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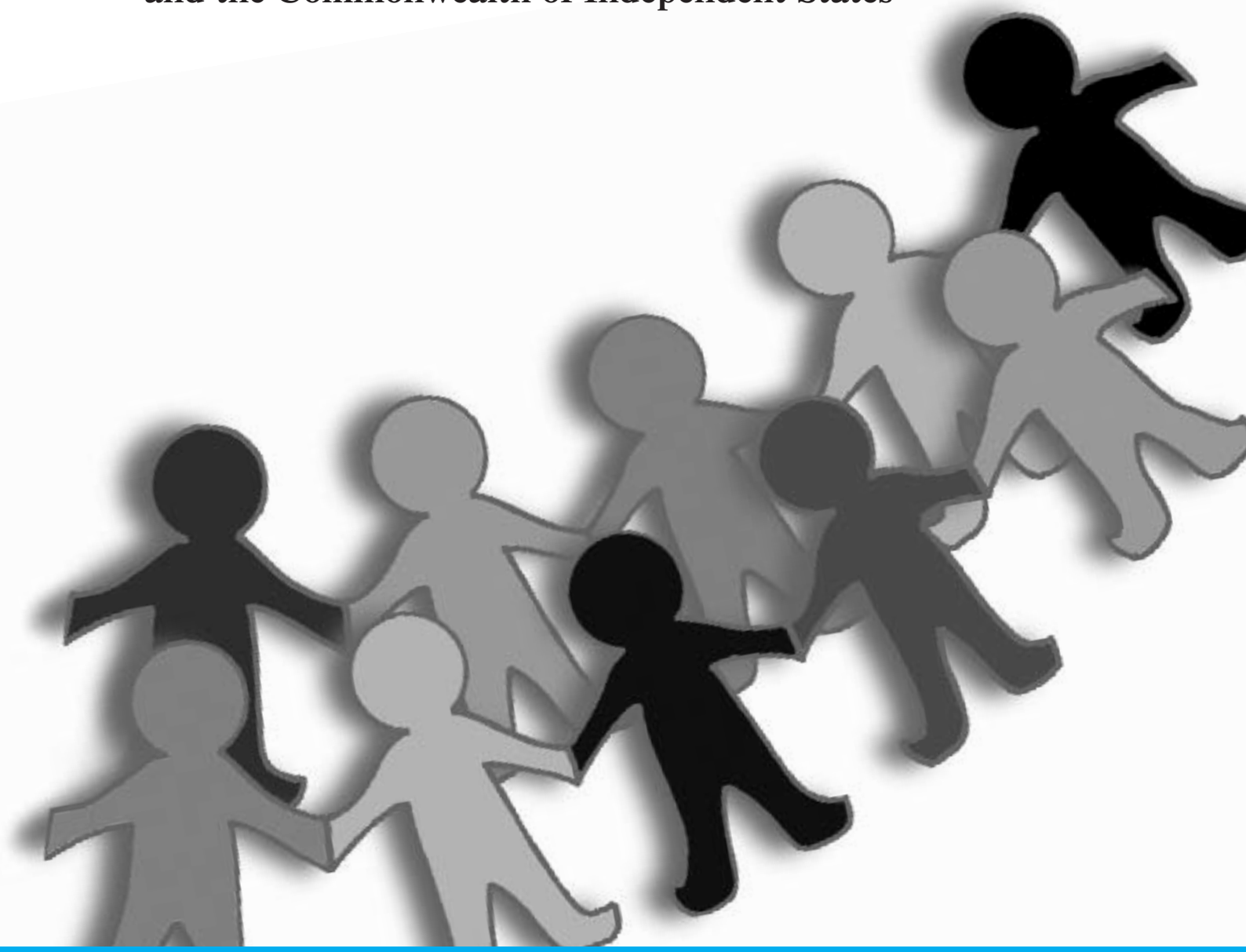
Innocenti Social Monitor 2009

Child Well-Being at a Crossroads: Evolving challenges in Central and Eastern Europe and the Commonwealth of Independent States



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The UNICEF Innocenti Research Centre

The UNICEF Innocenti Research Centre in Florence, Italy, was established in 1988 to strengthen the research capability of the United Nations Children's Fund (UNICEF) and to support its advocacy for children worldwide. The Centre (formally known as the International Child Development Centre) helps to identify and research current and future areas of UNICEF's work. Its prime objectives are to improve international understanding of issues relating to children's rights and to help facilitate the full implementation of the United Nations Convention on the Rights of the Child.

The Centre collaborates with its host institution in Florence, the Istituto degli Innocenti, in selected areas of work. Core funding for the Centre is provided by the Government of Italy, while financial support for specific projects is also provided by other governments, international institutions and private sources, including UNICEF National Committees.

Innocenti Social Monitor

The Innocenti Social Monitor series presents research on children's social and economic well-being in the countries of Central and Eastern Europe and the Commonwealth of Independent States, with the aim of contributing to the international debate on the direction of public policies in the countries of the region. This publication has been realized thanks to a collaboration between the UNICEF Innocenti Research Centre and the UNICEF Regional Office for Central and Eastern Europe and the Commonwealth of Independent States. The Innocenti Social Monitor series is associated with the annually updated TransMONEE database, downloadable at <www.transmonee.org>.

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CONTENTS

FOREWORD

After almost two decades of transition, the CEE/CIS region continues to be a region in a state of change. Following a long period of steady economic growth and gradual improvements in average living standards, the global crisis is threatening to reverse some of these achievements and plunge the region into another period of uncertainty for the well-being of families and children.

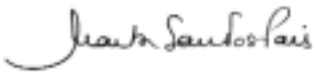
The *Innocenti Social Monitor 2009* builds on the tradition of previous MONEE reports. It uses available data to identify critical economic and social trends and assess the impact of policies on children in the period of growth immediately preceding the current crisis. UNICEF has been active since the beginning of transition in monitoring the effects of policies on children in the region. Indeed in the early 1990s the Innocenti MONEE project was unique in its strategic vision of working with local statisticians and researchers to capture the process of political, economic and social change to monitor the effects of policy decisions on children and their families, at a time when policy success or failure was largely measured by its effect on economic indicators. Through its database and research the MONEE project helped to alert policy makers and the international community not only to the immediate but also the longer term impact on children of reform strategies in different parts of the region, and more broadly to the significant social costs of economic transition. Moreover, it became instrumental in giving visibility to children at risk and in particularly vulnerable situations.

This report uses available data to capture and monitor the situation of children in the period of growth, but also to look at changes in the context in which children are growing up. The character of economic growth, widening inequalities, striking demographic trends, as well as public expenditure levels and structures, all influence policy choices which affect children. While acknowledging the considerable benefits which this period brought to children in the region, the report also highlights persistent inequalities in the distribution of the benefits of growth and argues that children did not benefit as much as the rest of the population during this period. This was partly due to the failure of policy to reach out to those groups of the child population most at risk and to provide adequate policy support and resources to reduce inequalities and the risk of social exclusion.

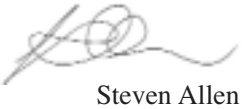
This *Innocenti Social Monitor* also provides a timely reminder of the need to continue monitoring the effects of policy decisions and external shocks on the situation of children in the region. The crisis comes at a time when key social policy reforms, which could have positive effects on child outcomes, are incomplete in many countries. Monitoring needs to be strengthened in order to highlight the importance of child-sensitive policies at a time when policy attention may be diverted from social sector reforms, or when the priority given to the latter is lowered. As in the early 1990s there is a risk that not enough attention is paid to the effects of economic turmoil on the lives and development of children. In these tumultuous times the need for monitoring is greater than ever in

order to draw policy makers' attention once more to the situation of children in a period when the economic gains of the past decade are threatened, along with the past and current efforts by governments to ensure the progressive realization of children's rights to an adequate standard of living, social inclusion and development to fullest potential.

It is hoped that this volume will contribute to further research and to increasing and improving understanding of those factors which promote and hinder the realization of children's rights in the region, and to exposing the risks faced by some groups of the child population. By providing a comprehensive overview of the decade up to 2008, it is hoped that the report will help support and guide policy debate and decisions in the current period of crisis and will encourage policy makers to be more child-centred, to give greater consideration to identifying and supporting those children most in need, to promote social inclusion and to give each child the opportunity to develop to his or her full potential.



Marta Santos Pais
Director,
UNICEF Innocenti Research Centre



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Responsibility for the views expressed and the way in which data are used or presented in the report rests with the authors and contributors.

ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
CEE	Central and Eastern Europe
CIS	Commonwealth of Independent States
CRC	United Nations Convention on the Rights of the Child
DHS	Demographic and Health Survey
DPT	Diphtheria, Pertussis and Tetanus vaccine
EBRD	European Bank for Reconstruction and Development
ECD	Early Childhood Development
ECEC	Early Childhood Education and Care
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
EU-SILC	European Union Statistics on Income and Living Conditions
FBiH	Federation of Bosnia and Herzegovina
GDP	Gross Domestic Product
GRP	Gross Regional Product
HBS	Household Budget Survey
HBSC	Health Behaviour in School-aged Children (a WHO collaborative cross national study)
HIV	Human Immunodeficiency Virus
IDPs	Internally Displaced Persons
ILO	International Labour Office
IMF	International Monetary Fund
IRC	Innocenti Research Centre (UNICEF)
ISCED	International Standard Classification of Education
LFS	Labour Force Survey
LSMS	Living Standards Measurement Survey
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
NGOs	Non Governmental Organizations
NSO	National Statistical Office
OECD	Organisation for Economic Co-operation and Development
OMC	Open Methods of Coordination (EU)
PIRLS	Progress in International Reading Literacy Study
PISA	Programme for International Student Assessment
PPP	Purchasing Power Parity
SEE	South-Eastern Europe
STIs	Sexually Transmitted Infections
TIMSS	Trends in International Mathematics and Science Study
U5MR	Under-five Mortality Rate
UN	United Nations
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNU-WIDER	United Nations University-World Institute for Development Economics Research
USAID	United States Agency for International Development
USSR	Union of Soviet Socialist Republics
VAT	Value Added Tax
WHO	World Health Organization
WIIW	Vienna Institute for International Economic Studies

CHILD WELL-BEING AT A CROSSROADS

OVERVIEW

After nearly two decades, in much of Central and Eastern Europe and the Commonwealth of Independent States (CEE/CIS) transition remains open-ended, and there is a considerable body of evidence suggesting that children have been – and continue to be – vulnerable in this process. However, the nature of the risks and deprivations experienced by children is changing, and the gaps between the least and most disadvantaged growing. Almost a decade of economic growth has brought about improvements in almost all average indicators of child well-being, but it has also made inequalities more visible – across the region, as well as within subregions and countries: with the improvements in child well-being on average, there are increasingly stark contrasts between those benefiting from transition and those being left behind. Giving more visibility to the latter requires both a broadening of the types of data and information used for socio-economic analysis, as well as more research and monitoring. This is especially urgent in the context of the global economic crisis which began to unfold in late 2008, with its potential to reverse the positive outcomes in most child indicators achieved over the previous decade.

Child well-being in the region is now at a crossroads. After almost a decade of gradual improvements in several key indicators of child well-being, the economic crisis is putting key factors underlying these improvements at risk, namely household incomes and the capacity of the state to adequately finance social policies. In the short term the crisis seems likely to be manifested in a deterioration in household income poverty levels. The extent to which it will also lead to longer term reversals in this and other aspects of child well-being will depend partly on its effect on levels of public expenditure, and on whether policy attention and resources are diverted away from those social sector policies and reforms which matter for children. The crisis will, of necessity, lead to an increased policy focus on economic indicators such as growth, employment, financial and budget imbalances, but there is the risk that this focus detracts attention from social indicators, and that the social impact of the crisis, in particular the impact on children and the elderly, is overlooked. On the other hand, the lessons of the 1990s could mean that the economic crisis provides a catalyst for greater mobilization of resources to provide more and better protection for children, and a spur in policy efforts to complete reforms in the funding and delivery of social services and social protection for families with children. In a period of crisis these services and benefits will be more important than ever for safeguarding adequate protection of living standards and equality of opportunities for all children.

All the countries of the region are parties to the Convention on the Rights of the Child (CRC), and have thereby committed themselves to ensure that all children have the best start in life; they have pledged to mobilize to the maximum extent all resources available to ensure that children develop to their fullest potential and enjoy an adequate standard of living. Countries are guided by the best interests of the child and respect for the principles of universality and non-discrimination in fulfilling this pledge.

This report takes stock of progress in implementing these commitments, using data from various sources to take a critical look at the effects of past and present economic trends and socio-economic policies on children's rights, and in particular the extent to which they have helped to increase equality of opportunities for all children. In doing so, it continues the tradition of reports published since 1992 by the UNICEF Innocenti Research Centre on the CEE/CIS region. Over the years of transition, the Centre has carried out comparative research, using a mix of data sources to capture the condition of children in transition countries and to illustrate the different experiences and the evolution of child outcomes, while also assessing progress in the implementation of policies aimed at the progressive social inclusion of all children, including those living in rural areas, belonging to ethnic minorities, children with disabilities, and children in institutions.

The *Innocenti Social Monitor 2009* is organized in five chapters, the first of which provides an overview of key indicators of child well-being in the region, with a focus on changes in the period of economic recovery. Chapter 2 looks at three aspects of the changing context in which children are growing up, namely the rates and character of economic growth, income inequality, and demographic trends. Chapter 3 evaluates the commitment of governments to guaranteeing basic health and education services, as well as social protection, by looking at levels and structures of public expenditure in the period of growth. Chapter 4 focuses on the plight of selected groups within the child population in individual countries: groups which are at particular risk of marginalization and whose condition is not well captured by average indicators or standard methods of data collection. Chapter 5 summarizes the monitoring challenges which still exist in order to improve the visibility of children in data and research, and to have the evidence needed to inform policy-makers and to hold governments accountable for progress or lack of progress in achieving child rights.

Results for children in the period of growth

Defining and measuring child well-being is complex in any context. The concept of child well-being reflects the indivisibility of children's rights and covers physical, cognitive and socio-emotional aspects of the child's current situation (being), and development (becoming); and while there is a general consensus that child well-being is multi-dimensional, there is no one standard definition of its various components, nor a standard set of internationally agreed indicators for measuring them. What is clear, however, is that no single indicator – including income poverty – captures the situation of children in any given country. Chapter 1 therefore looks at five dimensions of child well-being, and selects key indicators within each in order to examine the current situation of children in the region, and evaluate progress between 2000 and 2005–2007. The dimensions selected are monetary poverty, health and nutrition, education, housing and access to public utilities, and deprivation of family upbringing. The choice of indicators is partly driven by their relevance to the specific context of the region, but also by data availability. Some important aspects such as participation, or self-evaluation of well-being, are not included, due to the lack of comparable data for all countries.

These five dimensions are examined separately, although they are all interrelated. For example, income poverty can lead to reduced access to quality health care for mothers and children (including the inability to make formal or informal payments for health services, or to buy medicine), or to poor maternal and child nutrition (which are often closely linked), due to inadequate material resources to purchase products which guarantee an adequate and healthy diet. A young child's health status can also be influenced by housing conditions, access to safe water, as well as access to and the quality of primary health services, including maternal care. It is important to stress this interrelatedness of the dimensions of well-being because the analysis shows that the positive economic results led to reductions in extreme income poverty, but did not always lead to consistent improvements across other dimensions.

In the period 2000–2007, the region as a whole was one of the fastest growing in the world. In the CIS, in particular, GDP per capita increased at an impressive average rate of more than 7 per cent per year, and most countries regained their pre-transition levels of GDP. However, the period of recovery also saw an increase in the differences in GDP levels between countries in the region, which by 2007 ranged from less than PPP $2,500 per capita in the poorest countries, to PPP $25,000 per capita in Slovenia. Overall the region can be roughly divided into three groups by GDP levels: the first includes the countries of Central Europe and the Baltic States with the highest levels of GDP; the second is a fairly heterogeneous intermediate group consisting of the middle-to-low and middle-to-high income countries, i.e. most CIS countries, as well as those in South-Eastern Europe (SEE); and the last group contains the three poorest countries of Central Asia and the Republic of Moldova. The analysis across the five dimensions of child well-being shows that countries in all groups face challenges in ensuring the realization of child rights, but also illustrates how difficult it is to rank countries according to child well-being indicators, due to the fact that the rankings change significantly according to the choice of dimensions and indicators. It is not only the poorer countries which face problems in achieving improvements in living standards and rights for all children.

In the low-income countries, indicators of extreme child income poverty, as well as survival and nutrition, improved – in some cases impressively – but they remained at levels which are still cause for concern. For example, estimates of extreme child poverty rates for around 2005 in some countries of Central Asia were still in the range of 80–90 per cent. Under 5 mortality rates (U5MR) also remained high, and large sections of the child population were not enrolled in pre-school education or upper secondary education, lived in sub-standard housing, and had no access to water or sanitation networks. In sum, problems of deprivation in key indicators of child well-being remain acute and visible for a large section of the child population in the poorer countries of the region.

On the other hand, the challenges in the middle- and high-income countries do not affect such a large section of the child population, and are therefore less visible, especially when the analysis is based on average national indicators. However, the evidence suggests that children at the lower end of the income distribution in these countries, or living in certain geographical regions, have a greater probability of experiencing extreme deprivation, and that policy interventions to date have not been sufficient to address this disadvantage. For example, Bulgaria and Romania had much lower average rates of extreme child poverty (less than 20 per cent) compared with those found in Central Asia, but there were much larger differences between the rates registered for the total population and those for children, as well as between children living in different geographic areas, or belonging to ethnic minorities (e.g. Roma). In other words, children faced a greater risk of poverty, especially those in specific population groups such as large families or those resident in rural areas, suggesting that the benefits of economic growth have been unevenly distributed.

This was also the case in the countries of Central Europe as well as Belarus and Ukraine, which had low rates of extreme child poverty (under 5 per cent), but where the poverty risk for children was almost double that for the general population, pointing to insufficient income support for families with children. This higher poverty risk for households with children in the higher-income countries of the region is also confirmed by the results for relative poverty in the new EU countries. In some of these countries, rates of relative poverty for children actually increased in the period of growth, suggesting again that households with children benefited less from the period of economic growth and that inequalities increased.

Likewise, child mortality levels are much lower in the middle-income countries of CEE and Western CIS, but disparities within countries remain, and there are mixed signs regarding the effectiveness of interventions to tackle the factors contributing to disparities in child mortality rates within countries. For example, in the former Yugoslav Republic of Macedonia, U5MR stagnated or even deteriorated slightly between 2000 and 2007 (at around 17 deaths per 1,000 live births), pointing to lack of progress in reducing differences in maternal and child care between rural and urban areas.

Another sign of the vulnerability of children from poorer households in middle-income countries, as well as of the continuing pressures on family structures even in the period of growth, is provided by trends in the numbers and rates of children living without their biological parents. This problem is particularly evident in some of the Western CIS, Baltic and Central European countries. The increase in the rates of children being placed in formal care, often in institutional care, was usually attributed to the increase in social and economic instability in the early transition period, which put family structures under particular stress. However, even in the period of growth, especially in the middle-income countries, there was still a tendency for parents who considered themselves unable to fulfill their parental responsibilities (or who were considered legally unsuited to fulfill these responsibilities) to place their children in institutions. This is partly due to a residual trust in these institutions, on the part of both the population at large and policy-makers, and lack of awareness of the potential harm of residential care for a child's development; but it is also due to the absence of, or incomplete reforms in, social protection and social services for families under stress, i.e. preventive measures which could help stem the flow of children into institutions, and also facilitate reunification of children in institutions with their families. In those countries with the highest rates of children in formal care, for example the Russian Federation and Lithuania (with more than 1 per cent of the child population living in institutions), the share of children living in institutional care actually grew between 2000 and 2006 (with some small signs of decline only after 2005). Even in cases where the absolute numbers declined, the rates of children entering formal care increased due to the shrinking size of the child population.

To summarize, the challenges, and therefore the policy priorities, for progressing towards the realization of child rights vary considerably throughout the region. But at the end of a decade of economic growth, it was not just the poorer countries of the region which faced problems in improving the living conditions of children, and economic growth alone had not led to improvements in all dimensions for all children. This can be best illustrated by taking two indicators of mortality – one for children under five years, and one for young people aged 15–19 years. On the one hand, levels of child mortality (U5MR) are significantly higher in those countries with lower levels of GDP (to take the extreme cases, Tajikistan had an estimated U5MR

of 67 per 1,000 live births in 2007, compared to 4 per 1,000 in the Czech Republic), indicating priority problems with health care for mothers and newborns, income poverty, nutrition of mothers and children. On the other hand, the middle-income countries in the CIS and, to a slightly lesser extent, the Baltic States, have substantially higher mortality rates for adolescents than low-income countries, especially mortality rates due to non-natural causes, including suicide, accidents and acts of violence. Mortality rates due to external causes among young people aged 15–19 years in some CIS countries and the Baltic States are double those found in the EU15. These high rates point to problems with social cohesion and the risk of marginalization among sections of the young population. While the period of recovery saw some decrease in these rates, they remain worryingly high. In short, improvements in indicators measuring different dimensions of child well-being are not always correlated with levels of per capita GDP.

Overall the results of the review of child well-being indicators show that in the period of economic growth many improvements were obtained but substantial policy challenges remain. In the low-income countries, as well as some middle-income countries, they include child survival, extreme income poverty, low-quality education and low levels of access to non-compulsory education, inadequate housing and low access to basic social infrastructure. In the richer countries the priority problems are instead connected with socialization, child protection, marginalization and exclusion. While the poorer countries show evidence of problems in both access and quality of social services (for example, access to non-compulsory levels of education is much lower), the other countries have fewer problems with access, but mixed results in indicators measuring the quality of education and health services, indicating mixed progress and unfinished reform processes to improve the outcomes for children. For most indicators, improvements in average values were accompanied with persistent, and sometimes growing, disparities within countries, pointing to continuing challenges in developing and implementing policies to identify and integrate those at risk of marginalization.

The changing context and its influence on disparities and resources for children

The persistent and often growing disparities in child outcomes – between countries in the region and within individual countries – are partly a reflection of the nature of economic growth. In fact, the mixed results for children in the period of growth described above were influenced by the changing context in which they grew up. Chapter 2 looks at some aspects of the context which contributed to these mixed results, namely the rates and character of economic growth, levels of inequality, and demographic trends leading to increasing dependency ratios and aging population structures, with implications for social expenditure allocations. These three factors had a considerable influence on household incomes, on the resources available to governments to spend on child-related policies, as well as the policy options open to decision makers in the different countries for improving children's living conditions, and contributed to the differences in the opportunities and vulnerabilities of children in the region. They are now being supplemented by the impact of the global economic crisis on the region, which will further narrow the options for decision-makers, particularly in terms of resources and allocations of public expenditure. This is particularly true for those countries where economic growth was mainly driven by factors such as exports of natural resources, oil prices, remittances, and external finance.

Economic growth in the period 2000–2007 meant that average household incomes increased throughout the region. However, the high average levels of growth in this period concealed significant differences within countries, particularly between economic sectors and geographical regions, stemming partly from the specific factors driving growth, but also structural factors influencing job-creation and employment, and therefore the distribution of the benefits of growth. In Bulgaria, for example, in 2005 the gross regional product (GRP) per capita in the South West region (including the capital city, Sofia) was 50 per cent higher than the national average, and 80 per cent higher than the poorest region. In Uzbekistan, two regions, including the capital city, had per capita GRP levels which are more than three times higher than the two poorest regions, and more than double that of other regions. These differences increased in the period of economic recovery and growth. In some countries there were signs that growth was spanning different sectors and geographical areas, and these were reflected in an expansion of employment and/or increased wages. But overall, the evidence suggests that growth in the 2000–2007 period benefited some sections of the population and some regions more than others; that it was not 'inclusive' in character, and did not lead to substantial reductions in inequalities.

In fact, levels of inequality remained high in the CIS countries, although they did show some signs of decrease in the 2000–2007 period. Starting levels were lower in Central European countries, but showed a trend to increase. There is evidence that some of the factors driving inequality have been 'institutionalized' in the CIS countries, as a result of the patterns of reform chosen in the earlier stages of transition, especially those related to the distribution of previously state-owned assets, as well as taxation and fiscal policies.

Analyses of the redistributive role of fiscal policies in the period of growth are still scarce, meaning that it is difficult at present to reach firm conclusions regarding their impact on inequality. However, the large size of the informal economy, paralleled by the increased use of indirect taxation in the CIS, meant that taxation policies have had only a weak and sometimes even regressive effect, and had a limited impact on reducing the striking inequalities which emerged in the initial transition period. Public transfers have had a mixed, but on the whole modest, impact on redistribution, and have been more effective in Central Europe where they represent a much larger share of household income compared to the CIS. Again, the effects of the global economic crisis threaten to exacerbate disparities, primarily through its effects on employment.

Both the economic performance and redistributive policies of a country are strongly influenced by its demographic structure. Most countries of the region have experienced striking demographic changes in the transition period, but as with growth and inequality, these changes have not followed a uniform pattern. At one extreme, the countries of Central Europe and the Western CIS have negative rates of natural population growth and rapidly aging populations, while at the other extreme the countries of Central Asia have large child shares in their total populations (children represent 40 per cent of the total population in Uzbekistan, and 45 per cent in Tajikistan), and fertility rates are still above replacement levels. These demographic structures and trends create different child-related policy challenges. On the one hand, the Central Asian countries face the challenge of continuing large demands being made on budgets and public expenditure, due to the need to provide adequate health care and education for the large cohorts of children. On the other hand, the Russian Federation (where children account for less than 20 per cent of the population) and other countries with similar demographic characteristics face the prospect of declining shares of working-age cohorts to contribute to income generation and tax revenue, and the challenge of balancing their public budgets to meet the growing expenditure needs of the elderly dependent population for health services and pensions. In countries such as the Czech Republic and Russian Federation, the forecast is that the aging of the population will proceed at an even faster pace into the 2010s. In these countries – and others with rapidly aging populations – public expenditure on health services and transfers for children will have to compete with those required for the growing elderly population. The challenge will be to remind policy-makers of the importance of investing in children, and of the long term returns to these investments, and ensuring that resources earmarked for children are not threatened.

Overall, the changing context means that the region now contains countries with highly diverse demographic trends and population structures, levels of economic resources and income inequalities, which all affect – in different ways – the challenges, resources and opportunities for guaranteeing adequate living standards and equal opportunities for children in the individual countries.

Economic growth and the opportunities for governments to invest in children

The contextual factors discussed above explain some, but not all, of the disparities and disadvantage still faced by sections of the child population. The inconsistent trends in indicators of child well-being, despite economic growth and decreases in income poverty, were also linked to low levels of, or inefficient use of, public expenditure on health, education, and the low priority given to households with children within social protection expenditure. The resources generated by economic growth in theory provided governments with the opportunity to intervene with a variety of policy measures which could help improve the situation of children, but in many cases this opportunity was not seized, or at least not to the full extent possible. Chapter 3 looks at evidence of the ability and willingness of governments in the region to mobilize and use public expenditure to improve the availability, equity and quality of social services and infrastructure (in particular health and education), as well as material support (transfers), and other forms of social welfare for families with children.

