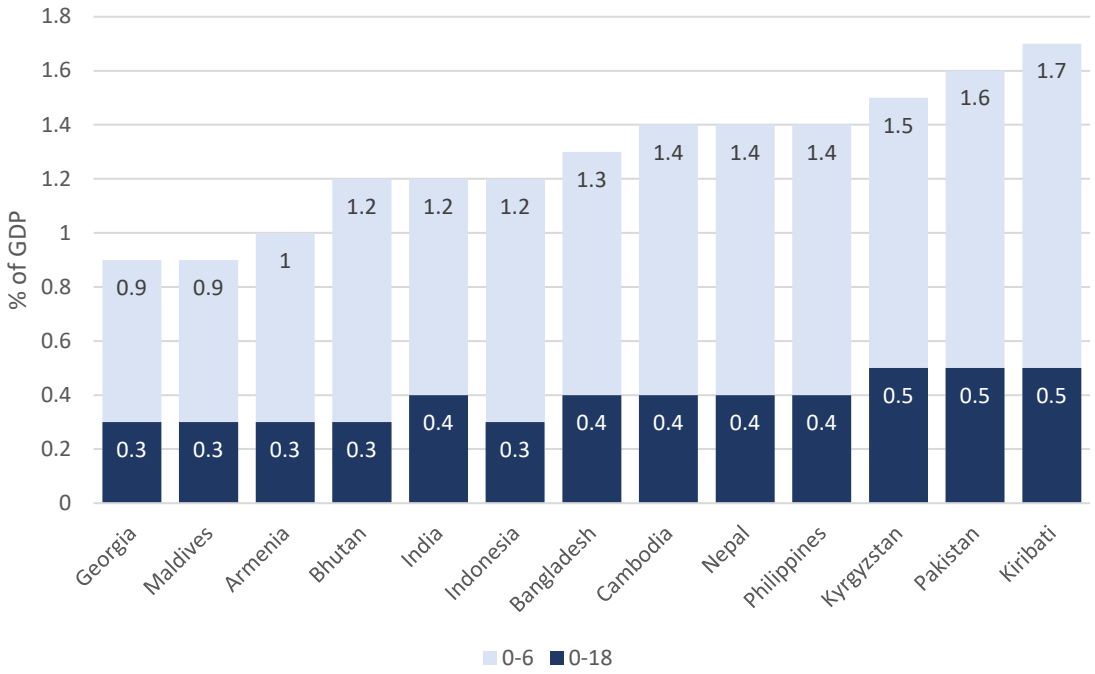
Figure 2: Expenditure on non-contributory child benefits in selected countries, per cent of GDP, latest years[v]



Note: Where values relative to GDP are not available, these are calculated using economic data from IMF (2022). World Economic Outlook Database – October 2022 edition, https://www.imf.org/en/Publications/WEO/weo-database/2022/October (accessed 22/12/2022).

A universal child benefit is affordable for most countries. Figure 6 uses the ESCAP Social Protection Simulator to estimate the cost of a child benefit for all children aged 0-5 and 0-17, using the global average benefit level of 4 per cent of GDP per capita. For a fully universal scheme for all children below the age of 18, the cost would range from 0.9 per cent of GDP in Georgia to 1.7 per cent in Kiribati. The key determining factor of cost in this case is demographics, with costs being larger in countries with a larger share of children. An important implication is that costs of child benefits would fall over time.

Figure 3: The cost of a child benefit of 4 per cent of GDP per capita paid to all children aged 0-5 or 0-17 years[vi]



Countries can use a variety of approaches to extend child benefits. Most countries in the region are far from achieving the required level of investment to finance a universal child benefit scheme. A way forward is for countries to incrementally expanding investments in child benefits alongside other expenditure priorities. There are a range of approaches that can be used to do this.