Transition initially led to drops in revenue and reductions in the funds available for government expenditure on public services and support for families with children. However, in the period of economic growth the majority of countries were able to recover their pre-transition levels of public expenditure in real terms. But some did not, particularly those with lower levels of GDP, mainly due to difficulties in revenue collection caused by the large informal sectors in their economies. The countries of the region now differ considerably not only in levels of GDP, but also in the relative size of public expenditure, and in its structure, especially in the relative priority given to those expenditure items most relevant to children.

The priority given to expenditure on basic services does not follow any clear pattern in the region. While levels of health expenditure (as a share of GDP) tend to be lowest in the lower-income countries, this is not the case with education expenditure, which is given greater priority in some low-income countries such as Uzbekistan, Ukraine and the Republic of Moldova. However, in the Central Asian countries the demographic trends outlined above have led to an increase in the school-age population (3–18-year-olds), and have meant that despite the priority given to increasing public expenditure on education, per capita levels

have not increased to the same extent, and in some cases have even decreased. In Uzbekistan, for example, public expenditure on education was over 6 per cent of GDP (one of the highest in the region), but by 2003 per capita expenditure had actually declined by 39 per cent in relation to 1990. In contrast, real spending on education increased by 42 per cent in the Czech Republic from 1990 to 2006, but the size of the school-age population decreased by more than a quarter, meaning that real expenditure per student more than doubled.

Levels of public health expenditure are extremely low in the countries of the Caucasus and Central Asia, at less than 3 per cent of GDP, and even below 1 per cent in Georgia, Armenia, Tajikistan and Azerbaijan in 2006/07 – levels which have been described as insufficient to guarantee even basic health services. Here again, countries with large or growing child populations have had to spread resources more thinly. Others have not faced this constraint, but have either been unable to increase public expenditure on health as a share of GDP, or have failed to give priority attention to this, despite economic growth, increased public revenue, and stable or decreasing child populations.

In both the education and health sectors, the low levels of public expenditure have been compensated by rises in both formal and informal out-of-pocket payments, contributing to inequalities in access and worsening governance, which have penalized children from households at the lower end of the distribution. This is particularly evident in those countries where public expenditure on health is below 3 per cent, where private spending represents 50 per cent or more of overall expenditure.

Social protection represents the largest share of public expenditure in all the countries of the CEE/CIS region. However, the bulk of social protection spending still goes on pensions and privileges, to which different categories of the population are entitled, while social assistance benefits for families with children represent a much lower spending priority. In Poland in 2005, expenditure on pensions represented around 12 per cent of GDP, in Bulgaria, Belarus, and the former Yugoslav Republic of Macedonia about 8.5 per cent. In contrast, expenditure on family allowances was in the range of 0.1–1 per cent of GDP. Demographic trends in Central Europe and Western CIS mean that the share of social expenditure going on pensions is likely to increase in the coming years. But, while children can benefit from pensions, especially if they live in extended families, pensions are not designed to be targeted at the poor, and are not the most effective way of improving the living conditions of the most disadvantaged children. Existing child benefits schemes could be more effective in protecting families with children from poverty, if sufficient resources were allocated to them. However, the levels of benefits in most countries of the region are usually too low to provide adequate protection from poverty.

Reforms in social protection systems were introduced early on in the transition period to compensate for the withdrawal of the full employment guarantee and removal of subsidies for basic goods and services. However, the reforms have often been carried out in a piecemeal fashion and with a certain amount of institutional inertia, particularly in CIS countries. While policy-makers are aware of the need to develop new forms of safety net, there has not always been flexibility in diverting from inherited structures of expenditure and the bias towards pensions, and there has been a slow response to meeting special needs (for example, services to prevent and deal with alcohol and substance abuse), in part reflecting the weak tradition of social work, community-based services and combining cash with individual casework. In some cases, there was also a concern to avoid creating passivity and reduce the opportunity cost of seeking employment, by creating a dependency on assistance benefits. As a result, in most countries, there continues to be low fiscal priority given to social assistance for families with children.

Overall, the period of economic recovery saw some signs of increased budget availability and priority for those services and support systems which are important for improving child well-being indicators. However, levels of public expenditure (in particular that on health services) remained very low in the poorer countries, even in those which experienced high levels of economic growth. And despite consistent evidence of the vulnerability of families with children to poverty across the region, this was not met with increased spending priority for child benefits. There is now a risk that the effects of the global economic crisis may lead to a reduction in the resources available to governments for public expenditure, and to a restructuring of spending priorities in order to meet demands for state intervention to boost economies. As a result, there may be a diversion of resources away from social expenditure on, and reforms in, social services and support for families and children just when there is more need than ever to push forward with reforms to increase and improve support.

Identifying and protecting the most vulnerable and those at risk of exclusion

The period of growth led to improvements in several key indicators of child well-being, but the improvements in average indicators often masked the increasing gaps between those sections of the child population benefiting from transition and those being left behind. There are groups of children and young people who have become particularly vulnerable to marginalization

or exclusion in the transition period, but who are not captured by traditional data collection methods. As a result, these groups often remain invisible to policy-makers, and receive limited policy attention and resources. Giving more visibility to those being left behind requires both a broadening of the types of data and information used for analysis of child well-being and deprivation, as well as more research and monitoring.

The groups at risk of exclusion vary according to the specific characteristics and transition experience of the individual country: chapter 4 discusses the examples of three groups which are particularly at risk, namely Roma children in CEE countries, who experience multiple forms of deprivation; children of migrant workers, especially those left behind in situations where local authorities do not have the funds or experience to organize support mechanisms to compensate for the absence of parental guidance and affection; and young people at risk of marginalization as they transit from childhood to adulthood, especially those who are not in work or education, and who are hindered in family formation through lack of access to affordable housing.

Roma children are particularly invisible in national statistics, due to the fact that administrative data are not usually disaggregated by ethnicity, and the Roma contingent captured by surveys is usually too small to allow reliable statistics to be calculated. However, scattered data from different sources show that Roma in Central Europe and the Balkans are overrepresented among the population experiencing extreme deprivation in all the dimensions of child well-being discussed in chapter 1. In Bulgaria in 2001, Roma represented around 17 per cent of the total child population but more than 70 per cent of the children in the poorest decile. Similarly, data for 2004 suggest that in Romania children of Roma ethnicity are five times more likely to live in extreme poverty than the total child population. Segregation in school remains common in parts of Central and South-Eastern Europe. As noted above, although the promotion of universal preschool attendance is seen as a key component of any strategy to integrate Roma children in the general education schools, participation of Roma children in pre-primary education remains low across the countries of the region, even in those with relatively high coverage rates for pre-primary education.

Another group of children at risk of marginalization and which is not captured well in the traditional systems of data collection are those living in families where one or both parents are absent due to migration. Economic migration has become a major phenomenon in several countries of the CEE/CIS region, and the number of children left behind by migrant parents has been growing. Survey data for Albania showed that in 2005, on average, around 6 per cent of children under 15 years were living in households where at least one parent was absent due to migration (but if the whole year preceding the survey is considered, the share of those who had at least one parent abroad increased to 13 per cent). In the Republic of Moldova in 2007 around one fifth of children had at least one parent who had migrated abroad. The economic and social effects of migration and its effect on child well-being are far reaching, not always immediately obvious, and require a variety of tools, including qualitative studies, to quantify and monitor. If the impact of migration on household incomes may be visible, the longer term effects on children growing up in incomplete families are not, and they have received little policy attention until recently.

Traditional monitoring systems in the region have also proven insufficient to capture the vulnerabilities of children as they transit from childhood to adulthood. The situation of young people (aged 15–24 years) deserves particular policy attention: while transition has brought greater choice for some young people in education opportunities, as well as access to information and travel, it has brought problems of integration and inclusion for others. The problems of youth unemployment, as well as lack of or unequal access to sport and other leisure activities, and lack of opportunities to exercise citizenship, have led in some cases to disillusionment and social defiance, expressed in increased risk-taking behaviour.

Today's young people spent at least one part of their life in the education system during the most turbulent years of transition. They experienced large differentials in learning opportunities – both between and within countries, and in terms of access and the quality of education provided. Even in countries where upper secondary education became the norm for young people (with enrolments at very high levels), there are still challenges of quality and equity in school opportunities, and this is reflected in the difficulties which many young people face in the transition from school to the labour market. Unemployment and underemployment among young people remain a matter of concern and a factor creating vulnerability, which is exacerbated by the initial impacts of the global economic crisis on the labour markets of CEE/CIS.

Evidence of risk-taking health behaviour and, in particular, the high levels of mortality due to external and violent causes for young people aged 15–19 registered in some countries, provide evidence of difficulties in socialization among some sections of the youth population. Understanding and addressing the root causes of marginalization among young people as they transit to adulthood and the risks associated with them should be a priority concern, particularly for those countries in the middle-to-high income group. Young people and their families require strategic support and investment on the part of governments, including

through greater attention to early childhood development interventions designed to ensure that all children get an equitable and quality start in life.

In fact, quality early childhood interventions are one of the most effective means of offsetting disadvantage among marginalized groups of children and ensuring that all are given an equal start in life. The last section of chapter 4 reviews improvements in access, and finds that there are signs that many governments in the region are devoting more attention and resources to early childhood education services. In most countries preschool enrolment rates began to improve, partly due to increased public spending and more supply, but also to a recovery in demand as female employment rates and household incomes increased. Deliberate policy actions taken by governments which increasingly understand the importance of investments in this age group also contributed. In some cases recovery in preschool enrolments was impressive: for example, in Lithuania enrolments of children aged 3–6 years grew from 31 per cent in 1993/94 to 70 per cent by 2006/07, and Latvia more than doubled enrolments during the same period. On the other hand, enrolment rates in Central Asia and the Caucasus remained low. There is also evidence of unequal access within countries, even those with high coverage rates, with children from the lower-income groups, living in rural areas, or from minority ethnic groups, being less likely to attend. Continuing expansion of quality preschool services in the period of economic crisis, and particularly extending access for the disadvantaged, can both play a key role in promoting social inclusion and equity, particularly in a period when income inequalities and other disparities seem likely to persist.

Monitoring challenges

The four analytical chapters of the report confirm the importance of monitoring and analysing trends in child well-being as a key factor in holding governments accountable for the realization of child rights. Chapter 5 discusses the data, indicators, monitoring mechanisms and research which are needed in order to improve the monitoring of the situation of children of all ages in different parts of the region. There is an urgent need for more and better data collection and analysis to help understand the particular mix of child policy challenges in each country, and to monitor the impact of national policy responses on the well-being of different groups of children.

Since UNICEF began monitoring the situation of children in transition countries in the early 1990s (through the MONEE project and other initiatives), there have been several changes which have led to improvements in the mechanisms and tools for data collection. In general, the availability of information for studying the condition of children has improved, and the country-level capacity for analysis has increased. National Statistical Offices have strengthened their ability to collect and analyse data especially through increasing the use of survey, and country reports on the condition of children have been published. International organizations have supported surveys (such as LSMS and MICS) to fill gaps in the availability and quality of existing data systems, several countries have participated in new international survey efforts (for example HBSC, PISA, TIMSS and PIRLS), and there has been an increase in qualitative studies. Recently UNICEF has supported attempts to improve and standardize definitions used in administrative data on child protection, in particular on children in institutional care and on juvenile justice. There have also been several attempts at both the country and international level to develop analytical frameworks to study and assess child well-being, including for example those being carried out by UNICEF and within the EU.

There are, nevertheless, still problems in the use of data and access to data: in some countries there is still too much focus on inputs, and not enough on monitoring outcomes, and there are also still restrictions on access, especially to micro data from surveys. Chapter 3 shows that in most countries, there is not a consistent use of combined administrative and survey data to identify poor families, the social protection benefits that reach them, and which have a meaningful impact in reducing child vulnerability. Chapter 4 illustrates in concrete terms the limitations of available or 'standard' data sources for monitoring the nature and extent of some key child challenges, and for setting baselines and quantitative targets in order to measure and monitor the success or failure of current policies in making a difference to the outcomes for different groups of children. The currently available administrative data – such as that compiled in UNICEF's TransMONEE database – are either not capturing some phenomena, or are not sufficiently disaggregated to do so, and cannot measure quality of services, or – as in the case of Roma children – the effects of marginalization and discrimination on access. Sectoral-specific survey data are not consistently available to allow construction of time series or cross-country comparisons.

Chapters 1–4 also illustrate how it is increasingly difficult to compare and discuss the condition of children in different countries or subregions. Yet they also show that there is a role for comparative analysis for selected policy areas, for the purposes of learning lessons, and establishing good practices. Different aspects of reform have been piloted in individual countries, and some good practices are emerging which may be of relevance to other countries. For this reason, region-wide cross-country comparison may be more difficult, but information sharing, discussion of

Composition of the CEE and CIS Region

The CEE/CIS is a heterogeneous region, sometimes referred to as a region of regions, but the countries within it share the common inheritance of centrally planned economies and, since 1989–1991, all of them have been engaged in a process of transition to the market economy.

At the beginning of the transition period (1989), the region consisted of eight countries. The number of countries rapidly increased in the early 1990s with the break-up of the USSR and the Federal Socialist Republic of Yugoslavia and the separation of the Czech Republic and Slovakia, the two countries which formerly constituted Czechoslovakia.

As of 2009, the CEE/CIS region consists of 28 countries, all of which are United Nations Member States. For the purpose of the present analysis, these countries are grouped into the following subregions:

Central and Eastern Europe (CEE)

Central Europe	Czech Republic Hungary Poland Slovakia Slovenia
Baltic States	Estonia Latvia Lithuania
South-Eastern Europe (EU)	Bulgaria Romania
South-Eastern Europe (Non-EU)	Albania Bosnia and Herzegovina Croatia Montenegro Serbia* TFYR Macedonia

Commonwealth of Independent States (CIS)

Western CIS	Belarus Republic of Moldova* Russian Federation Ukraine
Caucasus	Armenia Azerbaijan Georgia*
Central Asia	Kazakhstan Kyrgyzstan Tajikistan Turkmenistan Uzbekistan

Ukraine is a participating CIS member but it has never ratified the CIS charter. Turkmenistan is an associate member of CIS, and in 2008 the Parliament of Georgia approved a resolution that envisages the withdrawal of Georgia from the CIS as of August 2009.

The five countries of Central Europe and the three Baltic States joined the European Union on 1 May 2004. Bulgaria and Romania became members on 1 January 2007. Croatia and the former Yugoslav Republic of Macedonia are EU candidate countries, while Albania, Bosnia and Herzegovina, Montenegro, Serbia as well as Kosovo (under UN Security Council Resolution 1244/99) are considered potential candidates.

Although part of the CEE/CIS region, Turkey is not included in this study, due to the fact that it does not share the common inheritance of central planning or the transition experience of the other countries.

* The data and analyses for Serbia presented in this report do not include Kosovo; those for the Republic of Moldova do not include Transnistria; those for Georgia do not include Abkhazia and Tskhinvali region.

good practices and even some cross-country comparison may be useful at least at a subregional level, as is common for example in the EU (open methods of coordination) and OECD (peer reviews). This would imply that attempts to standardize some data collection methods and definitions are still desirable.

Overall, there is a high potential for country-level analysis which relies less on national averages, and is thus more able to capture the deprived and marginalized sections of the child population. There is also a need for cross-country comparisons among countries in the region, or even with countries in other regions at roughly the same or better stages of socio-economic development for purposes of capturing what is possible, and alternative policy options. International organizations, such as UNICEF, are well-placed to play a role in stimulating such efforts.

Conclusions

Following a decade of rapid economic growth, the countries of the region face a mixture of old and new challenges in achieving long-term and sustainable improvements for all children. There are also mixed signs regarding the political will and understanding of the need to use the resources generated by the period of growth to invest in the younger generation. Meeting the policy challenges for ensuring the realization of children's rights and improving child well-being requires in some cases increased public expenditure, but often also a long-term vision and the political will to see through reforms in the delivery and organization of basic social services. For example, further progress in the reduction of infant mortality requires improvements in primary health care, including maternal care, and also the care of pre-term babies. Preschool coverage requires a revision of previous

programmes, and training. In countries where large numbers of children still live in institutionalized care there is a need to create new systems of child protection which prevent child abandonment and placement in residential care, and this requires long-term vision and political will to complete complex cross-sectoral reforms. Countries which have joined or are in the process of joining the EU are being accompanied and helped both in maintaining political will and finding financial means to support many of these reform processes. Others have made mixed progress. In all countries there are groups of marginalized children or young people, and a lack of institutions and mechanisms to help integrate them and promote their social inclusion. And in many, there is no way of identifying and monitoring these vulnerable groups, due to lack of changes in traditional ways of data collection.

The lessons of the pre-crisis period are that it is not just economic growth that matters, and that sustainable improvements in child well-being require appropriate increases in public expenditure as well as a long-term vision and sound understanding of the potential returns to investing in the younger generation, and the political commitment to see through reforms in the delivery and organization of basic services and systems of child protection. A clear political commitment to ensuring equality of opportunities for all children is needed, and this has to be translated into policies and reforms and budget allocations, aimed at achieving the progressive social inclusion of all children, including those living in urban and rural areas, belonging to ethnic minorities, children of migrant families, and those placed in institutions. The issues facing children and young people in the region may be evolving, but they remain considerable and demand targeted child policy responses, underpinned by a strong system for monitoring their impact on the realization of children's rights.

1 CHILD WELL-BEING IN THE COUNTRIES OF CENTRAL AND EASTERN EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES

From 1998 to early 2008 the CEE/CIS region experienced steady, in some cases impressive, economic growth, and an increasingly stable political environment. This was accompanied by an overall decline in income poverty and improvements in most social indicators, leading to suggestions that transition had entered a new stage. Recent economic and political events have challenged some of this optimism, and given rise to concern about the resilience of the economic recovery and the capacity of governments to deal with the shocks created by the international financial crisis. There is also concern regarding the stability of political regimes in countries where geopolitical interests are currently being contested. This chapter considers the situation of children around two decades from the onset of the transition and – in some countries – up to ten years of growth; it looks at selected indicators of child well-being and suggests that at this stage of transition a mix of old and new policy challenges compromise the well-being of children and young people, and that the challenges facing governments in working towards the realization of child rights – in particular each child's right to an adequate standard of living, free and equitable access to different levels of school education, to survival and best possible healthcare, and to support regarding housing and nutrition – are increasingly divergent across the region and even within individual countries.

The concept of child well-being is based on the recognition of children's rights and addresses physical, cognitive and social and emotional aspects of the child's current situation (being) and development (becoming). Any assessment of progress in child well-being must have an inherently multidimensional approach. Frameworks and indices to measure child well-being have been developed for various countries and regions, including the CEE/CIS. These can provide a snapshot of the situation in any one country, and also allow inter-country comparisons. They have proven useful in broadening the policy discussion on poverty among children by moving it away from a predominantly income-focused or mono-dimensional perspective, towards a better understanding of the multiple factors influencing children's enjoyment of human rights – and the interconnectedness of these factors.[1]

This chapter takes a selection of indicators to measure child well-being, and organizes them into the five dimensions of income, health, education, housing, and children growing up without the care of their parents. The choice of both dimensions and indicators is neither exhaustive nor fully comprehensive and it is influenced not only by their relevance to child well-being in the specific context of the CEE/CIS region, but also – for the purposes of this publication – by the availability of data which allows cross-country comparison as well as an analysis of intracountry disparities. These dimensions and indicators are used not only to monitor the situation of children within the region and disparities within countries, but also to look at change since the beginning of the current decade. The guiding principle has been to monitor the circumstances likely to deprive children of the services and opportunities necessary for their physical, mental, and social development, and in doing so, to

keep the choice of indicators as revealing and manageable as possible.[2]

The first dimension considered is income poverty, which is widely acknowledged as an important, although by no means the only, measure of child deprivation. Data on income provide some indication of the material means at the disposal of households, which, as previous studies have shown, are often positively correlated with other child well-being indicators. The second dimension, health, is vital for children's overall well-being and is interconnected not only with household income, but with household socio-economic background, community and environmental indicators, as well as coverage and quality of social services. The third dimension, access to, and quality of, different levels of education is crucial for child development and also influences children's future opportunities, while being a vital part of policies aimed at the social inclusion of the marginalized. The fourth dimension, housing, has a strong influence on the child's chances of healthy development, educational achievement and socialization. Quality family relations are important for a child's development, but many children in the region experience disruptions in the family environment due to high divorce rates or migration, and an extreme form of deprivation in this dimension is experienced by those children deprived of parental care and placed in institutions, a practice which is still widespread in some countries. The fifth dimension is therefore children's upbringing in a family context.

For many of the dimensions and indicators discussed in this chapter improvements depend not only on increases in household incomes, but also on increases in public expenditure, as well as changes in the way in which this is allocated and distributed. The indicators also include some proxy measurements for more subtle problems of socialization and social cohesion which have emerged for children and young people in this period of change, when the withdrawal of the central state from the organization of many aspects of education, organization of leisure activities, or semi-obligatory participation in youth organizations, has led to an increase in opportunities for some, but has left a vacuum for others. Families and young people have not always been equipped to compensate for the collapse of former channels of socialization and integration, and either do not have access to alternative structures, or do not have the financial means to access them.

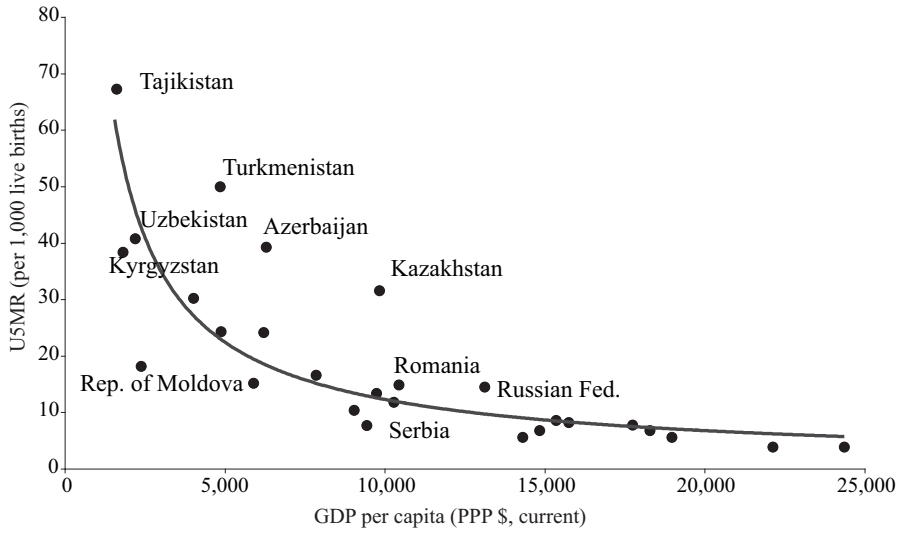
The results for the different subregions are summarized at the end of this chapter. Three main points emerge from the summary and are discussed further in the other chapters of this volume, namely that the policy challenges affecting child well-being vary considerably across the region; that economic growth has not automatically led to improvements in well-being across all its dimensions, for all children, in all countries; and that national averages, while necessary for international comparison, often mask considerable intracountry disparities and do not capture the position of marginalized groups of children and young people.

Overall, the indicator analyses suggest that in the period of economic growth the situation for children improved in absolute terms throughout the region in all of the five dimensions examined. However, they also point to persistent and growing disparities within and between countries. In particular, the results reveal increasing differences in the character of problems facing the most vulnerable sections of the child population in different parts of the region, and indicate that the different aspects of child well-being are not always positively correlated to the levels of per capita GDP. This is especially true of indicators which provide proxy measurements for social cohesion and inclusion, such as mortality rates for non-natural causes of death among young people (including suicide and acts of violence), and the data on children living in institutional care.

These last points are illustrated in figures 1.1 and 1.2, where the levels of under-five child mortality (U5MR) on the whole reflect levels of economic development, in that they are negatively correlated to GDP per capita (i.e. those countries with higher levels of GDP per capita have lower rates of U5MR);[3] on the other hand, the example of mortality rates for 15- to 19-year-old shows that, while mortality due to natural causes decreases with increasing GDP per capita levels (as with U5MR, but with a weaker correlation), mortality due to external causes (including violence and suicide) does not follow the same declining pattern. In fact, the highest level of mortality due to external causes is found in the middle-income countries of the region, while the lowest is found in some of the poorer ones: middle-income countries in the CIS and, to a lesser extent the Baltic States, have higher rates – in some cases strikingly high – than low-income countries in the region.

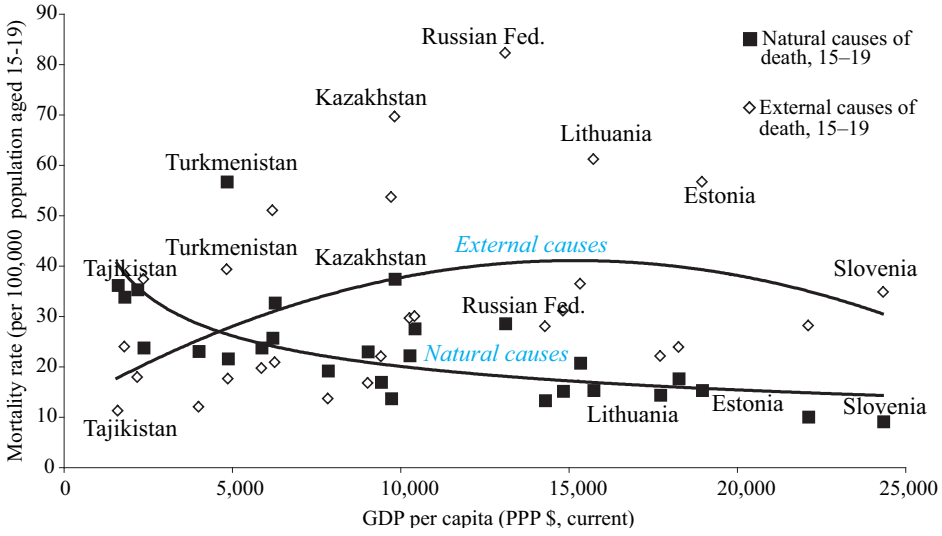
The results show that in the low-income countries of the region child survival, widespread income poverty and low-quality education and underemployment, remain priority problems requiring firm policy responses. The economic crisis at the onset of the transition has led to a worsening of these indicators, and despite improvements in average levels during the period of economic recovery, the overall levels of deprivation remain high. In other countries where GDP levels are higher, trends in some indicators of child socialization and protection, together with youth unemployment and marginalization, suggest that, despite impressive rates of economic growth and poverty reduction, many countries in the region still have a long way to go in order to build, or replace the previous mechanisms and institutions required to support families with children,

Figure 1.1 Under-five mortality rates by level of GDP per capita, 2006-2007



Source: Data from <www.childinfo.org> and World Development Indicators 2008 (accessed in December 2008).

Figure 1.2 Mortality rates (external and natural causes) for 15-19-year-olds by level of GDP per capita, 2006-2007



Source: Data from TransMONEE 2008 database and World Development Indicators 2008 (accessed in December 2008).

to guarantee access to good-quality services, to help young people make the transition to adulthood, and to promote the inclusion of some minority ethnic groups.

All countries of the region are parties to the Convention on the Rights of the Child (CRC), and are thereby committed to ensuring the fulfilment of children's rights and securing the right of every child to a standard of living adequate for his/her physical, mental, spiritual, moral and social development; to assisting parents in securing the living conditions necessary for the child's development; to guaranteeing each child's right to education on the basis of equal opportunity, including different forms of secondary education; to guaranteeing his/her right to the enjoyment of the highest attainable standard of health, taking appropriate measures to reduce infant and child mortality, and ensuring provision of necessary medical assistance and healthcare to all children. Moreover, in their accountability for children, they are required to allocate available resources to the maximum extent possible to the realization of children's economic, social and cultural rights, and to put in place a transparent process to monitor progress and inform policy reforms. Clearly the countries of the region are at different stages in securing the progressive realization of these rights, and therefore have different priority policies regarding the improvement of child well-being. However, each country could mobilize more resources, and make progress for all children a key goal of overall national development. As is argued in more detail in chapter 5, each country should improve its capability to monitor and assess achievements in progress for children.

1.1 Child income poverty

The most common approach to measuring material deprivation is to use monetary indicators (income or expenditure) to identify individuals and households living below a certain minimum threshold, i.e. income or expenditure levels are used as indicators of household means and resources, and those households and individuals which have levels under a minimum threshold, or poverty line, are considered to be poor.

These monetary indicators have certain well-known limitations, and are by no means perfect tools for assessing child well-being. Firstly, both income and

expenditure indicators are measured at the household level, and by themselves do not provide any indication of the extent to which the individual child in the household derives benefits from the given levels of resources, relative to other household members. Secondly, poverty estimates based on income and expenditure can vary considerably depending on a series of choices and assumptions made by individual analysts, which – while various rational justifications may be provided – are in the last instance made on the basis of subjective judgments.[4] Despite these limitations, poverty measures based on either household income or expenditure indicators can play a key role in understanding the socio-economic situation of children, especially since they have been found to be strongly correlated with deprivations in other dimensions of well-being.[5]

This section looks at levels of child poverty in CEE/CIS countries using data on the share of children living in households with per capita consumption expenditure under PPP $2.50 a day, which can be considered a threshold for measuring extreme poverty in the region. Estimates of the share of children living in households with per capita consumption of under PPP $5 a day are also provided. This is a less extreme poverty threshold, and the share of children living in households with a per capita consumption expenditure between PPP $2.50 and PPP $5 can be considered as vulnerable to extreme poverty.

The PPP $2.50 a day and the PPP $5 a day international poverty lines are so-called 'absolute' poverty lines, i.e. they represent fixed amounts. They are useful for cross-country comparison, but do not always help inform policy-makers in the individual countries. In particular the extreme poverty line of PPP $2.50 a day may be too restrictive to provide meaningful estimates of poverty in the richer countries of the region. In fact, some CEE/CIS countries use their own national poverty thresholds: for example, the Russian Federation calculates an official subsistence minimum, which is considerably higher than PPP $2.50, and is used both as the national absolute poverty line, and as a reference point for various social policy interventions, including eligibility of households for family allowances. On the other hand, the PPP $2.50 a day line is close to the national poverty lines computed in some of the poorer countries of the region, such as Kyrgyzstan. Here, however, the opposite is true, in that use of this poverty line produces extremely high levels of poverty (over 80 per cent, see figure 1.4), which may be useful for international comparison, but not for domestic policy-making, since they cannot provide a basis for focusing policy efforts and resources on those most at risk.

Other countries, in particular the CEE countries which joined the European Union in 2004–2007, use 'relative' poverty lines, with income as the indicator to measure household resources. In line with EU practice, the relative poverty line is set at 60 per cent of the median national per adult equivalent income. The former Yugoslav Republic of Macedonia also uses a relative poverty line to obtain its official poverty estimates, but sets the threshold at 70 per cent of the median national per adult equivalent expenditure. Unlike absolute poverty lines, a relative line is not a fixed amount, but changes in line with trends in the country median income (as registered in household budget surveys). Use of relative thresholds can provide some indication of the extent of inequality in the lower half of the distribution of income in any given country, and relative poverty rates are sometimes interpreted as an indicator of social exclusion, i.e. those living in relative poverty can be considered at risk of social exclusion, since they do not have the minimum income required to participate in the consumption patterns and activities which are the norm in the country where they live.

Box 1.1
Poverty estimates using international poverty lines

The poverty estimates provided in figures 1.3–1.5 are from the World Bank's Eastern Europe and Central Asia Regional Databank, and are calculated using a common methodology for all countries. The estimates are based on consumption expenditure (cash and in-kind) data from household surveys, and the value of household consumption expenditure is divided by the number of household members to derive a per capita consumption level (i.e. the equivalence scale is equal to one). International comparison is made by converting the household consumption expenditure in US$ at the 2005 PPP rates, and by adopting two poverty thresholds used by the World Bank (2005b, 2008b) for international comparison in the CEE/CIS region, namely PPP $2.50 per person per day and PPP $5.00 per person per day.

Until 2008, the international poverty lines used by the World Bank for monitoring poverty in the region were PPP $2.15 and $4.30 per person per day at 1993 prices, but these were revised to take into account the latest (2005) PPP rates and price increases. The new international poverty line to measure extreme poverty, which is also used to monitor global progress towards achieving Millennium Development Goal 1 (MDG1), is now set at PPP $1.25 per capita a day at 2005 prices (previously PPP $1.08 at 1993 prices). This is based on the mean value of the national poverty lines for the world's poorest 15 countries in terms of consumption per capita. This line has always been considered too extreme for the CEE/CIS. The poverty line of PPP $2.50 per person per day is considered by the World Bank as appropriate for measuring extreme poverty in the region, while the PPP $5.00 poverty line is used to identify those vulnerable to extreme poverty.[6]

Extreme child poverty and vulnerability to extreme poverty in CEE/CIS, 2000–2005

The economic recession which followed the onset of the transition, as well as the increase in inequality in the early 1990s, led to a rapid increase in the number of people living in extreme income poverty, with children being one of the groups most affected by the economic downturn. Economic growth since the late 1990s has led to a reduction in extreme poverty and vulnerability to extreme poverty, measured both in absolute numbers and rates.[7] In the region as a whole, the absolute number of children living in poverty declined, partly because of improvements in household income and expenditure levels, but also due to a demographic effect, i.e. the considerable reduction in the total number of children in CEE/CIS countries. Child poverty rates also declined, but at a slower pace than for other age groups,[8] which meant that while there was an overall improvement in living standards, children – or to be precise, households with children, and particularly large households with children – benefited less from the impact of economic growth.

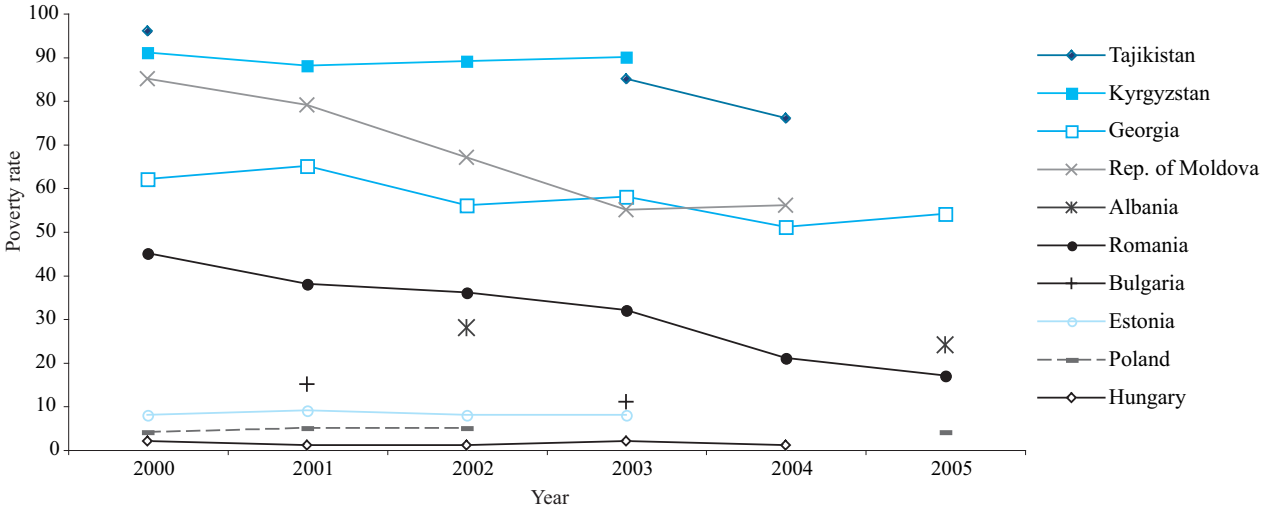
Figure 1.3 illustrates trends in the share of children aged 0–15 living in extreme poverty in selected countries from different CEE/CIS subregions. The data indicate the large disparities in living standards within the region, with the countries of Central Asia, the Caucasus and the Republic of Moldova (where the majority of the population lives in rural areas) having very high or high rates of extreme child poverty (over 50 per cent), while the rest of the region has intermediate to low levels. The data also show that the general pattern of decline during the period of economic recovery was not uniform in all countries, nor continuous over time, despite the fact that economic growth has been continuous.

The subregional patterns are also shown clearly in figure 1.4, which compares extreme child poverty rates for around 2005 with those for the total population (i.e. children, adults and the elderly together). The three countries of Central Asia for which data are available are those with by far the highest child poverty rates: about 90 per cent of children under the age of 16 in Kyrgyzstan were living in extreme poverty in 2003, followed by Uzbekistan (2003), and Tajikistan (2004) at around 80 per cent. In these countries children aged 0–15 represent more than one third of the total population, most households contain children, households with three or more children are common, and the risk of extreme poverty is considerably higher for the latter.

In Georgia and the Republic of Moldova, children under 16 constitute around one fifth of the total population, with more than half of them living in extremely poor households and representing approximately one quarter of the country's poor population. Extreme poverty is more widespread in rural areas, followed by secondary cities.

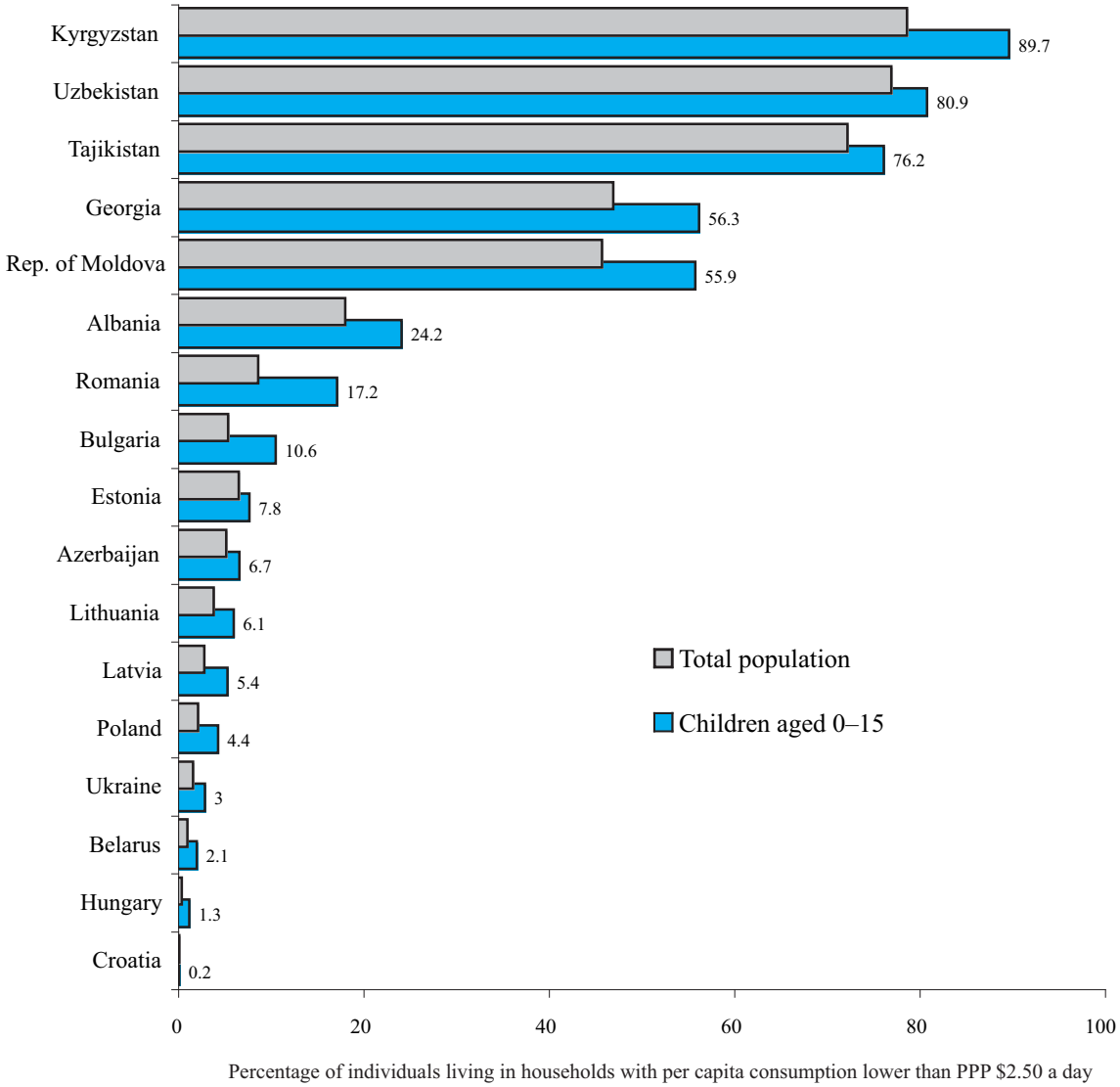
In 2005 in Albania, extreme child poverty was estimated at 24 per cent, compared with 18 per cent for the whole population. Romania (2005) and Bulgaria (2003) have both seen reductions in the rates of children living in extreme poverty during the period of

Figure 1.3 Extreme poverty among children aged 0-15 in selected countries in CEE/CIS 2000-2005



Source: World Bank's Eastern Europe and Central Asia Regional Databank (estimates received in December 2008).
Note: The 2000 data point for Tajikistan refers to 1999. The figure includes a selection of countries with data which allows an examination of trends over time. Estimates are derived from consumption data from household surveys, using a per capita equivalence scale (i.e. in the calculation of per capita consumption, a value of 1 is assigned to each member of the household irrespective of age).

Figure 1.4 Extreme consumption poverty in selected countries in CEE/CIS. Percentage of the population and percentage of children aged 0-15 living in households with per capita consumption below PPP $2.50 a day, around 2005



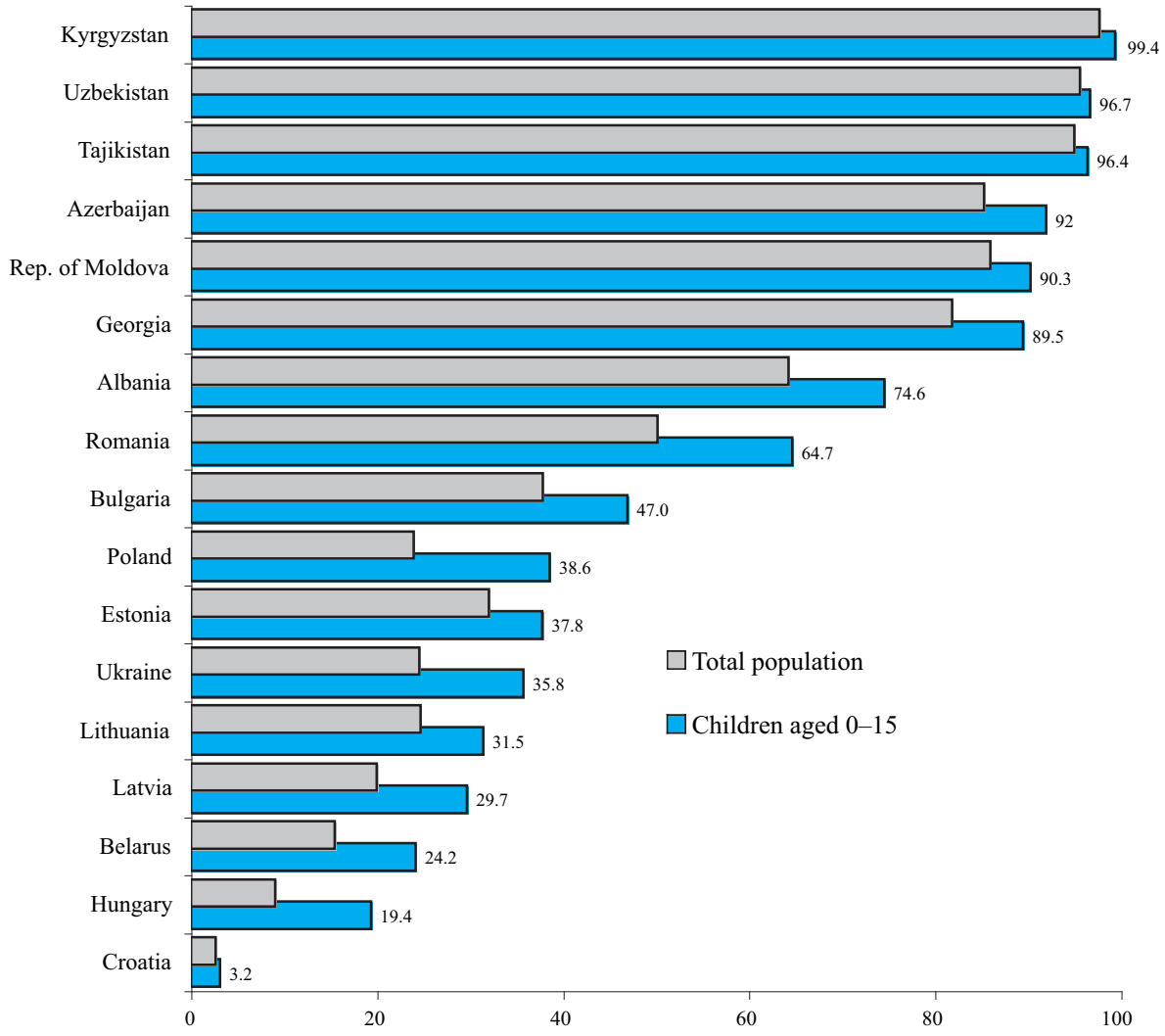
Source: World Bank's Eastern Europe and Central Asia Regional Databank (estimates received in December 2008).
Note: Data for Estonia, Bulgaria, Kyrgyzstan and Uzbekistan refer to 2003. Data for Hungary, Lithuania, Latvia, Croatia, Republic of Moldova and Tajikistan refer to 2004. Data for Poland, Romania, Albania and Azerbaijan refer to 2005. Data for Ukraine and Georgia refer to 2006. Data for the Russian Federation and for 10 other countries are not available. Estimates obtained using consumption data from household surveys, and a per capita equivalence scale. The numbers to the right of the blue bars are the child poverty rates.

economic recovery, but still have rates of over 10 per cent, which mainly reflect the difficulties experienced by children in the Roma population in exiting from extreme poverty.[9] In these countries, the extreme child poverty rate is double that for adults: children under 16 represent around 15 per cent of the whole population, but over 30 per cent of the population living in extreme income poverty.

In the other countries for which data are available, the share of children living in extreme poverty is under 10 per cent, with the lowest rates registered in Central Europe countries and Belarus. For the richest countries of the region – in particular those which joined the European Union – the PPP $2.50 line is too restrictive to be useful as a policy-making tool to identify the poor.

Poverty estimates using the international poverty line of PPP $5 a day show that a substantial share of children, even in the richest subregions of CEE/CIS, live in households which are vulnerable to extreme poverty, and that children face a considerably higher level of vulnerability than the overall population (see figure 1.5). In the countries of Central Asia and the Caucasus for which data are available, as well as in the Republic of Moldova, 90 per cent or more of children live in households with per capita consumption under PPP $5 a day, and the difference in rates between children and

Figure 1.5 Percentage of population and percentage of children aged 0–15 years living in households with per capita consumption below PPP $5.00 a day, around 2005



Source: World Bank's Eastern Europe and Central Asia Regional Databank (estimates received in December 2008).
Note: Data for Estonia, Bulgaria, Kyrgyzstan and Uzbekistan refer to 2003. Data for Hungary, Lithuania, Latvia, Croatia, Republic of Moldova and Tajikistan refer to 2004. Data for Poland, Romania, Albania and Azerbaijan refer to 2005. Data for Ukraine and Georgia refer to 2006. Estimates obtained using consumption data from household surveys, and a per capita equivalence scale.

adults is very small. In the countries of South-Eastern Europe (SEE), the poverty rates for children range from slightly less than 50 per cent (in Bulgaria) to 75 per cent (in Albania), and the gap between adult and child poverty rates is large. In the countries of Central Europe and the Baltic States the proportion of children under PPP $5 a day ranges from 19 per cent in Hungary (2004) to 39 per cent in Poland (2005). In the last two countries, where children under 16 represent one sixth of the overall population, there is a large gap between the poverty rate for children and that for the total population, suggesting that poverty is concentrated in households with children.

Relative poverty in the CEE countries which are part of the EU

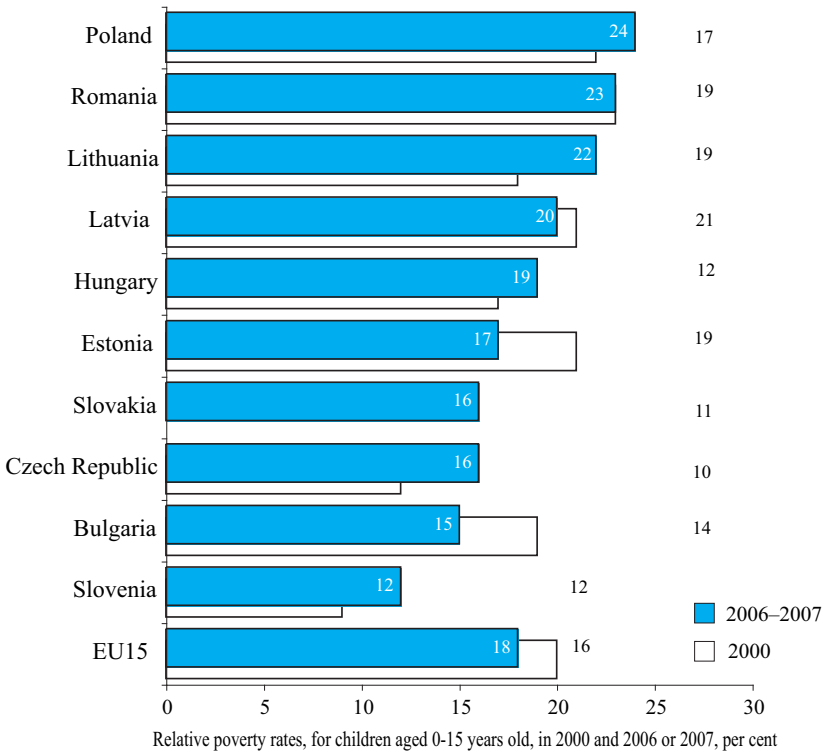
Figure 1.6 provides data on relative poverty rates for children aged 0–15 in those CEE countries which are part of the EU. These data are not comparable with the absolute poverty estimates reported in figures 1.4 and 1.5, not only because of the different approach to setting the poverty line, but also because they are based on income indicators rather than consumption expenditure, and a different equivalence scale is used. The relative poverty line is set at 60 per cent of the national median income (derived from survey data), and thus reflects the different living standards across countries:

for example, in 2005 the value of the relative poverty line in the Czech Republic was 3.5 times higher than that of the relative poverty line for Romania.[10]

The relative poverty rates for children are over 15 per cent in most countries included in figure 1.6: Poland had a rate of 24 per cent in 2007, which was the highest rate in the European Union. In Romania, Lithuania and Latvia, the relative poverty rate for children aged 0–15 was more than 20 per cent, and in several countries it actually increased or stagnated between 2000 and 2006–2007. In most countries, including the Czech Republic, Poland and Hungary, children have a significantly higher risk of relative poverty than the overall population. Use of the relative poverty line and income indicators confirms that large households with children face a higher poverty risk, as do children living in single-parent families.[11]

The results for relative child poverty suggest that while economic growth has led to improvements in overall living standards in the countries of Central Europe and the Baltic States, the living standards of a significant share of the child population improved at a much slower rate, and households with more than two children experienced difficulties in keeping up with the rest of the country.

Figure 1.6 Relative poverty for children aged 0-15 in selected CEE countries, 2000 and 2006 or 2007



Source: Eurostat online database (accessed December 2008).
Note: Data for 2000 for the Czech Republic refer to 2001. Most recent data for Bulgaria, Romania and EU15 average are for 2006, for the other countries 2007. The numbers inside the blue bars are the child poverty rates for 2006-2007. The numbers outside the bars are the relative poverty rates for the total population in 2006-2007. Poverty is calculated using income data (after social transfers) derived from household surveys, including EU-SILC for 2007, and the modified OECD equivalence scale (which assigns a value of 1 to the household head, 0.5 to each additional household member aged 15 or older, and 0.3 to each child aged under 15). The poverty line is set at 60 per cent of the national median per capita income.

1.2 Child health indicators: diverging policy challenges

This section uses several different indicators to look at the evolving challenges in the health-related dimension of child well-being, including child mortality, nutritional status, access to key public healthcare programmes, and mortality rates for young people. Some of these can be considered measures not only of health outcomes, but of child well-being in general, since they are influenced by many factors outside the health sector, including, for example, household income and wealth, mother's education and access to safe water and sanitation. Others, for example access to health-care programmes, are measures of inputs or process, and are indicators of the extent to which certain policy interventions aimed at improving the health status of children have been successfully implemented.

The ways in which each indicator influences and interacts with other dimensions of well-being will vary according to the age of the child. Most of the health indicators examined below concern children under five years of age. This is partly due to the availability of comparable data, but also due to the greater vulnerability of this younger age group to health risks, and the important spillover effect which a young child's health status has on his or her subsequent growth and development. However, mortality rates for older children are also examined, as an important indicator of their health and safety, and also as a proxy indicator of social cohesion and integration, and one which can signal problems in making the transition to adulthood.