- **Gradually increase the age of eligibility** for child benefits over time, as in Thailand (where eligibility increased from 0-1 to 0-6 years between 2015 and 2019).[22]
- **Gradually increase the geographical coverage** of child benefits, as has been the case in Nepal and is the ambition in Papua province in Indonesia.[23]
- **Gradually increase benefit levels** over time.
- **Use a multi-tier approach** that combines both non-contributory and contributory schemes to reach universal coverage. While this approach is not yet in place in any country in Asia and the Pacific, various countries have been considering this approach. Box 3 summarises options for multi-tier child benefits in Thailand and Viet Nam.

[22] UNICEF Thailand, *The 1st Three: Thailand's Progressive Road Toward Universal Child Grant Coverage*.
[23] Samson, Golchha, and Stephan; Huda and others.

Box 4: The potential of introducing multi-tier systems in Thailand and Viet Nam

Thailand is one of a small number of countries in the region that already has both non-contributory and contributory child benefits in place. The social insurance scheme covers around 19 per cent of children aged 0-6 with a benefit of THB 800 per month, while the means-tested Child Support Grant covers around 15 per cent of children 0-6 with a benefit of THB 600 per month. This implies that already one third of children in this age group are covered. One option for Thailand would be to move to a benefit-tested model where children not covered by the social insurance scheme would automatically receive the Child Support Grant. This would achieve universal coverage for this age group, while avoiding the targeting errors and other costs associated with means testing.

In **Viet Nam,** the potential cost of introducing a child benefit in the Vietnamese Social Security (VSS) scheme. A benefit that gradually covers all children by 2032 would initially require an additional contribution of 0.7 per cent of insurable income, gradually declining in the long term. Moreover, thanks to the compensatory effect of a child benefit – which is paid immediately and regularly to all members with children – more than half of VSS affiliates would either be in a neutral or better off position than before, despite having paid an increased contribution. These results suggest that adding a child benefit to the VSS benefit structure would substantially enhance the affordability of joining social insurance for many workers. [24]

Did you get that?

KEY TAKEAWAYS FROM THE POLICY GUIDE

- **Child benefits form part of a broader package of benefits and services that support children and their families.** These can include benefits and services related to raising children (such as maternity benefits, school feeding and scholarship programmes) as well as the wider array of social protection benefits which support the households where children live.

- **Child benefits play a key role in supporting families with the additional costs associated with raising children.** These benefits provide significant flexibility for families to use them where their needs are largest.

- **Child benefits can play a significant role in reducing child poverty while supporting a range of other development outcomes.** Child benefits reduce the likelihood of families being pushed into poverty. They also increase the welfare of families that are already living in poverty, thus contributing to improving children's life chances.

- **Various eligibility criteria restricts coverage**. Targeting schemes to the poorest often limits coverage and tends to leave a large portion (if not the majority) of intended recipients uncovered. Many schemes also limit eligibility to relatively younger children, rather than all children under the age of 18.

[24] Shea McClanahan, Bjorn Gelders, and Betina Ramirez Lopez, *A Focus on Families: A Short-Term Benefit Package for the Extension of Multi-Tiered Social Security Coverage in Viet Nam.* (Hanoi: International Labour Organisation, November 2019).

- **Benefit levels across the region are at the lower end of adequacy.** Few countries uses an objective criteria to set the level of a child benefit. Often, benefit levels are not indexed to, for example prices, meaning that the purchasing power of benefits is eroded over time.

- **Investment in child benefits remains low in most countries in the region.** Estimating the financing needs of a child benefit scheme suggests that extending a fully universal child benefit to all children below the age of 18 would cost between 1 and 1.7 per cent of GDP. Countries can reach this level of investment progressively by gradually raising ages of eligibility, increasing benefit levels and widening the geographical coverage. In some countries, a promising route to expand coverage is through a combination of contributory and non-contributory schemes.

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Note: Countries vary in the extent to which they consider all of these benefits and services as forms of social protection. For example, school feeding, scholarships and childcare services may be considered a component of education services, rather than social protection.

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