Early childhood survival

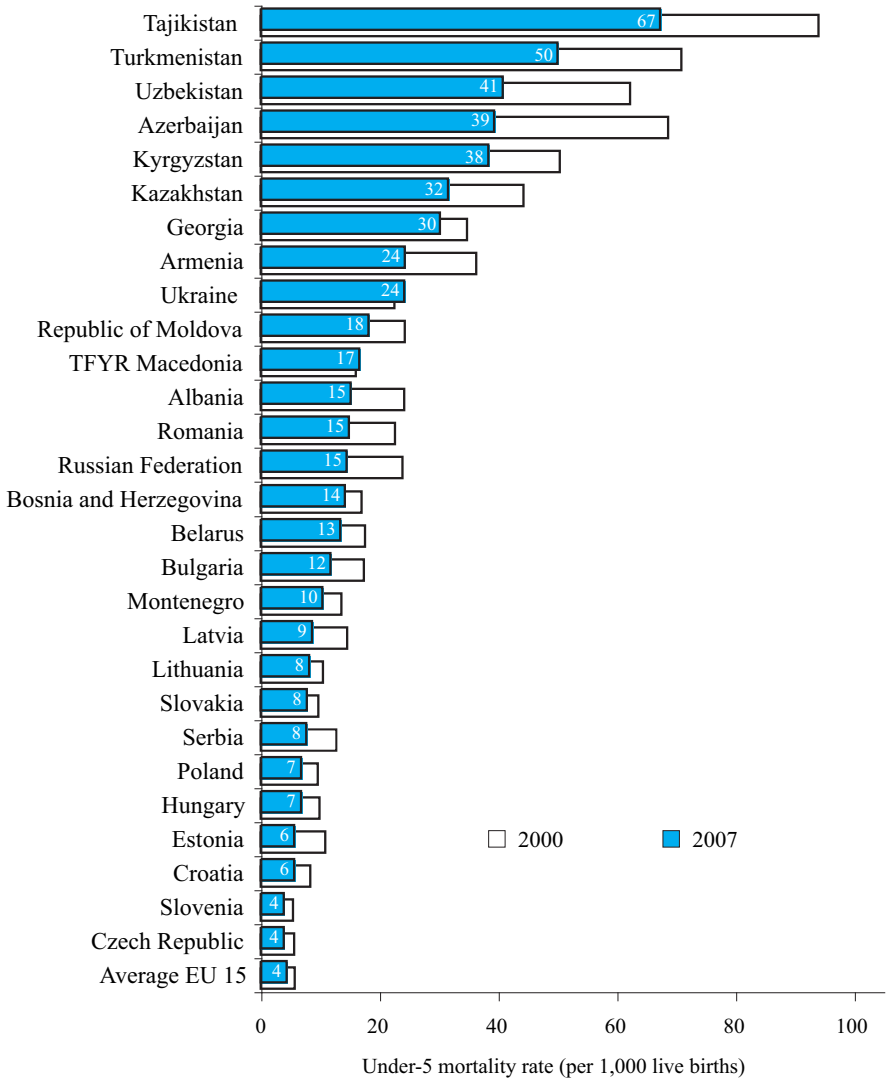
Under-five mortality rates (U5MR) are a critical indicator for assessing the situation of young children. They not only measure the probability of survival of a newborn to his or her fifth birthday, but also reflect the

socio-economic conditions in which the child grows up, and the access of households to basic social services and infrastructure. Infant mortality (i.e. mortality occurring before the first birthday) represents the main component of under 5 mortality, since the vast majority of the deaths for children under the age of 5 occur in the first year of life.

Child survival and health are strongly influenced by an interplay of different factors such as the health and nutritional status of mothers, mothers' knowledge of basic healthcare and hygiene, levels of immunization coverage, the availability of maternal and child healthcare services including pre-natal and neo-natal care, household income levels, the availability and nutritional value of food, safe drinking water and basic sanitation, and the overall safety of the environment in which the child grows up.

For most countries in the region U5MR dropped rapidly since the late 1990s. The estimates reported in figure 1.7 show that for some countries the reductions were impressive. However, the 2007 estimates also show that the significant differences in levels which existed at the beginning of the transition have persisted and even increased over time. There are striking disparities between, and even within, subregions: the countries of Central Asia and the Caucasus have levels of under-5 mortality in the range of 25 and 70 per 1,000 live births; an intermediate group of countries – mainly in SEE and the Western CIS – have levels of between 10 and 25 per 1,000 live births; and finally the other countries – mainly in Central Europe and the Baltic States – have levels below 10 per 1,000.

Figure 1.7 Under-five mortality rates, 2000 and 2007



Source: Childinfo, <www.childinfo.org>, accessed December 2008.
Note: The figures for EU15 are unweighted averages. The U5MR estimates are derived using the model developed by the Inter-Agency Group for Child Mortality Estimation. This model combines data from vital registration, and direct and indirect estimations obtained from surveys and censuses (see UNICEF, WHO, World Bank and UN Population Division, 2007). The Demographic and Health Survey carried out in Ukraine in 2007 found an average U5MR of 17 per 1,000 for the period 2003–2007. This new estimate is not included in the calculation of the U5MR reported for Ukraine provided in the above figure. The numbers reported in the bars refer to 2007.

The Czech Republic and Slovenia rank among those countries with the lowest U5MR in the world. They have managed to reduce rates since the late 1990s by improving the survival chances for very pre-term children and low and very low birth-weight children, and reducing subnational disparities. The other countries in Central Europe and the Baltic States have succeeded in reducing the average U5MR to below 10 per 1,000, but further progress in reducing mortality for pre-term newborns and reducing subnational disparities is needed in order to achieve lower rates.[12]

Bulgaria and Romania are the only European Union countries with U5MR of over 10 deaths per 1,000 live births in 2007. Marked subnational disparities exist, which to a large extent reflect the higher concentrations of the Roma population in a few regions of these countries.[13] From the

early 1990s they have also reported levels of low-weight births[14] which – at 9.6 per cent in Bulgaria and 8 per cent in Romania in 2006 – are among the highest in the region, also pointing to problems with maternal and prenatal care.

Significant subnational disparities in under-5 mortality rates are also found in other SEE countries, as well as some Western CIS countries. In the former Yugoslav Republic of Macedonia, survey results point to continuing large differences between levels in urban (10 per 1,000 live births) and rural areas (26 per 1,000 live births).[15] On the other hand, official data for the Republic of Moldova suggest that the improvements recorded since the late 1990s are due, among other things, to successes in reducing the differences in child mortality rates between urban and rural areas.[16]

The highest levels of U5MR are found in the Caucasus and Central Asia, although these two subregions are far less homogeneous than the others. Armenia, for example, has an estimated U5MR of 24 deaths per 1,000 live births for 2007, the lowest level of child mortality for this group. Improvements in primary healthcare interventions have contributed to the reduction in child mortality by about one third since 2000. All the other countries have levels which are above 30 deaths per 1,000 live births, with Tajikistan (at 67 per 1,000) registering the highest U5MR, with persistent intracountry disparities in rates, both by socio-economic status and by place of residence.

In many of the high U5MR countries, better data collection and more timely analysis in patterns of underlying trends in these rates are needed to strengthen policy responses. Official data on infant mortality, based on vital registration, are generally considered unreliable, and there are large discrepancies between survey results and the mortality statistics obtained from the vital registration system. This is partly linked to the continuing use of the former Soviet definition of live birth in these countries, which leads not only to underestimates of neonatal deaths, but also to a lack of policy attention on the need to improve the quality of pre and neonatal care.[17]

Child nutrition and growth

Nutrition is a critical aspect of children's adequate standard of living and a major determinant of child health, growth and development. Child malnutrition can manifest itself as chronic or current under-nutrition (low quantity of food intake), or as inadequate intake of micronutrients, resulting in poor quality nutrition. Another form, not discussed here, is excessive and/or bad quality nutrition which may lead to obesity.

Data on child nutrition tend to be more available in the poorer countries of the region. Only a few countries have data on stunting (low height for age) for recent years, and most of them are derived from MICS results for 2005 or 2006. Among these countries, Tajikistan – with rates of stunting of over 30 per cent for children under 5 years – is at the threshold at which, according the WHO guidelines, stunting should be considered a national health concern.[18] Albania has the second highest level of stunting at 27 per cent in 2005 (35 per cent for children under 5 years of age in the poorest quintile and 18 per cent for children in the richest), but levels have declined from the 39 per cent level found in 2000.

Two other countries are in the medium prevalence range with a moderate incidence of stunting, namely Azerbaijan and Uzbekistan. The first had a national average of 25 per cent in 2006, but with notable subnational variations, i.e. lower than average levels in the capital city Baku, and particularly high levels in the Guba and Khachmaz districts where around half of the children under five years had low height for their age.[19] In Uzbekistan, one under-5 child out of five was stunted in 2005, which represents considerable progress since 1996 when the prevalence of stunting was 39 per cent. All the other countries in Central Asia and South-Eastern Europe reported in figure 1.8 registered levels below 20 per cent, but with evidence of disparities by both household socio-economic status, and place of residence, with some subnational regions exceeding the level at which this form of child malnutrition should be considered a public health priority.[20]

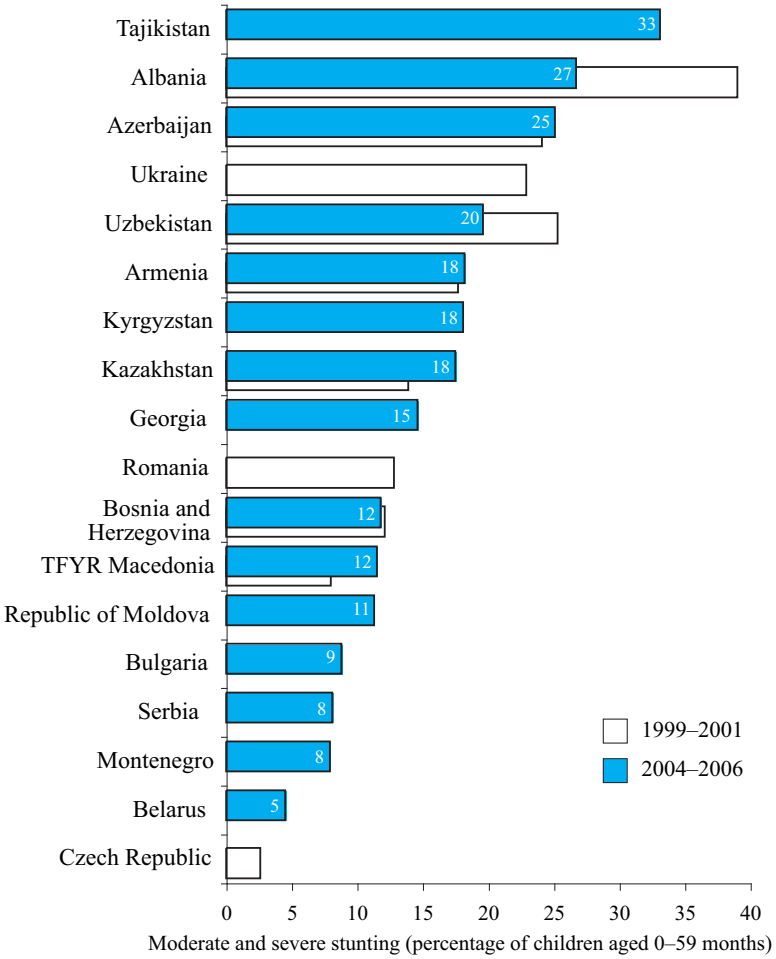
Another key indicator used for assessing the prevalence of undernutrition among children is the wasting rate, i.e. the percentage of children with low weight for height, which is a manifestation of more recent food deprivation or illness. The available evidence on national averages suggests that none of the countries for which data are available registered high national levels of wasting (i.e. more than 10 per cent according to the WHO guidelines) for children under five years. Some reported medium levels of prevalence: in Tajikistan, for example, 9 per cent of children under five years were classified as wasted using WHO standards (slightly more than 10 per cent in Khatlon Oblast), 7 per cent in Albania and Azerbaijan, and 6 per cent in Republic of Moldova and Armenia. In all the other countries for which data are available, the prevalence of wasting is under 5 per cent and subnational disparities are limited.[21] In general, current undernutrition does not reach levels of high public health concern in the region, even if in some countries, and in particular some subregions within countries, it needs to be carefully monitored.

While the prevalence of stunting and wasting shows some correlation with the country's levels of GDP, the data on micronutrient malnutrition do not follow clear patterns. For the few countries where data on micronutrient deficiencies are available there are signs of improvement since the late 1990s, although in some cases levels of deficiency remain a cause for

concern. This is the case, for example, of iron deficiency which was a matter of public health concern among children below the age of 5 in Georgia, the Republic of Moldova and Kyrgyzstan in the early 2000s, and of 'moderate' concern in Armenia, Ukraine and Uzbekistan.[22]

Iodine deficiency can impair a child's mental and psycho-motor development. Data reported by the WHO[23] show that average iodine intake among school-age children was insufficient in Tajikistan, Kyrgyzstan, Georgia, Latvia and Albania in the early to mid- 2000s, with the latter having particularly high levels of deficiency. On the other hand, two countries – the former Yugoslav Republic of Macedonia and Armenia – were found to have excessive average urinary iodine among children in 2005, which can also have adverse effects on child health. Although the region as a whole has made significant progress in improving the availability and use of iodized salt, just above 50 per cent of the households across the region used it, which is the lowest level in the non-industrialized world. This regional average is pulled down largely by the low rates of coverage in the Russian Federation, where only 35 per cent of all households used iodized salt in 2002–2003.[24]

Figure 1.8 Rates of stunting in children aged 0-59 months, 1999–2001 and 2004–2006



Source: UNICEF IRC calculations from MICS for Albania, Belarus, Bosnia and Herzegovina, Georgia, Montenegro, Kazakhstan, Kyrgyzstan, Serbia, Tajikistan, the former Yugoslav Republic of Macedonia, and Uzbekistan for the years 2004–2006. Data for Azerbaijan are from the State Statistical Committee of Azerbaijan and Macro International Inc. (2008). All other figures are from WHO Global Database on Child Growth and Malnutrition (accessed in December 2008).
Note: These estimates are based on the WHO Child Growth Standards (see de Onis et al., 2006). Data labelled 1999–2001 for Uzbekistan refer to 2002.

The picture which emerges from the data on child under-nutrition is a mixed one: using WHO guidelines, it appears that the different forms of child under-nutrition are matters of primary public health concern in only a few countries, with some other countries showing signs of risk. However, disaggregated information shows that the nutrition challenges can be concentrated and alarming at subnational levels and among specific groups of the population, even when average national levels do not give cause for concern, suggesting that there is a need for targeted policy responses and monitoring efforts to evaluate their impact.

Births attended by skilled healthcare personnel, immunization rates and breastfeeding

There are many factors which influence child survival and health. Among these, three play a widely recognized role in ensuring a healthy start in life for children. They are reflected in the following indicators: the share of births attended by skilled healthcare personnel, breastfeeding and immunization rates. The presence of skilled healthcare personnel at childbirth is important for reducing both infant and maternal mortality, while breastfeeding, in particular exclusive breastfeeding in the first 4–6 months of life, is generally recognized as having a positive effect on the health of infants, but also on the incidence and severity of infectious diseases, thus contributing to reduced morbidity and mortality. Immunization is a cost-effective intervention which can make a significant contribution to reducing child morbidity and mortality. Although the countries of the region on the whole perform well in all of these indicators, there is evidence in some countries of problems concerning the quality of assistance provided by personnel, problems with

the delivery of the immunization programmes, or lack of awareness of the importance of breastfeeding.

Regarding the first indicator, official data[25] suggest that in 2006, in almost all the countries of the region, the rate of deliveries assisted by skilled birth attendants was almost 100 per cent. The main exception was Tajikistan where coverage in 2005 was 78 per cent, while three other countries had slightly less than universal coverage: Kyrgyzstan, Azerbaijan and Romania, where between 1.5 and 3 per cent of all births were not attended by skilled personnel.

MICS and DHS results show that around 2005, the SEE and CIS countries for which data are available reported relatively low levels of exclusive breastfeeding for children under 6 months. The highest level was reached in the Republic of Moldova at 45 per cent, while most of the other countries had levels under 30 per cent.[26] Continued breastfeeding (with complementary nutrition), at 12–15 months, is more common, with rates of around 70 per cent in Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, countries where fewer women work in the formal sector away from the home. At the other extreme, less than a quarter of children aged 12–15 months were still being breastfed in Belarus, Montenegro, Serbia and Ukraine in 2005.

Almost universal rates of immunization are found in most of the region. For diphtheria, pertussis and tetanus (DPT), for example, only three countries, Bosnia and Herzegovina, Georgia and Armenia, had vaccination rates of less than 90 per cent for children under 2 years in 2006. These countries also experienced a drop in coverage compared to 2000, especially in certain subregions: in Armenia in 2006, 10 per cent of districts had coverage rates of between 50 and 79 per cent for DPT, and 2 per cent of districts had a coverage rate of below 50 per cent. Similar subnational disparities were found in Georgia.

Other countries have inconsistencies in the rate of coverage for different years since 2000, once again pointing to problems with the delivery of immunization programmes. For example, in Turkmenistan, the national DPT immunization rate dropped by 16 percentage points for one year (in 2003), and in Kazakhstan it dropped from 99 per cent in 2003 to 82 per cent in 2004, before reaching 98 per cent in 2005. Even when coverage rates are high, however, there is some evidence of interruptions in vaccine supply and delivery of immunization programmes in several countries: in 2006 interruptions in vaccine supply were experienced by all the countries of the Caucasus and Central Asia, but also by richer countries such as Poland and Ukraine.[27]

Health indicators for children aged over five years

Data to measure the health dimension for children aged over five years are more scattered and incomplete than for the younger age groups, making inter-country comparisons more problematic. However administrative data on mortality rates – although they refer to extreme events – are widely available.

Mortality rates for those aged 5–14 and 15–19 years reveal marked disparities across the region, but with strikingly different patterns compared with those observed for infant and under-five mortality: in fact there is almost no correlation between higher mortality rates for older children and per capita levels of GDP, as was the case with mortality rates for younger children.[28] As a result, the country ranking by levels of mortality of young people aged 15–19 (see figure 1.9) is very different to that for infants and children under the age of five (see figure 1.7). The levels of mortality for older children and adolescents in part of the CIS and in the Baltic States are more than double those found in most the EU15 countries.

'External causes' (which include intentional and non-intentional injuries) account for a large part of the differences in ranking for mortality rates among older children and young people. Mortality due to natural causes (infectious and respiratory diseases for example) remains generally low across the region for this age group, and – as with U5MR – are negatively correlated with the levels of GDP per capita. On the other hand, the correlation between mortality rates due to external causes and per capita GDP is weak and positive.[29]

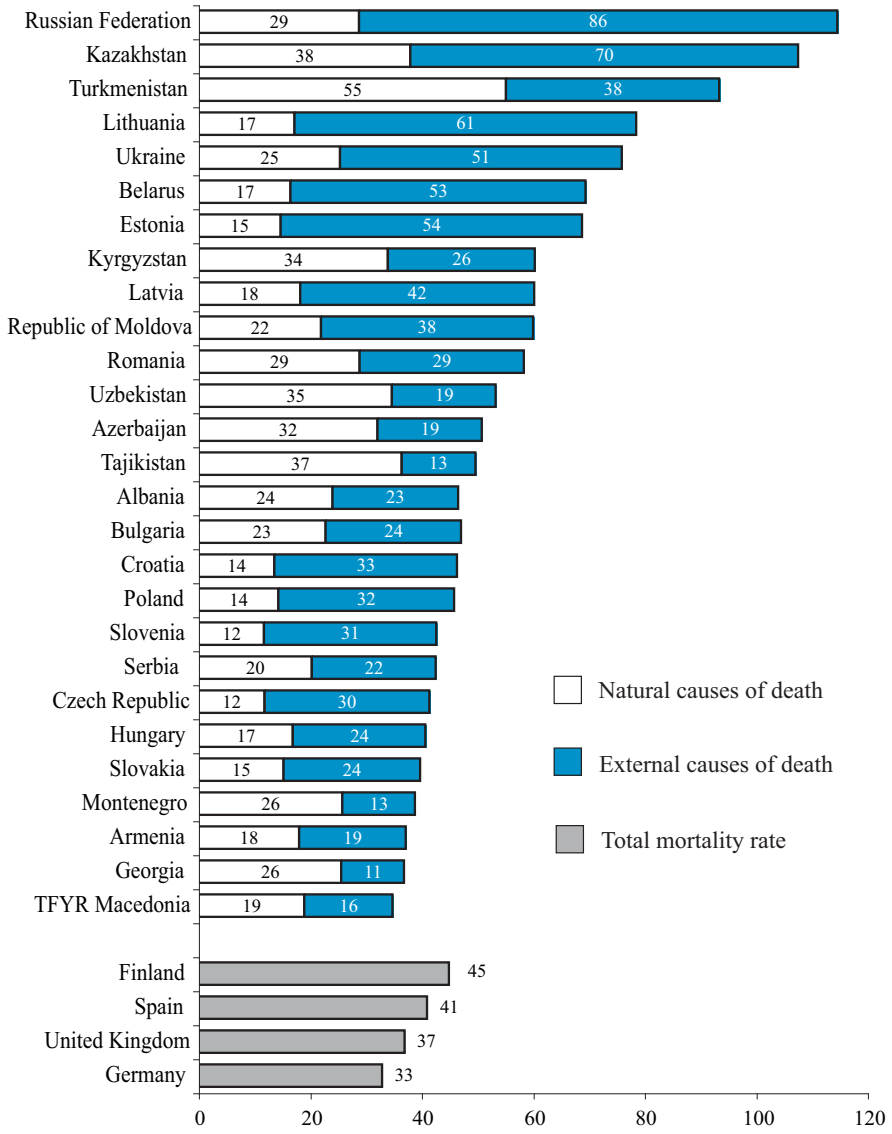
Overall the highest mortality rates for the age group 15–19 are found in the countries of the former Soviet Union. The Russian Federation and Kazakhstan have the highest levels at around 110 deaths per 100,000 population (for around 2005). Although there is no clear strong correlation with levels of GDP per capita, some subregional patterns can be detected, with the countries of the former Soviet Union having mid-to-high mortality rates, and Central and Southern European countries having mid-to-low rates. The exceptions to these broad subregional patterns are Armenia and Georgia (which are among the low mortality countries), and Romania (which ranks among the mid-to-top mortality countries). While mortality rates due to natural causes in Kazakhstan and Uzbekistan are very similar (around 40 per 100,000), Kazakhstan has dramatically higher (double) rates for deaths associated with external causes than Uzbekistan. The Baltic States also have exceptionally high mortality rates due to external causes (accounting for about 80 per cent of total deaths).

In the large majority of the CEE/CIS countries, male mortality rates for the 15–19 age group are double, or more than double, those for females, although there are some exceptions, mainly in the poorest countries

of Central Asia. Around 2005, in the Russian Federation, the mortality rate for males in this age group was approximately 160 per 100,000, compared to around 60 per 100,000 for females. Again the difference is explained by the greater share of deaths due to external causes among young men. The rates of (male) mortality due to external causes in most of the countries are also driven by the high rates of suicides, which account for about one third of such deaths in the high mortality countries. According to civil registration data, the Russian Federation, Kazakhstan and Lithuania had some of the highest rates of suicide in the world for 15- to 19-year-olds in 2005, at around 30 per 100,000 (see figure 1.10 next page).

In the period 2000–2005 there was a reduction in mortality rates among young people aged 15 to 19 years in the entire region, with the exception of Turkmenistan, where an increase in deaths for external causes was registered. Data for the first five years of this decade suggest that, in most countries, the reduction in mortality rates was due as much to improvements in the figures for external causes as to those associated with natural reasons. But there were exceptions: in Latvia and Tajikistan, for example, the reduction in deaths for external causes contributed disproportionately to reducing total mortality rates, while the reduction in deaths due to natural causes played a greater role in Belarus and the Republic of Moldova.

Figure 1.9 Mortality rates for 15-19-year-olds, by natural and external causes of death, 2004-2006

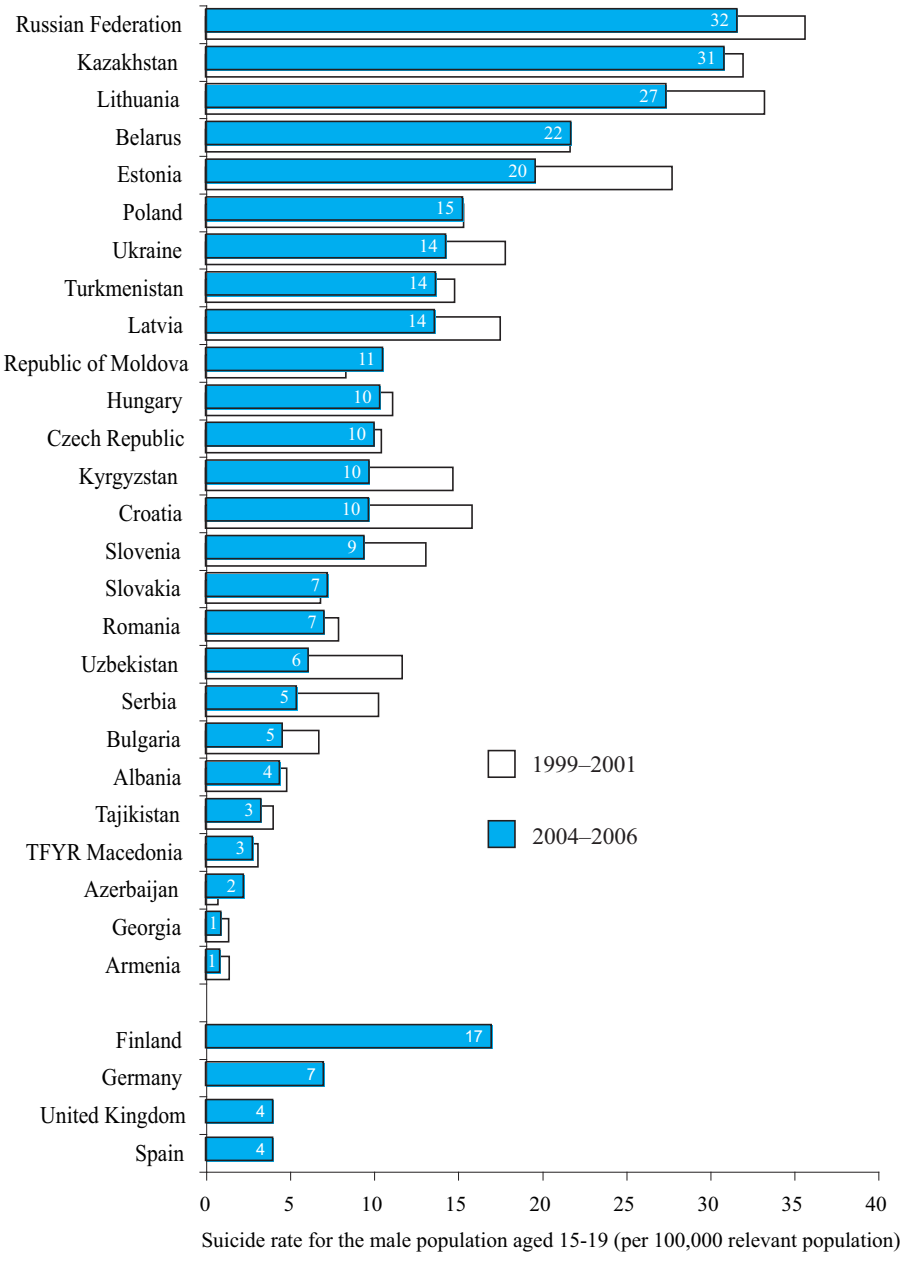


Source: TransMONEE database 2008. Figures are averages for the three-year period 2004–2006. Figures for Finland, Germany, Spain and the United Kingdom are based on data from the WHO Mortality Database and are not disaggregated by natural/external causes.
Note: The total mortality rate is the sum of mortality due to natural causes and mortality due to external causes. External causes of death include unintentional injuries (transport injuries, poisoning, injuries due to falling, fires and drowning and others) as well as intentional injuries (self-inflicted injuries, injuries due to violence and war and others). The classification also includes suicides. The total mortality rate for males aged 15-19 in the Russian Federation for 2004–2006 was 161 per 100,000 relevant population, compared with 66 per 100,000 for females. In Finland in 2004–2006, the total mortality rate for males aged 15-19 was 62 per 100,000 compared with 27 per 100,000 for females. The figure for Spain is the average for the three-year period 2003–2005.

1.3 Education: quantitative and qualitative challenges

Centrally planned economies made important achievements in the field of education, including universal enrolment for basic schooling, free access (at least formally) to school and tertiary level institutions, with a strong emphasis on equity in access. The economic crisis at the beginning of the transition period put many of these achievements at risk, but nevertheless most of the countries managed to maintain high enrolment rates for compulsory education even during the most difficult phase of economic decline. While there was some reduction in enrolments for compulsory

Figure 1.10 Suicide rate for males aged 15-19



Source: TransMONEE database 2008. Figures for Finland, Germany, Spain and the United Kingdom are based on data from the WHO Mortality Database.
Note: Figures are averages for the three-year periods 1999–2001 and 2004–2006. The figure for Spain is the average for the three-year period 2003–2005.

education levels in the first part of the 1990s, it was relatively small, more prevalent in the Caucasus and Central Asia, and tended to be concentrated in lower secondary education rather than at the primary levels. The high levels of formal enrolment did, however, mask slight decreases in attendance rates as the economic situation deteriorated, especially among children from poor households, which were less able to meet the increasing formal and informal costs of sending children to school.[30] The effects of the economic and social turmoil of the 1990s had a more visible impact on enrolment rates for the non-compulsory levels (preschool and upper secondary), where there were not only declines in enrolment rates, but also clear and growing inequality in access to, and also in quality of, teaching.

The period of economic recovery has presented the countries of the region with an opportunity to invest in education, expand enrolment at the non-compulsory levels, and increase quality and equity. Since the beginning of transition the CEE/CIS countries have been engaged in a long process of reform aimed at adapting the school systems to new sets of contexts, with a strong focus on establishing education standards and on introducing more diversified curricula.[31]

Coverage of early childhood education services is still low, with few signs of increase, in Central Asia and the Caucasus, where preschool was not common even in the Soviet period, and where there is often a lack of suitable infrastructure. On the other hand, it has recovered and even surpassed pre-transition levels in most of the other countries.[32] There are also growing differences in enrolment in higher education, which have become the norm (i.e. with very high enrolment rates) in most of the countries of Central Europe and the Baltic States, while it did not recover the decline of the early transition period in several countries of the other subregions. However, even in those countries with high levels of upper secondary and higher education, there are signs that the transition to the labour market is difficult for many graduates, in some cases indicating a mismatch between curricula and labour demand,[33] which is also confirmed by the high rates of long-term unemployment among young people. Overall, all countries have experienced problems in guaranteeing equity in the quality of education offered at every level, and in guaranteeing equity in access for the non-compulsory levels.

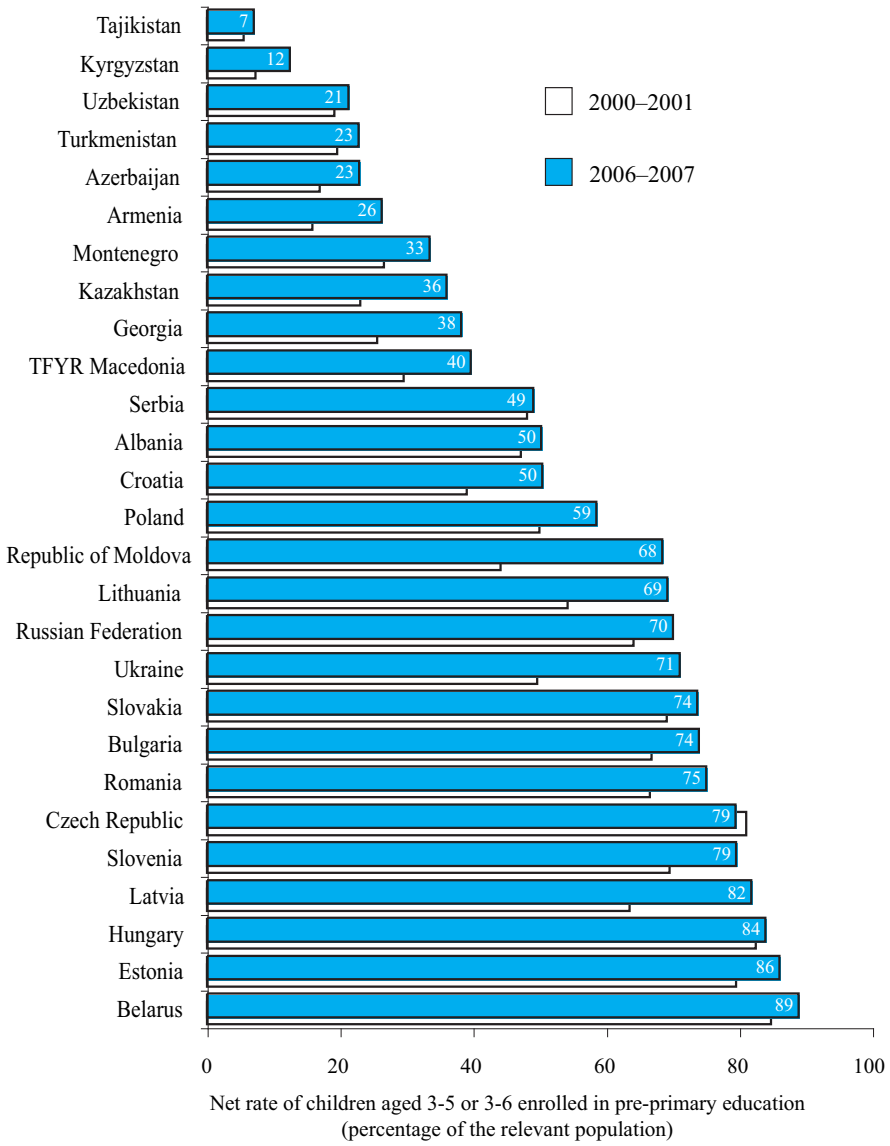
Early childhood education and care

Early childhood education and care facilities were widely available under central planning, but contrary to what is often believed, the network did not extend to all parts of the region, and there were considerable intraregional disparities in the availability and use of nurseries and kindergartens. They were common in the European part of the USSR, as well as in Central Europe, Bulgaria and Romania, but were less prevalent in the former Yugoslavia and in rural Central Asia and Azerbaijan where there is also a strong cultural tradition of keeping children in the family until compulsory school age. This subregional pattern in coverage has become more accentuated in the late transition period, as is shown in figure 1.11.

Considerable differences in enrolment rates exist between Western CIS, the Baltic States, Central Europe, Bulgaria and Romania on the one hand, and the countries of the Caucasus and Central Asia on the other. The other countries of SEE have seen an improvement in enrolment rates in the period of economic recovery and occupy an intermediate position. However, high average levels of enrolment rates do not necessarily mean equity in coverage: for example, in the Republic of Moldova, where two thirds of children aged 3-6 years live in rural areas, enrolment rates in 2006 for rural areas were 59 per cent compared to 86 per cent in urban areas. The difference between rural and urban areas is even larger in Lithuania, where rates in rural areas are low at 27 per cent, compared to almost universal coverage in cities (at 97 per cent).

The MICS survey results for countries with intermediate national levels of preschool enrolment confirm the relevance of intracountry disparities in access. In Georgia, for example, the 2005 data suggest that children belonging to the poorest wealth quintile have an enrolment rate of 17 per cent compared to 70 per cent of children in the richest quintile; in Tbilisi enrolment was 73 per cent, while in rural areas only one preschool-aged child out of four was attending pre-primary education. Similar disparities are found in Serbia, where enrolment rates for children aged 3-5 years in Belgrade was approximately 57 per cent compared with 14 per cent in rural areas. Despite the fact that preschool can play an important role in social inclusion policies, the estimated enrolment rate for Roma children was around 3 per cent, or less than one tenth of the national average. Overall for these countries with intermediate national levels of enrolment, it is common for quite high levels of enrolment in some areas to coexist with lower cov-

Figure 1.11 Children aged 3-5 or 3-6 enrolled in pre-primary education



Source: TransMONEE database 2008.
Note: Children aged 3-5 or 3-6 depending on the functioning of the country's education system. Data for Albania, Russian Federation and Turkmenistan are gross enrolment ratios.

erage in remote and rural areas, and for there to be considerably lower coverage for children from the more disadvantaged population groups.

Finally, in Central Asia and to a slightly lesser extent in Azerbaijan and Armenia, early childhood education and care services cover only a minority of the child population (in 2006/07 the share of preschool-age children covered ranged from 7 per cent in Tajikistan to 26 per cent in Armenia). In this group of countries preschool enrolment rates are low for every subnational entity and group, but even within these very low national coverage rates, there are signs of disparities in access, with coverage in rural areas being extremely low or almost non-existent.

Basic education and upper secondary levels

Almost all the countries of the region were able to protect formal enrolment levels of basic education (ISCED 1 and 2, legal ages 6/7 to 14/16 years) throughout the period of economic crisis at the beginning of the transition, and have introduced reforms to increase choice and flexibility in the school system, even for the compulsory levels. In the CEE/CIS countries compulsory education starts at 6 or 7 years of age and lasts 8–9 years (e.g. in Albania and the Republic of Moldova) to 11–12 years. The longest compulsory school programmes are found in the CIS where, since around 2005, Ukraine and Uzbekistan have implemented reforms which extend compulsory school education to 12 years.

The vast majority of the countries in the CEE/CIS now have universal, or near universal enrolment for primary education.[34] Data on attendance derived from MICS for primary school-age children suggest that attendance is almost 100 per cent, even in the poorest countries of the region.[35] Moreover, almost all children who completed primary school in the region make the transition to lower secondary education.[36]

At the upper secondary level (ISCED 3) there are clear subregional patterns in enrolment rates, although different from those shown above for pre-primary education. Central Europe and the Baltic States have almost universal enrolment rates for young people aged 15 to 18 years, albeit with differences in the prevalence of school programmes, i.e. in some general secondary education programmes are more common, and in others vocational school programmes prevail. Around 2005, Western CIS, as well as the SEE countries, had gross enrolment rates of around 80 per cent, while official data for the lower income CIS suggest that the average gross enrolment rate for those aged 15 to 18 was around 65-70 per cent.[37] However, high enrolments in upper secondary education for Central Europe and the Baltic States may also reflect lack of job opportunities for young people; lower rates in Central Asia reflect instead higher poverty levels and pressure on young people to work and contribute to household income.

Finally, official data for each level of education do not show any signs of gender imbalances in enrolments, one exception in 2006/07 being Tajikistan, where young women represented around one third of the overall students enrolled in upper secondary education.[38] There is moreover some evidence from Central and South-Eastern European countries that children from Roma households tend to be segregated in compulsory schooling, and in worse cases are sent to schools for children with 'special needs' or development disabilities.

Quality of education

Enrolment and attendance rates only provide a partial picture of the education challenges in CEE/CIS, since they give no measure of the quality of schooling. Quality is however notoriously difficult to measure. Surveys of learning achievements can be used to examine learning outcomes, while indicators measuring the inputs and resources invested in the education

Box 1.2
Interpreting education enrolment data

Some countries allow for a certain amount of flexibility in the starting age for basic education. This is often due to the process of introducing reforms of the school programme. Together with the mixed quality of the demographic statistics in some countries, this creates problems for calculating standard enrolment ratios using data from administrative sources.

Caution is needed when interpreting data on enrolment rates, especially for the first years of primary level schooling. When the data suggest problems of non-enrolment, they may simply reflect the flexibility of the systems concerning the starting age for primary education. In the case of household survey data, they may reflect the fact the survey took place before the school year started, rather than, necessarily, lack of access or inequality in access.

For example UNICEF (2008b) uses MICS data to highlight that 8 per cent of children of primary school age in Albania and 11 per cent in Tajikistan are not in basic education. Disaggregation of the statistics by age of the child shows that the 'problem' is concentrated in the first year of primary education, while for the following years there are almost full enrolment rates. The results for the first year probably reflect a delay in sending children to school, possibly related to the admission rules at the national level (e.g. the survey takes place after the child has reached the age of six, but before the school year begins, meaning that the child has not been yet enrolled).

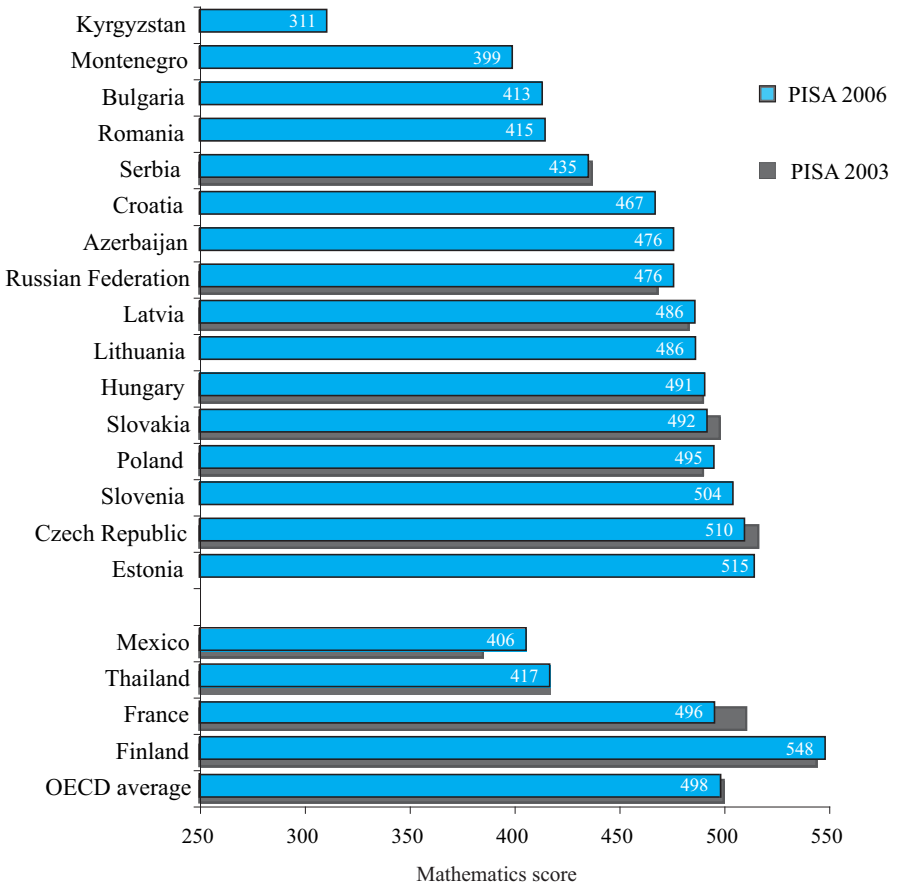
system can sometimes be used as proxy measurements of quality. However, even information on the latter is scarce, not usually available for all countries (at least not using the same definitions or measurements), and therefore not suitable for cross-country comparison.

One exception is pupil to teacher ratios, and these point to some differences between the richest and the poorest countries of the region, with larger differences at the primary rather than the secondary level. In the poorer Central Asian countries the average pupil-teacher ratio for primary education is 4–5 pupils per teacher more than in Central European countries, with the highest ratio in Kyrgyzstan with 24 pupils per teacher. Faced with the need to maintain close to universal school enrolment rates for growing cohorts of schoolchildren, as well as shortages of classrooms and staff, some countries in Central Asia have increased the number of schools operating on more than one shift. This is the case in Uzbekistan, where the majority of schools at the basic level operate with two shifts and between 2000/01 and 2005/06 the share of schoolchildren attending the second shift of schooling increased from 26 per cent to 29 per cent, although it decreased in 2006/07 to 27 per cent. Regional figures show large differences within the country: in 2006/07, the same figure for Surkhandarya was 34 per cent, while in Bukhara it was 13 per cent and in Tashkent city 22 per cent.[39] On the other hand, in the Republic of Moldova the rate of students attending schools operating shift systems decreased over the period 1997/8–2006/07, from 10 per cent to 3 per cent.[40]

Some CEE/CIS countries have participated in international comparative studies of learning achievements, although the poorer countries of the region are underrepresented in these surveys. The largest studies covering some countries of CEE/CIS are TIMSS (mathematics and sciences), PIRLS (literacy and reading), and PISA (reading, mathematics and sciences). The first two are designed to measure learning achievements or outcomes for particular aspects of the school curricula, while PISA is designed to assess children's ability to interpret words, numbers and aspects of science which they come across in daily life (including life at school), and to provide a broader measure of the acquisition of 'life skills'.

The mathematics scores recorded in the PISA surveys for 2003 and 2006[41] suggest that the CEE/CIS countries included in the study did not undergo any statistically significant change in their performance over this period (figure 1.12). The highest scores in 2006 were for Estonia and the Central European countries, which had levels similar to the OECD average. The Russian Federation and Azerbaijan occupy middle positions for the CEE/CIS (with the latter showing very low levels of inequality in achievements), while Bulgaria and Romania perform less well than the other EU countries of Eastern Europe and the Baltic States, and are also out-performed by Serbia and Croatia. Bulgaria also

Figure 1.12 Student achievements in mathematics in CEE/CIS and other selected countries participating in PISA, 2003 and 2006



Source: Programme for International Student Assessment (PISA) database 2007.
Note: PISA covers students aged between 15 years 3 months and 16 years 2 months at the time of the assessment, and who have completed at least six years of formal schooling (regardless of the type of institution in which they are enrolled, whether they are in full-time or part-time education, whether they attend academic or vocational programmes, and whether they attend public, private or foreign schools within the country).

shows high levels of inequality in test performances and, with Hungary and Slovakia, reports the highest correlation in the study between the parental level of education and the students' school achievements,[42] suggesting that existing socio-economic inequalities are strongly reflected in school results. Only one Central Asia country was included in the PISA study in 2006, namely Kyrgyzstan,[43] and it has far lower scores than the rest of the region (the lowest ones among the countries participating in the comparison), with high levels of disparities in results between the best-performing and the worst-performing pupils.

Comparison of the PISA reading and sciences results confirm the general picture emerging from the mathematics study, but with some re-ranking, notably for Azerbaijan which is in the middle of the regional ranking for mathematics, but ranks low among the CEE/CIS countries for science and reading. The strikingly different performance of this country in the different subject areas deserves further study.

PIRLS data on reading performance in 2006 (curricula-based performance evaluation) for children in the 4th grade of education show significant and robust improvements since 2001 for the Russian Federation and also good performances in international comparisons for the countries of Central Europe and the Baltic States, while TIMSS data for 2007 also report the Russian Federation as among the best-performing countries for both mathematics and sciences tests, for students in the 4th and 8th grades.[44]

1.4 Children and extreme forms of housing deprivation

The environment in which a child grows up influences her or his chances of having a healthy development and good educational achievement and facilitates processes of socialization. Housing deprivation can manifest itself in different ways, including homelessness, living in precarious, unsafe, or unhygienic dwellings, overcrowding (lack of space), lack of, or unreliable access to, basic utilities (water, electric power, fuels for heating and cooking). These deprivations can be both a cause and a manifestation of material poverty.

Although housing shortages and overcrowding existed under central planning, the right to housing was one of the social guarantees provided by the state, and housing costs were minimal. As with most other commodities, the problem was access and availability, rather than cost, and priority was given to urban areas. With transition, the price of housing and housing maintenance services have shot up, making both access and cost a problem for low-income households, and representing one of the motivations for young people to delay family formation.

Data from household surveys are used below to look at evidence of households being affected by overcrowding, lack of piped water, no access to improved sanitation facilities, and the use of dirty fuels for cooking and heating.[45] Although these are measures of household rather than child deprivation, households with children, especially large households, tend to be overrepresented among those suffering from various forms of housing deprivation. These are only proxy indicators for housing deprivation and do not capture the full extent or all aspects of this dimension of child deprivation.

The indicators derived from household surveys only rarely provide information on the most extreme form of housing deprivation, i.e. those living in informal settlements, the homeless or internally displaced persons (IDPs), and informal migrants living in abandoned or unused buildings. These categories are usually not covered by routine household survey samples, although some special ad hoc surveys have been carried out in selected cities or regions.[46] In fact, the conditions faced by slum dwellers living around the outskirts of many important cities of the region cannot be meaningfully measured using the traditional indicators used to describe housing conditions. In Central and Eastern Europe, Roma people, with their large child populations, constitute by far the largest group living in such informal settlements, where the deprivation can only be partly characterized by the conditions in which they live: a large part of the deprivation for this group also consists of the precariousness of their housing solutions, and the constant threat of eviction.

In some cities, for example Belgrade and Baku, the pressure on housing increased during the 1990s due to the arrival of IDPs from war zones, who settled in various types of make-shift accommodation. In 2008, Azerbaijan had the largest IDP populations in the region (around 570,000), followed by Serbia (250,000), Bosnia and Herzegovina (125,000), Armenia (8,400), Croatia (5,000–7,000), while the Russian Federation also had an IDP population from the war in Chechnya (for which estimates vary).[47] The former Yugoslav Republic of Macedonia also had refugees and IDPs following the armed conflicts in the Balkan region, but has one of the best records in helping IDPs to resettle. In recent years, the Azerbaijan government has increased its efforts to re-house IDP families, but a section of this population continues to live in improvised shelters of poor structural quality (made with materials such as mud bricks, rocks, sticks, cardboard and scrap metal all held together with wood and plaster, offering little security, no heating, ventilation, or privacy), while others live in railway wagons, or with relatives.

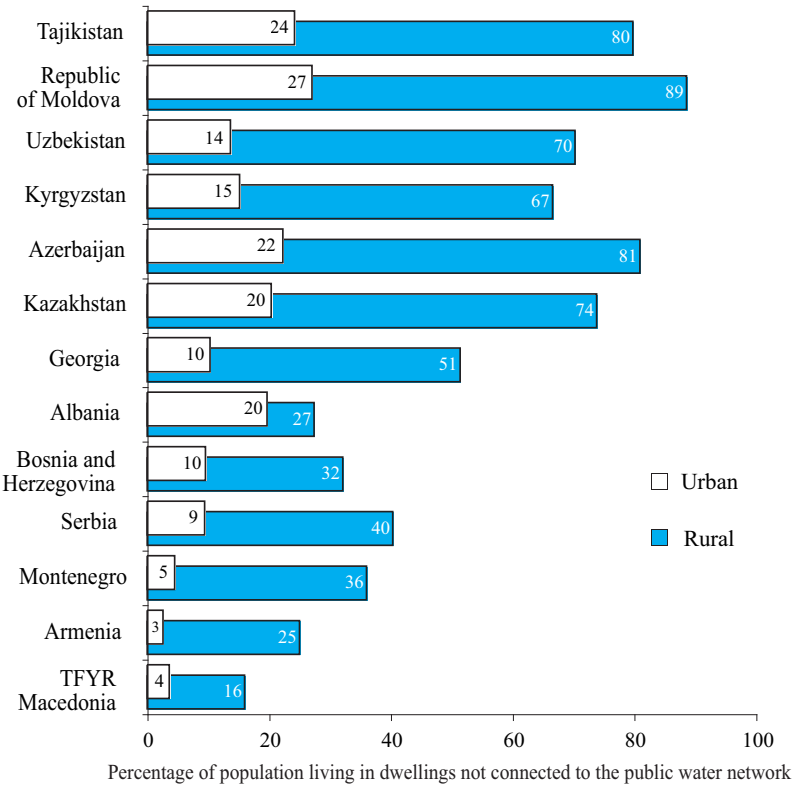
The above represent extreme forms of housing deprivation; however, housing shortages, and poor quality of housing, are problems facing large numbers of people

in the region. The construction market stagnated in most of the region during the 1990s, in large part due to the fall in government investment in public housing, and the existing housing stock has suffered from lack of repair and maintenance, as have the delivery systems for utilities. In general, public policy on housing and social housing has been absent or low priority.[48] Economic recovery has been accompanied by a revival of activities in the construction sector, in particular in capital cities, and mainly driven by the private sector. But as prices increased, it is not clear how the poorest benefited from the construction boom. On the other hand, the concentration of economic activities in capital cities and urban conglomerates has led in some cases to the growth of slums around the outskirts of big cities, as a result of unregistered internal migration patterns. Lack of maintenance or reform of utility services also mean that interruptions in heating, electricity and water supply are frequent in the multi-storey apartment blocks built in the central-planning era, and cases of flooding, leaks, and cracked ceilings are frequently reported.

Using survey data to evaluate different aspects of housing deprivation, the World Bank (2005b) reports that extreme overcrowding[49] was common in some CIS countries and in a few SEE countries in the early 2000s,[50] and was generally higher in capital cities and in other urban areas than in rural areas. Other forms of housing deprivation (lack of access to a public water supply, lack of sanitation and use of unclean fuels) are linked to low coverage of public utilities infrastructure and tended to be more common in rural areas. Both overcrowding and lack of access to the utilities network are, not surprisingly, more prevalent among low-income households. Lack of connection to the utilities' network is particularly frequent in the rural areas of the poorer countries of the region, but also in the informal settlements which have sprung up in urban areas. However, both UNICEF (2006a) and the World Bank (2005b) point out that low levels of coverage are not only a problem in rural areas in the countries with the lowest levels of GDP per capita, but are also found in some middle-income countries. For example, data for Romania in 2003 indicate that 15 per cent of the population of Bucharest and around 80 per cent of the rural population did not have running water. In Lithuania in 2003 slightly less than 10 per cent of urban dwellers (apart from those living in the capital city), and around 40 per cent of the rural dwellers had no running water in their homes. It should also be pointed out that in some low- and middle-income countries, piped running water is not a guarantee of an uninterrupted supply of water. The same is true of centralized electricity and gas supply.[51] Neither is the quality of water supplied through the public network always satisfactory, especially in the poorer countries, meaning that connection to the supply network is not necessarily a guarantee of safe drinking water. In some rural areas, households with access to wells may have better quality water than those connected to the public network. Again, the full extent of this aspect of housing deprivation is difficult to capture with the available data.

Figure 1.13 presents data derived from MICS and DHS surveys carried out in 2005 and 2006 and confirms that the lack of a piped water supply in the home is primarily a rural problem. The highest shares of

Figure 1.13 Urban/rural population living in dwellings not connected to the public water network, 2005-2006



Source: MICS data; for Armenia, Azerbaijan and the Republic of Moldova data are from DHS carried out in 2005 or 2006.
Note: The household connection only takes into account piped water that is distributed in the house or just outside (yard) and that can be considered as used privately. Countries are ordered by decreasing levels of the national average of household water connections. Data from MICS refer to individuals; data from DHS refer to households.

households not connected to the water supply network are found in Central Asian countries and the Republic of Moldova, where a significant share of the urban population is also without a piped water supply. Armenia and the countries of the former Yugoslavia report lower average national levels of non-connection, but the share of households in rural areas without a connection always tends to be higher. The highest rate of households affected is found in Tajikistan, where about two-thirds of the total population live in homes which are not connected to the public water network. Here again, however, there are large subnational differences: the non-connection rate is 80 per cent in rural areas, 24 per cent in urban areas, and less than 10 per cent in the capital city, Dushanbe.

Although the share of households connected to the public water supply tends to be correlated with the country's level of GDP per capita, there are two exceptions in the region: Kazakhstan has the highest GDP per capita level of the countries for which data for 2005-2006 are available, but it has one of the largest shares of households not connected to the piped water network. Armenia on the other hand, ranks better in terms of the share of households with a connection to the water network, than in terms of GDP per capita.

Lack of piped water has an additional implication for children, since they are often involved in water-fetching activities. According to MICS results, children under 15 years in Kyrgyzstan and Tajikistan living in households without access to water in the dwelling or in the yard represent around 20 and 10 per cent respectively of the household members with the main responsibility for fetching water. This has implications for the amount of time available to children for study and play.

As with access to the public water network, households in rural areas in the poorest countries of the region are most likely to lack access to improved sanitation. DHS data for the Republic of Moldova, Azerbaijan and Armenia suggest that around one fifth of rural households had no access to improved sanitation,[52] although coverage is not complete in urban areas either. In the Republic of Moldova in 2005, around 6 per cent of households shared a toilet with other households, with a slightly higher prevalence of sharing registered in urban areas. In SEE, lack of access to improved sanitation is more common in the rural areas of the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina where 13 per cent and 10 per cent respectively of the population did not have improved sanitation facilities in their homes.

Finally, unlike the other housing indicators discussed above, use of unclean fuels is not only found in the lower-income countries. Use of solid fuels for cooking and heating is one of the main sources of indoor air pollution, and is associated with the risk of respiratory diseases among young children. In general, the use of solid fuels for cooking is widespread in rural areas, but in many countries it is also common in urban areas. The highest rates of use of solid fuels for cooking in rural areas are found in Georgia (90 per cent), Albania (79 per cent), and Bosnia and Herzegovina (67 per cent), while in most rural areas in Central Asia the rate is under 50 per cent. High rates of use of unclean fuels are also found in cities of some Western Balkan countries: in Albania and the former Yugoslav Republic of Macedonia around one fourth of the urban dwellers live in households which use solid fuels as a main source for cooking. On the contrary, the urban rates are very low in Central Asia: for example, this form of housing deprivation is found among only 8 per cent of urban households in Tajikistan, 7 per cent in Kazakhstan and 1 per cent in Uzbekistan. In the CIS, where the traditional district heating networks (which were common in urban areas and in particular in large cities) have shrunk and in a number of countries have disappeared altogether, there has been a growing reliance on natural gas for heating. Gas was originally available either locally or at a cost well below the world market price from the Russian Federation. However, more recently, particularly since the winter of 2007, it has been clear that households in countries such as the Republic of Moldova and Ukraine are at risk of irregular supplies, as the flow of gas can be stopped and started in line with changes in the Russian Federation's geo-political strategies and/or deteriorations in bilateral relations with the receiving countries.

1.5 Children growing up with only one parent or without parental care

Children should grow up in a family environment, in which they are cared for and where they learn how to socialize and behave. The role of adults, in particular of parents, and the quality and stability of their interaction with children is very important for children's physical, intellectual and emotional security and development. While there has been a long-term trend in most industrialized countries towards a reduced role for traditional families and a reduction in family stability, the strength and importance of the family unit varies between and within countries. The changes brought about by transition, including the initial economic crisis, have had a striking impact on family structure, and are reflected in the tendency to delay family formation and childbearing, increasing signs of family instability (indicated by the growth in divorce rates), and an increase in the number of children living with single parents or in state care.

Although there has been an overall decrease in the child population, with the transition several countries in the region – in particular those in Western CIS, Central Europe and the Baltic States – have seen a growth in the share of children living with a single parent, and to

a lesser extent, without or away from their parents.[53] There are several reasons for the growth in the number of single parents, including the increasing share of children born out of marriage, the increase in divorce rates and also, in particular in the Russian Federation, the growth in adult male mortality rates. In some countries there has also been an increase in the number of children left behind (for shorter or longer periods) by one or both parents migrating abroad.

In 2003 in the Russian Federation, around 28 per cent of children were not living with both parents, and the main cause for a parent's absence was divorce, followed by the death of the father.[54] Census data for Central Europe and the Baltic States for 2000/01 show that approximately 20 per cent of children in Slovakia and Slovenia, 31 per cent in Estonia and 37 per cent in Latvia were living without one or both parents. By comparison, in the United Kingdom, the country with the highest rate in the EU15, 24 per cent of children were living with only one parent in the early 2000s.[55]

In countries with large levels of out-migration, the number of children left behind by migrating parents has grown. In Albania and the Republic of Moldova (discussed in greater detail in chapter 4) the share of children left behind – even if in some cases this is for short periods – is significant. Survey data for the Republic of Moldova in 2007 suggest that 37 per cent of children aged 0–14 years were not living in families with both parents, and in slightly more than half of the cases this was due to the migration of one or both parents.

Children living in formal care

Children placed in institutions experience an extreme form of deprivation of parental care. The increase in numbers living in public care institutions is partly due to the economic difficulties experienced by families in transition, but also due to the traditional ways in which the state has intervened to provide child protection in most countries of the region. Under central planning, placement of children in formal care – usually in large institutional structures – was the main way for states to provide protection for children deprived of parental care. The reliance on these structures was based on the underlying ideological belief that the state could substitute the family's role in child upbringing. This belief has persisted in the transition period and has meant that in many countries formal care in institutions is still perceived as a viable form of child protection, despite the fact that a large body of international literature points to the potential harmful effects of institutional care on the psychological and emotional development of children, and on their ability to become independent and active members of society.

Children living in institutions include orphans, children of parents legally deprived of their parental rights, children of parents who consider themselves unable to fulfill their parental responsibilities, and children with disabilities. The total numbers also include children, mainly from rural or remote areas, who live in boarding schools. In some countries, this is an important component of the number of children living in institutions: in Kyrgyzstan and Azerbaijan, for example, almost three-quarters of children living in institutional care are those enrolled in boarding schools.

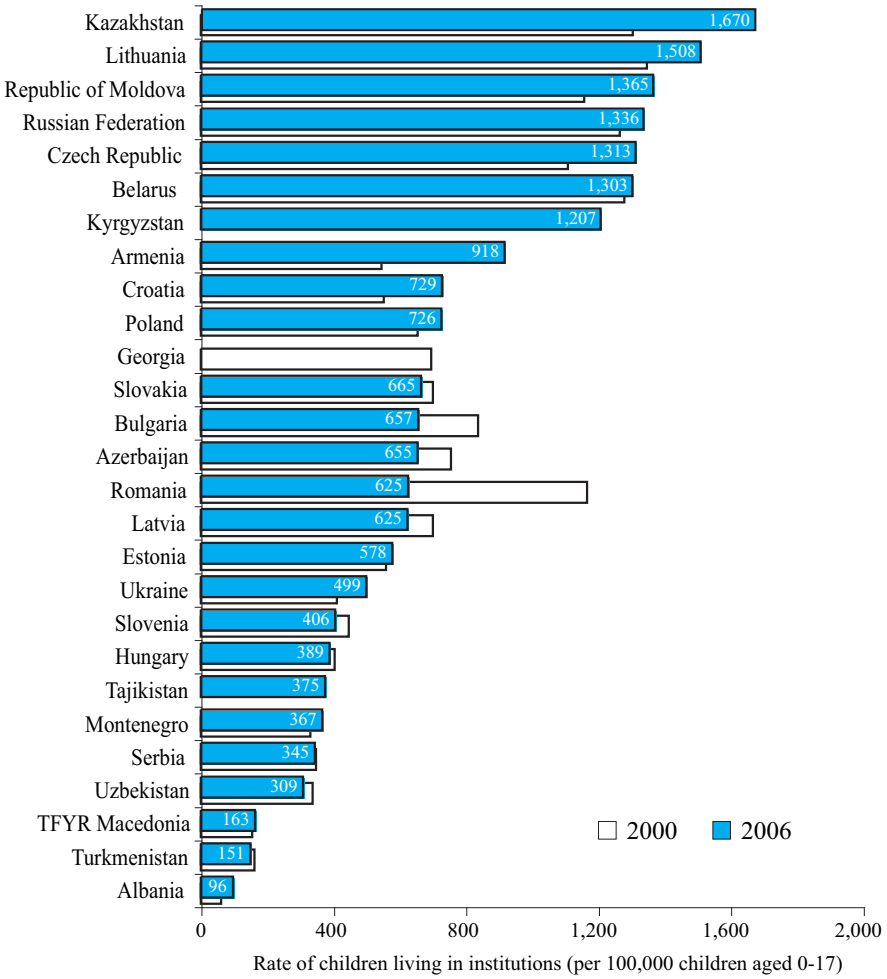
The vast majority of children in institutions still have biological parents, and only a small percentage of them are orphans. The social and economic instability of the early transition period put family structures under particular pressure, and in the absence of preventative measures and support mechanisms, led to an increase in the number and rates of children left without parental care – mainly those with parents who considered themselves unable to fulfill their parental responsibilities – and an increase in the rates of children being placed in formal care, usually in institutions.

There are large differences within the region regarding the rates of children in formal care, with the countries in the Western CIS, Kazakhstan and Lithuania having the highest rates, and those which were part of the former Yugoslavia and the Central Asian countries having the lowest. The increasing trends in children being placed in formal care have continued even in the period of economic recovery in most countries: high numbers of children continued to enter formal care each year in the period 2000–2005, and even in cases where the absolute numbers declined, the rates of children entering formal care often increased due to the shrinking size of the child population. Rates of children aged 0–3 living in infant homes are lower than the overall rates of children living in institutions in all the countries, but continue to be high in the Czech Republic, Latvia, Lithuania and the Western CIS countries. These trends are worrying, and suggest that state support for families with children is in many cases still inadequate – in terms of cash transfers to help cover the costs associated with young children, and in terms of social services to help meet the needs of children in families at risk.

As noted above, the increasing rates are due to the large shares of school-age children attending boarding schools to obtain a general education. In some cases, this might be done in the light of children's interests, for example, when the child lives in a remote rural area where schools are not available. If the care provided in boarding schools is of good quality, and the schools are managed well, children can indeed benefit from increased access to schooling, especially girls who might otherwise be under family pressure to drop-out of school at an early age. Children in boarding schools can also benefit from regular and nutritious meals, and those with socialization problems, especially those

from poor households or from ethnic minorities, can benefit from integration with children from other backgrounds. However, if they are not properly staffed, equipped and managed, boarding schools have the potential to do the same harm and have the same long-term negative effects on the child's development as other forms of institutional care. There is some evidence that Central Asian countries, including Kyrgyzstan and Tajikistan, are increasingly relying on boarding schools to help children from poor families benefit from compulsory schooling.[56] Here it will be important to ensure that the quality of care and staff training is adequate, and that policy-makers are aware of the potential harm from the child protection perspective of pursuing this type of solution to guaranteeing access to compulsory education, and also of the importance of keeping close contact with the family environment.

Figure 1.14 Children living in institutions, 2000 and 2006



Source: TransMONEE database 2008.
Note: Definitions may differ among countries. Data for Western CIS, Central Asia and Caucasus countries, as well as Czech Republic and Lithuania include children living in boarding schools. In some countries, data includes also individuals aged 18 and over residing in childcare institutions, for example in the former Yugoslav Republic of Macedonia, Romania, Slovenia and the Baltic States.

In specific cases institutional care for some severely disabled children may also be an option to ensure the necessary type of care for the child, and to guarantee support from professional carers at all times. In these extreme situations, it is necessary to ensure that the quality of care is appropriate in the best interests of the individual child, both from the medical and child protection point of view.[57]

As regards monitoring, it is important that statistics on children in institutions are disaggregated in order to identify the different types of institutions (large residential, boarding school, family-type), and the reasons for placement. In reform efforts, residential care must be seen as a last resort, with clear quality standards and controls, in line with children's fundamental rights.

Two indicators relating to two types of formal care are discussed below, namely the rate of children living in institutions and the rate of children living in guardian or foster care. As noted above, the region has a limited tradition of looking for alternative solutions to institutional care for children. As awareness of the damaging effects of institutional care has increased, foster care has gradually emerged as a viable alternative in some countries. Despite the increase in family-based care, there are no clear or consistent signs of a reduction in the rates of children being placed in institutions. In some cases, there has even been an increase in the latter, especially in those countries which have traditionally relied most on residential care. This suggests that alternative family-based forms of child care may be expanding, but are not necessarily replacing the previous reliance on residential or institutional care. The continuing high shares of children being separated from their biological families indicates that mechanisms to provide support to families in need are still underdeveloped.

Figure 1.14 ranks countries according to the rate of children living in institutions at the end of 2006 and compares it with data for 2000. In six countries,

Kazakhstan, Lithuania, the Republic of Moldova, the Russian Federation, the Czech Republic, Belarus and Kyrgyzstan, more than 1 per cent of the child population aged 0–17 lives in some form of institutional care (including boarding schools). Rates of children aged 0–3 living in infant homes are highest (between 0.25 and 0.4 per cent) again in Western CIS countries, the Baltic States and some Central European countries. In most of the countries with the highest rates, the proportion of children living in institutional care actually grew between 2000 and 2006. On the other hand, the most positive trend can be seen for Romania, where the share of children living in institutions almost halved between 2000 and 2006, largely as a result of public and international support for the development of foster care, or smaller family-type care solutions. However, it should be noted that the rates of institutionalization for Romania also include children over the age of 18, and there is evidence that, with the reduction in the number of new entrants to institutions, they are increasingly populated by adults who grew up in institutional care and for whom it is difficult to find alternative, family-based, accommodation. Unlike the rest of the Western CIS countries, Ukraine performs relatively well. However if the data on children living in institutions are disaggregated by regions it is clear that some regions in the south-east of the country have the highest rates and also experienced the largest increases between 2000 and 2004.[58]

Table 1.1 provides information on the absolute numbers of children living in institutions for a selection of countries. The data refer to the end of 2006, and illustrate clearly how the populous countries like Ukraine and Uzbekistan with relatively lower rates of institutionalization, are among the countries with the highest absolute numbers of children in institutions (occupying respectively fourth and fifth place in the region, after the Russian Federation, Kazakhstan and Poland). Table 1.1 also shows the impact of boarding schools on raising the numbers of children living in institutional care: in the countries of Central Asia and Caucasus, children in boarding schools represent the majority of those living in institutions.

Finally, rates of children living with guardians or in foster care grew in most of the countries between 2000 and 2006 (see figure 1.15), reflecting the increase in rates of children left without parental care, and also in several countries the promotion of alternatives to institutionalization. In 2006, slightly less than 2 per cent of children in Latvia and Hungary were living in foster care or with a guardian. In the Russian Federation the share of children in institutional care grew between 2000 and 2006, but there was also an increase in the share of children being placed with guardians. In Romania, the increase in the rate of children in foster care almost entirely compensated for the decline in institutional care. Here, there have clearly been policy efforts to prioritise more child-friendly solutions, but there is no clear evidence of effective preventative measures to reduce family breakdown, meaning that the actual numbers of children deprived of parental care are not decreasing.

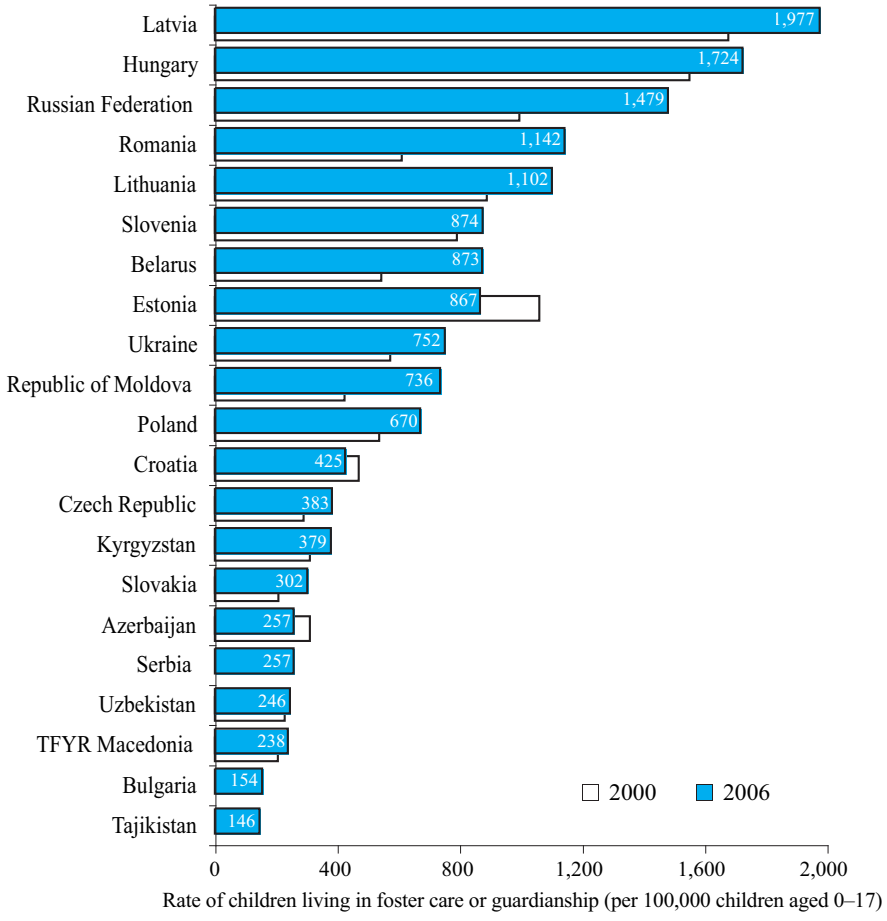
There have been signs of a slight decrease in the rates of children living in formal care between 2005 and 2007 in most countries of the region. However, the

Table 1.1 Children living in institutions in selected CEE/CIS countries, end of 2006

	Total number of children living in residential care		Proportion of children living in residential care, including those in boarding schools (per 100,000 children aged 0–17)	Proportion of children in general type boarding schools (per 100,000 children aged 0–17)
	total	of which in general type boarding schools		
Czech Republic	24,517	2,957	1,313.3	158.4
Lithuania	10,491	4,278	1,508.4	615.1
Belarus	24,349	8,968	1,303.1	479.9
Republic of Moldova	11,551	6,039	1,365.1	713.7
Russian Federation	360,942	112,746	1,336.1	417.4
Ukraine	42,634	10,553	499.5	123.6
Armenia	7,597	1,973	917.9	238.4
Azerbaijan	16,992	13,075	655.4	504.3
Georgia	8,155	4,696	761.6	438.6
Kazakhstan	76,859	48,418	1,670.3	1,052.2
Kyrgyzstan	23,390	17,974	1,206.6	927.2
Tajikistan	11,646	8,462	375.4	272.8
Turkmenistan	3,250	2,314	150.6	107.2
Uzbekistan	32,008	5,076	308.8	49.0

Source: TransMONEE database 2008.
Note: Data for Georgia refer to the end of 2003.

Figure 1.15 Children living in foster care or guardianship in selected CEE/CIS countries, 2000 and 2006



Source: TransMONEE database 2008.
Note: Definitions and regulations of foster and guardian care differ by country. The 2006 figure for Estonia refers to 2005.

impact of the 2008-2009 economic crisis on household incomes seems likely to lead to a reversal of the declining trends in income poverty. This, and the inadequacy or incomplete reforms of existing social assistance schemes – or the lack of political priority given to these – to support families with children, point to a risk that the (modestly) declining rates of children in institutions will also be reversed.

1.6 Conclusions

The previous sections have provided an overview of child well-being indicators across five dimensions for the CEE/CIS countries. Table 1.2 (page 36) summarizes the conclusions emerging from the analysis by setting out some of the priority concerns for the different subregions. The analysis shows that the period of economic recovery – from the late 1990s to 2008 – brought with it improvements in most average indicators of child well-being throughout the

Box 1.3

Birth registration

Birth registration is the official recording of a child's birth by the vital registration system of a country. It is official 'proof' of a child's existence and an essential prerequisite for guaranteeing the child's protection and identity, visibility in official statistics and registration systems, and right to social services and benefits. Registration should occur immediately after birth.

In some CIS countries, the issue of birth registration is interlinked with that of live birth definitions, and both the live birth definition and (mis)registration can have an impact on the type of care provided and thus on a child's chance of survival.

Data on birth registration can only be obtained from surveys or censuses. MICS data provide evidence on the extent and characteristics of non-registration for most of the countries of Central Asia and South-Eastern Europe. Among those countries for which data are available, the country with the largest share of children without birth registration in 2005–2006 was Tajikistan. In this country, 12 per cent of children under the age of 5 and 18 per cent under age 1, had not been registered at birth, suggesting that some children are registered at a later age. The same phenomenon is also found in other countries, for example in Turkmenistan, where the rate of non-registration was 14 per cent for children under the age 1, and 5 per cent for the total population under age 5. The incidence of non-registration is also quite high in the former Yugoslav Republic of Macedonia, at 11 per cent for the population under age 1.

Differences in birth registration rates by socio-economic status are visible in Georgia (registration is almost universal among the wealthiest quintile, but in the poorest quintile 12 per cent of children under five were not registered), but not in Kyrgyzstan where the richest and the poorest quintiles have almost the same rate of registration. MICS data suggest that in Georgia, the region with the lowest registration is Kvemo Kartli (a region dominated by the Azeri ethnic population), where 77 per cent of children under five were not registered. In contrast, about 99 per cent of children under 5 years were registered in Tbilisi.

In countries with the highest rates of non-registration, the costs associated with registration (fees, transportation) are reported as the main reason for not registering births. Children belonging to disadvantaged ethnic minorities are less likely to be registered, and this contributes to their lack of integration with the majority population. This is the case with non-registration of Roma children in Central and South-Eastern Europe. For this minority, the problem is also connected with lack of citizenship (which is partly a consequence of the huge population movements during the 1990s as a result of the conflicts in the former Yugoslavia). In some

region. There was a decline in child income poverty and child mortality (although large differentials remain), average improvements in education indicators, no obvious deterioration in housing indicators, while rates of child institutionalization in most of the countries with the highest levels of children living in public care, after registering a continuing growth in the early part of this decade, also showed a modest improvement in the period 2005–2007. However, the analysis has also highlighted the consolidation of disparities across the region, and shown that significant challenges remain to achieving long-term and sustainable improvements in the different dimensions, across all sections of the child population.

As the region enters a new period of economic uncertainty, the well-being of children is at a crossroads. Further progress towards achieving child rights will depend on a continuation of investments in children, in terms of public expenditure and also through the long-term and complex reforms needed to improve the efficiency of policies and their impact on child outcomes. However, there is a risk that the economic crisis detracts the policy focus from the necessary investments in, for example, improving primary healthcare services for mothers and children, expanding access to preschool and improving the quality of school education, and developing new systems of child protection as alternatives to the excessive reliance on institutional care. Unless these investments are protected and continued, there is a danger that the crisis will lead to a reversal not only in child income poverty trends, but also in some of the positive trends achieved in the other dimensions of child well-being since the beginning of the decade.

In fact, the results of the analysis emphasize the fact that economic growth has not and cannot on its own lead to improved indicators for all children across all dimensions unless accompanied by long-term policy efforts to distribute the benefits and improve access and quality of basic public services, and strengthen social protection for at-risk families. This is confirmed by the fact that those countries with high levels of GDP do not perform well in all child well-being indicators, and that national averages for each indicator frequently mask significant intracountry disparities, even within the richer countries. While there have often been improvements in national averages in the period of economic growth, persistent intracountry differentials point to continuing difficulties faced by families at risk in certain regions or population groups.

The worrying results for some proxy indicators for youth socialization (especially mortality due to external causes in middle-income countries) point to uncertain outcomes for young people in the middle-income and richer countries during the period of economic recovery, where not all have been included in the benefits of growth, and where there has been insufficient policy attention given to the need to replace previous channels of socialization in the vacuum created by transition. Exclusion among youth is often not perceived as a problem by policy-makers, and there has been little investment in preventing deviant behaviour, which is often seen as a problem of individual irresponsibility rather than as a collective problem. The lack of a tradition of professional social workers at the local level to help families is a challenge in those countries where communities and households show signs of instability and lack of cohesiveness.

cases, Roma may have citizenship, but lack the documents to prove it. A survey conducted in Serbia and Montenegro in 2001 found that only 39 per cent of Roma in Serbia had basic identification documents. Lack of identity documents among parents can mean that birth certificates cannot be issued for their children.[59]

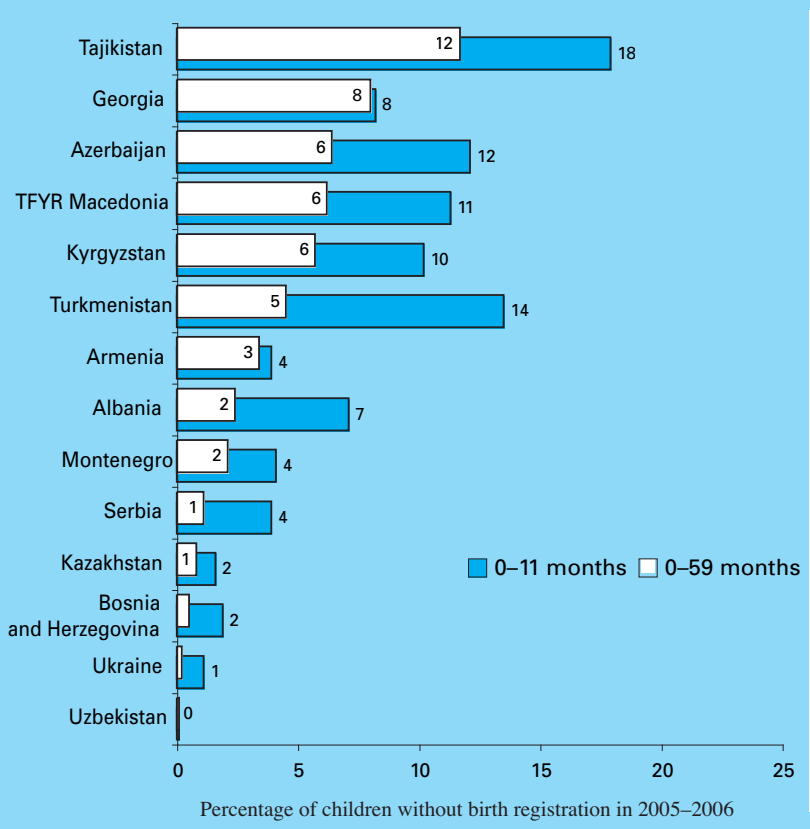


Figure 1.16 Percentage of unregistered children in selected CEE/CIS countries

Source: MICS data; for Armenia and Azerbaijan data are from DHS carried out in 2005 or 2006.

Note: For Armenia data for 0–11 months refer to children aged 0–23 months.

Table 1.2 Child well-being challenges in the CEE/CIS subregions

	Income poverty	Health
Central Europe (Czech Republic, Hungary, Poland, Slovakia and Slovenia)	Very low levels of extreme child poverty. More substantial percentage of children living on less than PPP $5 a day. High levels of relative poverty. Regional inequalities. Exclusion.	Low and very low levels of infant and child mortality. Low levels of mortality for older children. In some countries, some evidence of higher rates of obesity among older children.
Baltic States (Estonia, Latvia and Lithuania)	Very low levels of extreme child poverty. Substantial percentage of children living on less than PPP $5 a day. High levels of relative poverty. Regional inequalities. Exclusion.	Low levels of infant and child mortality. No major nutritional challenge is evident. High levels of mortality for 15-19-year-olds in Lithuania and Estonia due to 'external causes' (voluntary or involuntary injuries and suicide).
South-Eastern Europe (Bulgaria, Romania, Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia and the former Yugoslav Republic of Macedonia)	Extreme child poverty is substantial in some countries and in some regions within countries. Roma children are overrepresented in the population living in extreme poverty.	Intermediate levels of infant and child mortality. Substantial subnational inequalities. Evidence in the early part of this decade of high levels of prevalence of undernutrition for children under the age of 5 in Albania.
Western CIS (Belarus, Republic of Moldova, Russian Federation and Ukraine)	High levels of extreme child poverty in the Republic of Moldova. In the other countries, extreme poverty risk is higher in large households with children. Substantial sub-national inequalities. Substantial shares of children living on less than PPP $ 5 a day.	Intermediate to high levels of infant and child mortality. Persistence of subnational inequalities. High and very high levels of mortality for 15-19-year-olds, especially due to external causes.
Caucasus (Armenia, Azerbaijan and Georgia)	Medium levels of extreme child poverty, but very high percentage of children vulnerable to extreme poverty. Regional inequalities.	High levels of infant and child mortality. Substantial inequalities. Monitoring challenges. Some evidence of nutritional problems for children under the age of 5 at subnational levels. Azerbaijan is one of the countries of the region with the highest levels of mortality for 5-14-year-olds. All the Caucasus countries rank among those with low levels of mortality for 15-19-year-olds
Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan)	Very high levels of extreme poverty. Substantial subnational inequalities.	Very high levels of infant and child mortality. Subnational disparities. Monitoring challenges. High levels of undernutrition found in some countries and in some subregions within countries. High levels of mortality for 15-19-year-olds in some countries, especially Kazakhstan.

Education	Housing	Child protection / deprivation of parental upbringing
High rates of enrolment in preschool, in particular for the year prior to the beginning of primary education (5–6 years). High levels of enrolment in upper-secondary education. Average quality of education is good. Good performance in international comparison studies. Exclusion of Roma children, including segregation in school.	Low levels of extreme housing deprivation.	High rates of children living in institutional care in the Czech Republic and intermediate rates in the other countries. Hungary has a high rate of children living in foster or guardian care. Overrepresentation of Roma children in public care institutions or in special schools for children with disabilities.
High rates of enrolment in preschool, in particular for the year prior to the beginning of primary education. High levels of participation in upper-secondary education. Average quality of education is good. Quite good performance in international comparison studies.	Low levels of extreme housing deprivation. Rural areas are disadvantaged in terms of access to basic utilities.	Latvia has a high level of children aged 0–3 living in infant homes and a high rate of children in foster or guardian care. Lithuania has high levels of institutionalization and foster care.
Quite high levels of participation in preschool in Bulgaria and Romania. Intermediate in the other countries. In Bosnia and Herzegovina levels of preschool participation are very low. Intermediate rate of participation in upper secondary education. Subnational inequalities in enrolment to non-compulsory levels. Inequality in learning achievements.	Problems of overcrowding in some countries, in particular in urban areas and for the poorest sections of the population. Problems of quality of housing stock. Levels of non-connection to basic utilities (water and sanitation) vary across this subregion. Rural areas are less covered by basic infrastructure, even in the richest countries of SEE.	Intermediate rates of children in institutional care in Bulgaria and Romania (the latter has a high rate of children in foster care). Low rates of children in formal care in the other countries of the region.
High levels of participation in preschool education – in particular for the year prior to primary education – and intermediate levels for upper secondary. Subnational inequalities.	Problems of overcrowding in some countries, in particular in urban areas and for the poorest sections of the population. Problems of quality of housing stock. Very high levels of non-connection to basic utilities in the poorest rural areas. Rural areas are less covered by basic infrastructure. In the Republic of Moldova quite high rates of non-connection to the public water network are also found in urban areas.	High rates of children living in institutions and in foster care in most of the countries of Western CIS. High rates of children left behind by migrant parents in the Republic of Moldova.
Low levels of participation to pre-primary education, and intermediate to low levels in upper secondary education. Substantial subnational inequalities.	Problems of overcrowding in some countries, in particular in urban areas and for the poorest. Problems of quality of housing stock. Very high levels of non-connection to basic utilities in the poorest rural areas. Rural areas are less covered by basic infrastructure.	Intermediate rates of children living in institutional care, low levels of children in foster or guardian care.
Very low levels of participation in pre-primary education and upper secondary education. Substantial subnational inequalities. In Tajikistan, evidence of female disadvantage in access to upper secondary. Data on learning achievements from international comparative studies for Kyrgyzstan point to low quality of education.	Problems of overcrowding in some countries, in particular in urban areas and for the poorest sections of the population. Problems of quality of housing stock. Very high levels of non-connection to basic utilities in the poorest rural areas. Rural areas are less covered by basic infrastructure.	High rates of children living in formal care in Kazakhstan and Kyrgyzstan (mainly in boarding schools). Quite low levels in the rest of Central Asia. Low rates of children living in foster care.

Some countries with impressive economic growth rates did not experience clear and substantial progress in reducing the rates of children entering formal care. The increase in the initial transition period was usually attributed to the rise in income poverty. However the continuing high levels even in the period of recovery, despite an increase in awareness of the potentially damaging effects for the individual child of institutional care, point again to lack of effective forms of social protection for children in families at risk. Incomplete reforms designed to provide alternative solutions for families which feel unable to provide adequate care for their children, mean that there are still no other options which would allow the best interests of the child to be respected.

While it is difficult to generalize for the subregions, since they are also heterogeneous across all indicators, an attempt is made below and in table 1.2, to identify and summarize some key open challenges.

For the five Central European countries, levels of extreme poverty are low, and the positive results in indicators relating to child health, education and housing point to successful policies regarding provision and quality of basic public services and infrastructure. However, the data for these countries also point to problems of exclusion for some sections of the child population, as manifested in quite high levels of relative child poverty, and evidence of school segregation as well as a greater probability of living in public care institutions for Roma children. The policy priorities in these countries should be aimed at ensuring an adequate standard of living and access to an equal quality of basic services for all children.

The Baltic States also have low levels of extreme child poverty and relatively good results for education and health, suggesting that overall quality and access to basic services are not a priority problem. Here again, however, there are signs of inequalities and differentials in access and quality. Estonia and Lithuania have high levels of mortality for young people aged 15–19 years, pointing to problems of youth marginalization and moral disorientation in the face of the collapse of the previous institutions entrusted with the socialization of adults (families under strain, lack of employment opportunities, and lack of leisure clubs and activities). Latvia and Lithuania have high rates of institutionalization, pointing again to continuing pressures and lack of support for families at risk.

The eight SEE countries have relatively high levels of extreme poverty and vulnerability to extreme poverty for children, and problems of exclusion, with Roma in some countries being largely overrepresented among the extremely poor. Indicators of child health and education point to high levels of differentiation in the quality of basic services. Romania and Bulgaria are the only EU countries with U5MR of over 10 per 1,000 live births, and Albania has one of the highest rates of child malnutrition in the whole region. Preschool enrolment rates are under 50 per cent in some of the Western Balkan countries. The quality of housing and infrastructure also reveal large differences, with the latter being less available in rural areas.

The four countries of the Western CIS show a relatively high risk of extreme poverty and vulnerability to extreme poverty for households with children, and large subnational inequalities, pointing to inadequacy of social protection and cash transfers for families at risk. The fact that large sections of the child population remain vulnerable to extreme poverty, in that they are living on less than PPP $5 per day, points again to the importance of child benefits and other forms of support. Inadequate support for families under strain is also suggested by the high rates for children living in institutions in these countries and, in the Republic of Moldova, high rates of children being left behind by migrants. The large subnational inequalities in income levels are mirrored in the large differentials in the results for infant and child mortality, but also differentials in employment and income opportunities and in the quality of education and primary healthcare. The worryingly high levels of mortality due to external causes for young people aged 15–19 years confirm the lack of mechanisms, institutions to support families in the upbringing of children (many forms of deviance which are manifested in the adolescent phase have their roots in the experiences of the child in earlier phases of his/her development), and lack of policy attention to helping marginalized youth. Here preschool coverage is relatively high, but there may be a need to work on improving the quality, and in providing other forms, of parenting support.

The three countries of the Caucasus have low rates of youth mortality rates and of children living in institutional care, pointing to a greater strength of traditional family structures and communities to help with socialization processes. However, a very high percentage of children are vulnerable to extreme poverty and there is also quite a high share of children already living in extreme poverty, with evidence of regional inequalities. Lack of access to quality primary healthcare, and inequalities in access and quality, are reflected in the relatively high levels of infant and child mortality and child malnutrition in some subnational regions.

The five countries of Central Asia have high levels of extreme child poverty, and high levels of infant and child mortality. Levels of child malnutrition are also high in some regions within countries. The strength of traditional family and community structures is reflected in the lower rates of children living in institutions. While the countries have managed to retain high rates of enrolment for basic compulsory schooling, there are low levels of preschool and upper-secondary

enrolment. The priorities are broad-based (not targeted since the majority of child population lives in poverty) social protection measures for families with children and efforts to improve the quality of primary healthcare.

This chapter has illustrated how difficult it is to rank countries according to an overall level of child well-being, due to the fact that the rankings change significantly according to the choice of dimensions and indicators considered, and a relatively high score in one dimension can offset a poor score or priority policy issue in another. Each indicator has to be examined separately in order to capture the open challenges, and data should be disaggregated as much as possible in order to identify the groups most at risk within the child population to build policy responses. The policy priorities and challenges for improving child well-being differ between and within subregions and also within countries. Each country has its own mix of old and new issues to monitor and tackle, and all governments in the region should be working to improve their monitoring systems to identify those sections of the child population which are being excluded from the benefits of growth, to determine the nature and extent of exclusion and deprivation, and identify their main causes, as a basis for efforts to effectively reduce persisting disparities and to ensure steady progress in the realization of children's rights with a priority attention to those in greater need.

2 ECONOMIC GROWTH, INEQUALITY AND DEMOGRAPHIC TRANSFORMATION: THE CHANGING CONTEXT

This chapter examines three aspects of the broader macro context affecting child well-being in the region, namely the pace and character of economic growth, income inequality, and demographic trends. These three factors contribute to the divergence in the opportunities and vulnerabilities of children in the region and exert a considerable influence on the choice of policy options open to decision-makers in the CEE/CIS to improve the situation of children.

Economic growth

From the late 1990s to mid-2008 economic growth meant that average household incomes increased throughout the region, with positive effects on child poverty and other indicators of child well-being. The resources generated by economic growth also provided governments with the opportunity to intervene with a range of policy measures to help improve the situation of children. But while growth is an essential prerequisite for improving living standards in CEE/CIS, it has not always translated into broad-based increases in household incomes, or into more resources being allocated to social services and support to families. Moreover, the global financial crisis of late 2008 has begun to have visible effects on the economies of the region, leading to a negative growth in most of the countries. This puts a strain on the gains of the previous period of recovery and makes the case for investing in social services and support to protect families from another period of potential turmoil even more urgent. This chapter looks more closely at the character, quality and sustainability of the pre-2008 economic growth in the region, examines evidence of how equally the benefits of growth have been distributed, and discusses briefly the vulnerability of regional economies in the face of the current global economic crisis.

Since growth translates into improved household living standards primarily through more and better employment opportunities, much of the focus needs to be on job-creation and wage trends.[1] The picture which emerges for the period 1999–2007 is mixed, with both positive and negative implications for household living standards and inequality. In some countries there were consistent signs that growth had become more broad-based, spanning different sectors and geographical areas, and this was reflected in an expansion of employment and/or increased wages. On the other hand, average levels of growth concealed significant differences within countries, particularly between geographical regions, stemming partly from the specific factors driving growth in individual countries, but also from structural factors influencing job-creation and employment, and therefore the distribution of the benefits. Overall the evidence suggests that growth in most countries benefited some sections of the population and some regions more than others, prompting concerns of inclusiveness. Moreover, in countries where the base of economic growth remained narrow, or where growth was fuelled largely by migrant remittances and exports to neighbouring countries, or where reforms of financial institutions

have been slow, there are concerns about the sustainability of growth and the fragility of some of the previous gains in the face of the global economic crisis.

Overall, the period of economic recovery did not bring equal benefits for all countries, or all regions within countries. The impact of the 2008–2009 crisis is now felt directly through its effects on job-creation or job-destruction and wages (including a lower demand for migrant labour), and through reductions in public expenditure. Although these effects vary both between countries and within countries, it is too early to measure the scale and pattern of this impact.

Inequality

Transition has been accompanied by increases in income inequality, which has remained high in most CIS countries – despite some signs of decrease in the period of economic recovery – and has continued to grow in Central European countries, albeit from lower starting levels. While there have been shifts in the influence of the factors driving inequality in the region, the discussion in this chapter suggests that some factors have been virtually 'institutionalized' as a result of the patterns of reform chosen in the earlier stages of transition, especially those related to the distribution of assets which were previously state-owned. This implies that – without policy interventions to generate further or deeper structural reforms and redistribution – these factors will continue to constrain the ability of economic growth to reduce poverty, and inequality will mean that sections of the population will continue to be excluded from the benefits of growth. The impact of the unfolding economic crisis on levels of inequality and the factors driving it has yet to be understood and depends on the extent to which employment and wages are affected, as well as the distribution of assets. It depends also on whether the policies which are put in place in reaction to the crisis provide relatively more protection for the disadvantaged, or to those at the middle, or top, of the distribution.

Demographic changes

The countries of the region have experienced striking – yet contrasted – demographic changes in the transition period, with some countries facing the prospect of a rapidly aging population and others experiencing decreasing dependency ratios. While some of these changes, in particular the reduction in birth rates, are common to other countries in the world, the speed of change has been particularly dramatic in the Western CIS and Central European countries. However, as with growth and inequality, the demographic changes have not followed a uniform pattern across the region.

At one extreme, the CEE and Western CIS countries have negative rates of natural population growth, and face the challenges associated with a rapidly aging population. On the other, there are the countries of Central Asia, where children represent a large share of the population, fertility rates are still above replacement levels, and large cohorts of young people will enter the working-age groups for some years to come, putting considerable supply pressure on the labour market. While the Central Asian countries face the challenge of continuing large demands being made on public expenditure, due to the need to provide health care and education to the large cohorts of children, the Russian Federation and other countries with similar demographic characteristics face the prospect of declining working-age cohorts to contribute to income generation and tax revenue. These countries are confronted with the challenge of balancing their public budgets to meet the growing expenditure needs of the elderly dependent population for health services and pensions, and public expenditure on services for children will have to compete with the ever-growing needs of a vocal pensioner electorate.

These three factors are changing the context in which children are growing up and influence the resources available in different countries to improve child well-being, as well as the policy options open to them.

2.1 Economic growth: from recovery to global economic crisis

The negative effects of economic decline on the living standards of large sections of the population in the CEE/CIS region, as well as the rise in inequality which occurred in the early transition period, have been amply documented in previous studies by UNICEF and elsewhere.[2] Lack of resources and slow institutional reform meant that governments did not put in place strong social policy interventions to cushion their populations from these trends and children were among those who suffered most from the hardships of the economic recession. However, from the late 1990s to 2007, all the countries experienced growth – albeit at different paces and from different starting points – with positive implications for household incomes, and opportunities for governments to intervene with policy measures to improve the situation of children. But, while national average growth rates were impressive, they often concealed large intracountry disparities, leading to an unequal distribution of jobs and income-generating opportunities.

In early 2008, a few countries in the region (Estonia, Latvia and Hungary) began to report a slowdown in growth rates which had spread to the rest of the region by the end of 2008 in the wake of the global financial crisis. By 2009, there were signs of a growing impact on the real economies of the region, reflected in figures showing production slowdown and growing unemployment. Projections for 2009 point to large decreases in

rates of economic growth and recession for most countries, but the scale and nature of the impact on different countries and on different regions within countries, and on different sectors of country economy is as yet unclear.

Table 2.1 shows that in the period 2000–2007, the region as a whole was one of the fastest growing in the world. In the CIS countries, in particular, GDP per capita increased at an impressive average rate of more than 7 per cent per year. However, although the economies of all the countries were growing, intraregional differences in GDP levels and growth dynamics remained significant (see figures 2.1 and 2.2).

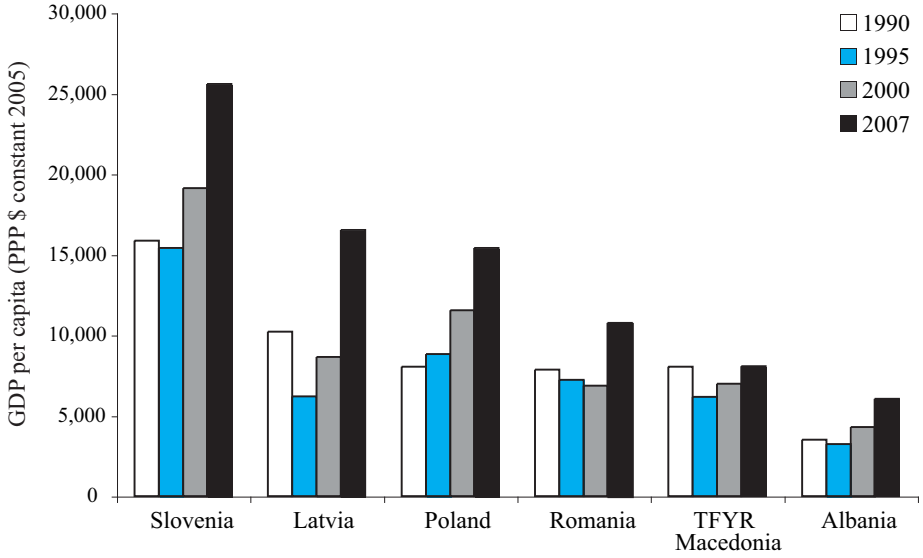
While economic recession in Central Europe, which contains the most well off

Table 2.1 Real GDP per capita growth rates for CEE/CIS, compared to other regions

	1990–1995	1995–2000	2000–2007
	average annual percentage change		
CEE and CIS	-7.1	2.4	6.4
- Central Europe and the Baltic States	*-0.9*	*4.4*	*4.8*
- South-Eastern Europe	*-2.5*	*0.4*	*6.0*
- CIS	*-10.1*	*1.7*	*7.1*
High-income countries	1.4	2.5	1.6
Developing regions:			
Latin America and Caribbean	1.6	1.4	2.1
Middle East and North Africa	1.1	2.1	3.4
China	10.9	7.6	9.5
East Asia and Pacific (excl. China)	5.6	0.8	4.0
India	3.1	4.0	6.2
South Asia (excl. India)	2.0	1.9	3.4
Sub-Saharan Africa	-1.4	0.8	3.2

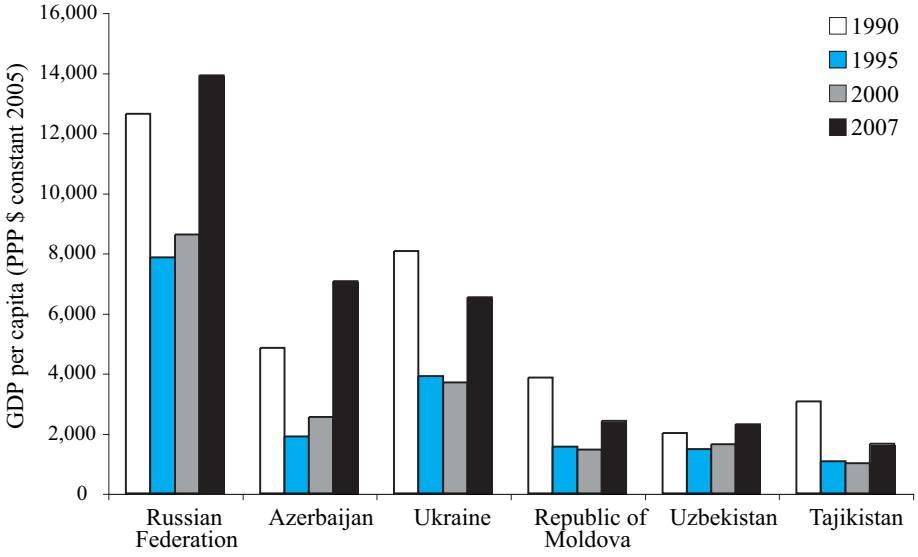
Source: Authors' calculation based on data from World Development Indicators 2008.

Figure 2.1 Trends in real GDP per capita in selected CEE countries



Source: World Development Indicators 2008.

Figure 2.2 Trends in real GDP per capita in selected CIS countries



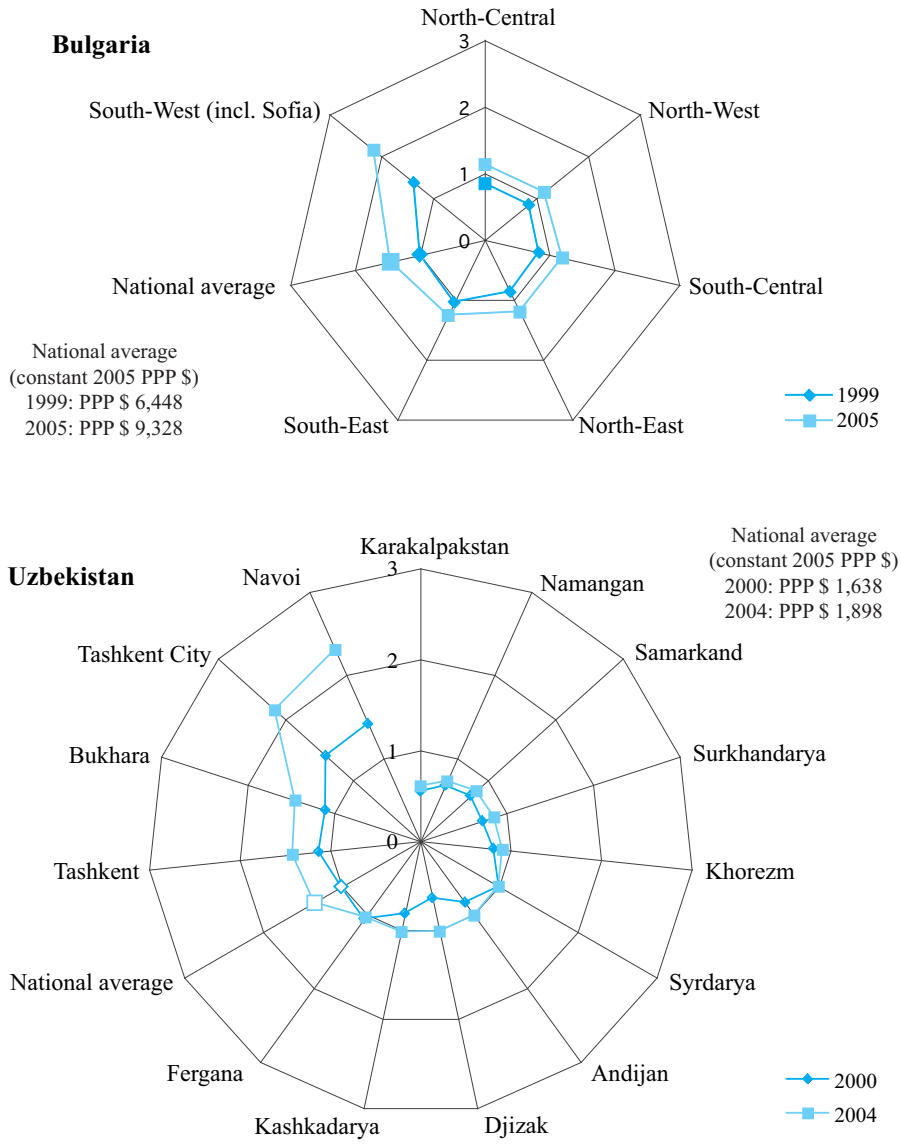
Source: World Development Indicators 2008.

countries of the region, was concentrated in the period 1990–1992, in the Baltic States it was slightly more protracted and deeper.[3] However economic growth resumed relatively quickly in both of these subregions, and by 2005 most countries had already surpassed their pre-transition levels of GDP per capita. In 2007, their GDP per capita ranged from around PPP $25,000 in Slovenia to PPP $15,000 in Latvia, Lithuania and Poland.

In the other subregions, with a few exceptions, economic decline was deeper and recovery only started after 1995. Most countries regained their pre-transition levels of GDP in the first half of the 2000s, but by 2007 five countries had still not experienced full recovery, namely Georgia, Kyrgyzstan, the former Yugoslav Republic of Macedonia, Tajikistan and Ukraine. Overall the countries of these subregions can be divided into three distinct groups by level of per capita GDP: countries with levels of GDP per capita ranging between PPP $10,000–15,000 in 2007, and including the Russian Federation, Belarus and Kazakhstan, Croatia, Bulgaria and Romania; an intermediate group of countries with GDP per capita levels ranging from PPP $4,000–8,000, including all the countries of the Caucasus, as well as Ukraine and Turkmenistan, and the other remaining countries of SEE; the poorest countries, with GDP levels of less than PPP $2,500 per capita, including three Central Asian countries, i.e. Uzbekistan, Kyrgyzstan and Tajikistan, and the Republic of Moldova in the Western CIS.

Figures 2.1 and 2.2 (previous page) show the large differences in economic performances between subregions and countries. However, there were also large differences in growth rates within individual countries, as growth tended to be concentrated in a few geographical areas. In most of the countries average levels of GDP per capita had regained or surpassed pre-transition levels by 2007, but this was not the case in all geographical areas within the country. Large regional disparities were already evident before 2005, mainly due to the fact that job-creation and employment opportunities in the period of recovery were typically clustered around large urban conglomerations with diversified industrial structures.[4] Rural areas, and small towns with monoenterprises, tended to be left behind. Evidence from selected countries for the period around 2005 confirms that capital cities and selected urban areas continued to grow more rapidly than other areas, and that in many cases the gap between these areas and other parts of the countries was widening. These subnational differences tended to be

Figure 2.3 Levels of real gross regional product (GRP per capita) in Bulgaria and Uzbekistan, 2000 and 2005 (relative to national average in 2000 = 1)



Source: Based on data from the National Statistical Institute of Bulgaria and from UNDP Uzbekistan.
Note: Gross regional product levels per capita and growth are evaluated in comparison with the level of the national GDP per capita (value = 1 correspond to the value of the national average GDP per capita in the first year of the comparison).

more striking in CIS countries, in particular the oil-rich ones, while in Central Europe they also existed, but were less important.

Figure 2.3 provides two examples of the differences in levels of per capita Gross Regional Product (GRP) within countries, Bulgaria and Uzbekistan, and illustrates how these differences widened in the 1999–2005 period. In Bulgaria, the South-West region, which includes the capital city, had a GRP per capita level in 2005 which was 50 per cent higher than the national average, and about 80 per cent higher than that of the poorest region, i.e. the North-Central region. The economy of the South-West region is dominated by the services sector, and GRP per capita grew at an annual rate of around 8 per cent between 2000 and 2005, compared to a national average of around 6 per cent and around 3 per cent in the South-East region.

Interregional differences were even larger in Uzbekistan in 2004: two regions, namely Navoi, which is rich in natural resources (gas, precious metals) and has a very low population density, and the capital city, Tashkent, had per capita GRP levels which were more than three times higher than those in the two poorest regions, namely the Republic of Karakalpakstan and Namangan, and more than double that of most other regions. Between 2000 and 2004, GRP per capita grew at an annual rate of more than 10 per cent in the two richest regions, compared to between 2 per cent and 5 per cent in most of the others.

Similar dynamics could be found in other parts of the region. While the Czech Republic, Hungary and Poland had less striking levels of polarization, the differences between regions within these countries increased over time, generally with the subnational region which contains the capital city growing more rapidly than the others. For example, in 2005 in the Czech Republic the GRP per capita for Prague was around 2.5 times higher than that of the poorest region, Stredni Morava;[5] roughly the same difference was found in Poland between Mazowieckie, which includes Warsaw, and the Lubeslkie voivodeship.[6]

In Ukraine, for example, GRP per capita in Kiev was 6–7 times higher than that of the poorest regions (Chernivtsi and Ternopil) in 2006, but also more than double that in the region with the second highest GRP per capita, i.e. Donetsk.[7] In Kazakhstan, the real GRP per capita of the two oil-rich regions, the Atyrau Oblast and Mangystau Oblast, grew at an impressive rate between 1999 and 2004 (27 per cent and 18 per cent respectively) and by 2004 had a GRP of respectively 4.2 and 2.4 times the national average. In contrast, the poorest regions, Zhambyl Province and the South Kazakhstan Oblast, had GRP per capita of around one third of the national average.[8]

Clearly the different growth patterns and rates have affected the distribution of the benefits of growth among children of the region. Those households living in the regions which benefited most, had more and better earnings opportunities, and local authorities were more likely to have revenue for improving public services. The regional inequalities played an important role in explaining the overall levels of inequality at the country level which are examined in section 2.2, especially in the CIS countries. They were also a key explanatory factor for the high levels of internal migration found in many countries.

Economic growth: quality and sustainability

The factors contributing to economic growth determine its character, quality, sustainability, ability to generate jobs, and therefore the distribution of its benefits. In the first part of this decade growth in the CIS was largely based on energy sectors and other capital-intensive sectors, while in some countries it was driven by remittances from labour migrants. The dominant role played by these factors meant that the benefits of growth were not widely spread among the whole population, but instead tended to benefit a small section of the population. In Central Europe, economies were on the whole more broad-based and financial institutions more developed, with more equitable outcomes.

In the CIS, Azerbaijan, Kazakhstan, Turkmenistan and the Russian Federation were the countries where the energy sector was the main driver of growth from the late 1990s onwards. The benefits of booming oil prices also had a positive effect in the neighbouring economies of CIS – in particular, Uzbekistan, Tajikistan, Armenia and the Republic of Moldova – partly through worker remittances (from migrant labour in the Russian Federation and Kazakhstan), but also due to increased demand for export goods from the oil-rich countries.[9]

In the CIS and SEE, data from around 2005 point to some changes in the structure of economic growth, with more positive implications for the distribution of its benefits. One such signal is the fact that agriculture was being used to a far lesser extent to absorb excess labour supply in low-productivity jobs with subsistence incomes, due to job-creation in other sectors.[10] In the Russian Federation and Kazakhstan, the energy sector remained a very important component of national value added,[11] but there is evidence that from 2005 onwards its impact on growth was more indirect, through its effects on other sectors of the economy, than direct (through increased earnings from oil and gas).[12] In the Russian Federation, trade, construction and non-tradeable services made stronger contributions to GDP growth in the period 2005–2007. In Azerbaijan, on the other hand, the oil sector remained the main contributor to GDP growth in 2007, but was also accompanied by some signs of growth in other sectors, particularly construction.[13]

Since the late-1990s, migration and remittances have played a growing role in the economies of several countries of the region. Estimates of the amount and the impact of remittances entering the countries through both formal and informal channels are given in Table 2.2.[14] In 2007, remittances represented around one third of GDP in Tajikistan and the Republic of Moldova, and between one eighth and one fifth of GDP in Albania and Bosnia and Herzegovina (in SEE) and Armenia and Kyrgyzstan (in the CIS). Remittances in these countries not only had a direct effect in bolstering national income, but were also key sources of foreign currency exchange and helped to cover trade deficits in the balance of payments. On the other hand, large flows of remittance led in some cases to an appreciation in real exchange rates, worsening terms of trade, with negative effects on national export competitiveness. This has been the case, for example, in Albania[15] and the Republic of Moldova.[16]

In Central Europe and the Baltic States growth has had a more diversified base and has been mainly driven by rapid increases in private consumption and investment, fuelled by increases in credit, real wages and foreign direct investment (FDI) inflows. In the Czech Republic and Hungary economic performance was boosted by export-oriented manufacturing; and in Slovakia sustained GDP growth was led by car manufacturing and consumer electronics.[17] In general, however, all sectors of the economy were characterized by rebound and growth.

Overall, there were clearly positive developments, but concerns regarding the sustainability of growth patterns have remained, since growth for many of the economies has relied heavily on a limited number of sectors making them particularly vulnerable to external shocks. Moreover, particularly in CEE countries, growth has also depended on access to external credit in particular from the Euro-zone.

Table 2.2 Remittances in CEE/CIS countries, 2004–2007

	Workers' remittances and compensation of employees received (US$ million)			Workers' remittances and compensation of employees received as a % of GDP			
	2005	2006	2007	2004	2005	2006	2007
Czech Republic	1,018	1,186	1,300	0.7	0.8	0.8	0.8
Hungary	280	363	363	0.3	0.3	0.3	0.3
Poland	6,482	8,496	10,671	1.9	2.1	2.5	2.5
Slovakia	12	14	15	0.02	0.03	0.03	0.02
Slovenia	264	282	300	0.8	0.8	0.7	0.7
Estonia	264	402	402	1.4	1.9	2.4	2.0
Latvia	381	482	426	1.7	2.4	2.4	2.0
Lithuania	534	994	994	1.4	2.1	3.3	2.6
Bulgaria	1,613	1,707	2,086	7.0	5.9	5.4	5.3
Romania	4,733	6,718	8,533	0.2	4.8	5.5	5.1
Albania	1,290	1,359	1,359	15.6	15.4	14.9	12.9
Bosnia and Herzegovina	2,052	2,157	2,514	20.7	19.1	17.6	16.6
Croatia	1,222	1,234	1,788	3.4	3.1	2.9	3.5
TFYR Macedonia	226	267	267	4.0	3.9	4.2	3.5
Belarus	255	340	363	1.1	0.8	0.9	0.8
Republic of Moldova	920	1,182	1,498	27.1	30.8	34.7	34.1
Russian Federation	2,919	3,091	4,100	0.4	0.4	0.3	0.3
Ukraine	595	829	1,170	0.6	0.7	0.8	0.8
Armenia	940	1,175	1,273	22.7	19.2	18.4	13.9
Azerbaijan	693	813	1,287	2.6	5.2	3.9	4.1
Georgia	346	485	705	5.9	5.4	6.3	6.9
Kazakhstan	178	187	223	0.4	0.3	0.2	0.2
Kyrgyzstan	322	481	714	8.5	13.1	17.1	20.4
Tajikistan	467	1,019	1,250	12.2	20.2	36.2	33.7

Source: Authors' calculations based on data from World Development Indicators 2008.
Note: Received remittances include compensation of employees, migrant workers' remittances and migrants' transfers. Estimates are based on IMF balance of payments data. Some of the top receiving countries also have significant outward remittance flows, for example, Tajikistan (14 per cent of GDP in 2006), Kyrgyzstan (5.4 per cent), the Republic of Moldova and Armenia (2.5 per cent). See World Bank (2008c).

In early 2008 there were signs of economic overheating in the region – especially in CIS countries and Latvia – in the form of growing inflation, rising external imbalances and appreciation of national currencies.[18] Moreover, the substantial foreign currency inflows from oil earnings or remittances continued to fuel macroeconomic imbalances and the appreciation of exchange rates in countries such as the Republic of Moldova and Azerbaijan. Some of the economies – Kazakhstan being the most obvious – were particularly vulnerable to fluctuations in international financial markets, due to the incomplete nature of reforms in financial markets and institutions to support growth and investment.

The financial and economic crisis of 2008–2009 has already had visible effects on several economies of the region in terms of declining national output, growing unemployment, declining real wages and increasing wage arrears and also in the form of serious financial difficulties for the state. In late 2008, the economy of the Russian Federation showed signs of contraction in some key sectors, including heavy industry and construction, and forecasts released at the beginning of Spring 2009 by the World Bank and by the International Monetary Fund (IMF) suggest a marked negative GDP growth for 2009.

IMF projections point to a decline of GDP in CEE and in Western CIS, while in the other CIS countries (with the exception of Kazakhstan and Armenia) it is estimated that growth rates will be low but positive, with per capita rates further eroded by population growth. The country estimates produced by World Bank provide a slightly less pessimistic scenario on the whole, but confirm the dramatic slowdown in economic growth (see table 2.3).

The CIS countries are being hit badly by three major economic shocks: the cut in access to external funding determined by the international financial turbulence, the sudden drop in demand from advanced economies and the fall in energy prices. In the phase of economic recovery, growth in some of the lower-income countries, such as Uzbekistan and Tajikistan, has been strongly influenced by external factors such as growth in Kazakhstan and the Russian Federation (through demand for unskilled labour especially in construction and the demand for export goods) making these countries particularly vulnerable to external shocks through transmission: in fact, as in 2009 the economic strains deepen in the Russian Federation and Kazakhstan, Central Asian countries face the prospect of rising unemployment, in particular from the Spring onwards, the starting period for seasonal work migration. There is already clear evidence that the global crisis is having a marked impact on remittances with serious negative prospects for the CIS countries that are very reliant on these flows of resources.

Table 2.3 Economic growth forecasts for 2009 (real GDP annual growth, percentage change)

International Monetary Fund (projections released on 22 April 2009)	Estimates 2008	Forecasts 2009
Czech Republic	3.2	-3.5
Hungary	0.6	-3.3
Poland	4.8	-0.7
Slovakia	6.4	-2.1
Slovenia	3.5	-2.7
Estonia	-3.6	-10.0
Latvia	-4.6	-12.0
Lithuania	3.0	-10.0
Bulgaria	6.0	-2.0
Romania	7.1	-4.1
Albania	6.8	0.4
Bosnia and Herzegovina	5.5	-3.0
Croatia	2.4	-3.5
Montenegro	7.5	-2.7
Serbia	5.4	-2.0
TFYR Macedonia	5.0	-2.0
Belarus	10.0	-4.3
Republic of Moldova	7.2	-3.4
Russian Federation	5.6	-6.0
Ukraine	2.1	-8.0
Armenia	6.8	-5.0
Azerbaijan	11.6	2.5
Georgia	2.0	1.0
Kazakhstan	3.2	-2.0
Kyrgyzstan	7.6	0.9
Tajikistan	7.9	2.0
Turkmenistan	9.8	6.9
Uzbekistan	9.0	7.0
World Bank (projections released on 31 March 2009)	Estimates 2008	Forecasts 2009
CEE, CIS and Turkey	4.2	-2.0
- Russian Federation	5.6	-4.5
- Poland	4.8	0.5

Source: IMF (2009) data released on 22 April 2009; World Bank, data released on 31 March 2009.

The outward flight of foreign capital in the wake of the financial crisis had an immediate impact on the economies of Eastern Europe, both on the financial stability of some countries, and on the prospects of growth for 2009. The high vulnerability of these countries to the global crisis is a by-product of their success in integrating with the EU through finance as well as trade. The dependence of these countries on trade with, and credit from, the Euro zone is likely to have an important impact on growth, as demand for exports decreases, and there were already clear signs of a marked decline in industrial production in Central Europe in early 2009.

Job creation and reallocation in the period of growth

Some of the positive transformations in the character of growth in the period of economic recovery outlined above were reflected in changes in employment rates and employment structures.

In the initial stage of transition, job loss was more pronounced than job creation, and resulted in growing unemployment rates and shrinking employment ratios in some countries (mainly CEE), while in others (mainly in the CIS) lower rates of job loss and limited job creation led to an increase in underemployment and reductions in real wages. This was accompanied by an increase in subsistence agriculture and a growth in the informal sector.[19] Table 2.4 provides data for two basic indicators of labour market performance, namely unemployment rates and employment ratios for 1998–2006, and shows that while unemployment rates remained high in Central and Eastern Europe, they decreased in most countries for which data are available.

On the other hand, employment ratios (i.e. the ratio between the total number of working people and the size of the working-age population) did not have a clear trend, but in several countries remained under 60 per cent, with only a few being close to 70 per cent – the Lisbon target for the EU countries – and participation rates decreased in the majority of those countries where the working-age population had grown since the late 1990s: rates of job-creation did not keep pace with the increase in working-age adults. Employment rates tended to be higher in the CIS countries than in CEE countries, but this was not necessarily a positive sign, since they partly reflected both the lack of meaningful support or compensation for unemployment, and also the fact that a significant portion of the labour force

Table 2.4 Unemployment rates and employment ratios in CEE/CIS

	Unemployment rate (percentage of the labour force)					Employment ratio (number of employed as percentage of population aged 15–64)				
	1998	1999	2004	2005	2006	1998	1999	2004	2005	2006
Czech Republic	6	9	8	8	7	68	67	65	66	66
Hungary	8	7	6	7	7	53	55	56	56	57
Poland	11	15	18	17	12	59	55	53	54	55
Slovakia	13	16	18	16	13	60	58	57	58	59
Slovenia	8	7	6	6	6	66	64	67	67	69
Estonia	10	12	10	8	6	66	63	65	66	–
Latvia	14	14	10	9	7	62	61	64	66	–
Lithuania	13	15	11	8	6	64	63	62	64	–
Bulgaria	14	16	12	10	9	54	52	55	56	58
Romania	6	7	8	7	7	–	–	61	61	62
Albania	17	–	–	–	–	52	51	46	45	45
Croatia	12	15	14	12	11	54	50	52	53	54
Montenegro	–	–	–	30	30	–	–	–	43	43
Serbia	–	–	19	21	21	55	47	59	55	53
TFYR Macedonia	34	32	37	37	36	40	40	37	39	40
Belarus	–	–	–	–	–	66	66	63	64	64
Republic of Moldova	13	11	8	7	7	61	62	52	51	49
Russian Federation	13	13	8	7	7	58	62	66	67	68
Ukraine	11	12	9	7	7	68	59	62	64	64
Armenia	–	–	–	–	–	54	51	50	50	49
Azerbaijan	–	–	–	–	–	75	74	68	67	68
Georgia	15	14	13	14	14	58	59	62	60	59
Kazakhstan	–	–	8	8	8	63	63	71	70	–
Kyrgyzstan	–	14	9	8	8	61	62	59	60	64
Tajikistan	–	–	7	–	–	57	54	54	53	52
Turkmenistan	–	5	–	–	–	–	–	–	–	–
Uzbekistan	–	–	–	–	–	65	64	62	62	62

Source: TransMONEE database 2008.
Note: Results from national Labour Force Surveys, except for Albania, Belarus, Armenia, Azerbaijan, Kazakhstan (2004 and 2005), Kyrgyzstan, Tajikistan and Uzbekistan, which are official data. The different sources may use different criteria, for example for registering unemployment, working activities in the informal sectors, temporary jobs.

was still employed in low-productivity jobs. In other words, high employment ratios, particularly in low-income CIS countries, should be interpreted with caution, since they may mask widespread underemployment.

Despite data limitations which make international and temporal comparisons difficult,[20] Table 2.4 confirms that economic growth over 1998–2006 had a positive effect on employment ratios in the Russian Federation and in Kazakhstan, as well as in Bulgaria but starting from lower levels. In Tajikistan, on the other hand, growth in the period 2000–2007 did not translate into higher employment ratios, partly due to the fact that the working-age population continued to grow. In low-income CIS countries, job-creation in the period of economic recovery remained limited, since growth was largely driven by a limited number of capital intensive activities, as well as by the recovery of productivity in sectors where the production capacity had been underutilized in the earlier transition phase,[21] and by remittances. The SEE countries had the lowest employment ratios in the region, some of the highest unemployment rates, and showed little sign of job-creation, signaling persistent problems in increasing employment in the formal economy.

Table 2.5 Employment elasticity with respect to economic growth, by subregion (total and by sectors), 1999 to 2005-2006, per cent

	Employment elasticity to economic growth			
	Total	Agriculture	Industry	Services
Central Europe	9.8	-24.7	-13.3	23.3
Baltic States	10.0	-349.7	11.2	17.5
South-Eastern Europe	-19.7	-242.9	1.3	23.6
Western CIS	11.6	-49.4	18.6	27.6
Caucasus	0.8	-6.0	10.1	10.3
Central Asia	27.7	-7.6	38.5	25.8

Source: Authors' calculations based on World Development Indicators 2008 (for GDP and value added of each sector, and data on employment by economic sectors), and TransMONEE database 2008 (for the total number of employees).
Note: Elasticity is calculated by dividing the percentage change in total employment by the percentage change in GDP over the period 1999 to 2005-2006. Data are unavailable for Bosnia and Herzegovina, Montenegro, Serbia and Turkmenistan. The total and the sectoral aggregated figures for Western CIS and Central Asia are not fully comparable because there are no sectoral data for Belarus, Tajikistan and Uzbekistan. See also note to Table 2.4.

The capacity of economic growth to create new job opportunities is reflected in the elasticity of employment to economic growth, i.e. the percentage change in employment for each 1 per cent change in value-added.[22] Table 2.5 suggests that elasticity was low on average, ranging between a positive 28 per cent in Central Asia (i.e. 1 percentage point growth in GDP corresponded to 0.28 per cent growth in the number of employed people) to negative values in SEE countries, where despite economic growth, the number of employed persons decreased.[23] This measure, however, says nothing about the quality of jobs created and conceals large amounts of underemployment.

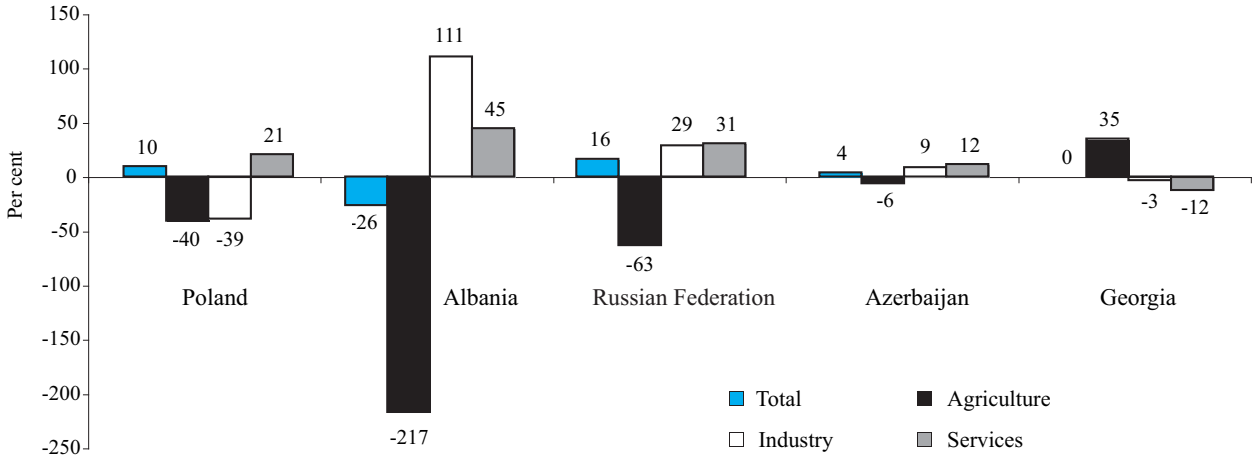
National employment data mask important inter-sectoral changes in the structure of employment. At the beginning of the recovery period, employment in agriculture remained largely unchanged, but then began to shrink in the period 2000–2005 in most countries. The negative average employment elasticity for the agricultural sector in all the subregions (table 2.5) is a reflection of the fact that the total number of employed in agriculture declined in a period when the value added for this economic sector increased. This means that productivity grew, and may indicate that in some cases former low-productivity agricultural workers moved to better quality jobs.

However, in other cases, especially in low-income CIS countries, productivity increases and labour shedding in agriculture were not accompanied by parallel rates of formal sector job-creation in other branches of the economy. In such cases, former agricultural workers were forced to find alternative mechanisms in order to survive, including migration. This was the case in Uzbekistan, where agricultural reforms initiated in 2003 led to a sharp decrease in formal agricultural employment. The new private farms employ only around 25 per cent of those formerly employed in cooperative farms, and restructuring appears to have led to an increase in migration as well as seasonal and informal small-scale entrepreneurial activities, which in many cases mean low and uncertain wages.[24]

The industrial sector in the countries of Central Europe also underwent a period of increases in value-added accompanied by net job-destruction. This trend most likely reflects the process of restructuring towards sectors such as the car industry, electronics and information technology, which are technology intensive and require highly-skilled workers.[25] But from 2005 onwards, there were signs of skill shortages in this subregion, particularly in Poland, reflecting a mismatch between labour supply and demand, and constituting a constraint to expanding employment.[26]

Figure 2.4 summarizes data on the relation between changes in employment and value-added by economic sector for five countries between 1999 and 2005. In Albania, the agricultural sector, which continues to employ the bulk of the working population, saw a substantial decrease in its share of total employment.[27] The decline in employment in the agriculture sector (which continues to have a predominantly subsistence nature) was partly compensated by the increase in employment in industry and in services, although it

Figure 2.4 Employment elasticity with respect to economic growth (by sector) for selected countries in CEE/CIS, 1999–2005



Source: Authors' calculations based on World Development Indicators 2008 (for GDP and value added of each sector, and data on employment by economic sectors) and TransMONEE database 2008 (for the total number of employees).
Note: Elasticity is calculated by dividing the percentage change in total employment by the percentage change in GDP (or sector value added in the analysis by economic sector) over the period 1999–2005. See also note to Table 2.4.

was also a reflection of the considerable emigration from rural areas.[28] In the Republic of Moldova, on the other hand, there was a reduction both in employment in agriculture and labour emigrants, but job-creation in the other sectors of the economy was limited.[29] The opposite dynamics were found in Georgia, where migration also played an important role in shaping labour-market outcomes: here there was hardly any change in overall employment rates between 1999 and 2005, but there was a shift in the inter-sectoral distribution of jobs, with the increase of jobs in agriculture compensating for the decline in both industry and services. In this country it appears that subsistence agriculture continued to play the role of absorbing redundant workers from other sectors.

In the Russian Federation the overall number of employed grew, but with large inter-sectoral differences: the agriculture sector experienced an increase in value added and a decrease in the number of employees, while in the industry and service sectors growth in value added was accompanied by growth in employment which more than compensated for the drop in agricultural employment.

On the other hand, economic growth in Azerbaijan brought about few changes in total or sectoral employment. While GDP per capita had more than doubled since the late 1990s, the total number of employed increased by less than 10 per cent, in a context of a growing working population and decreasing employment ratios. In the period 2000–2007, the industrial sector, which includes the oil sector, was the main driver of growth. It accounted for over half of GDP, but for only 12 per cent of total employment. More specifically, the oil sector employs only 1 per cent of the employed, and its share in total employment remained unchanged. Despite its contribution to the country's impressive growth rates, this sector has had only a modest effect on net job-creation, and there has been little sign of employment restructuring across the other sectors.

Finally, in Poland, the overall positive employment balance is due to job-creation in the services sector, in particular in the financial and transport sectors. However, even with high rates of economic growth, high levels of open unemployment have persisted: between 1999 and 2005, GDP grew by about one third, while total employment increased only slightly (by around 3 per cent).

To summarize, after the general decline in total employment numbers for a large part of the 1990s, by 2007 there were signs in some countries that growth was being translated into more or better job opportunities, whereas in other cases increases in job-creation did not keep up with increases in the working-age population, so that employment ratios declined or remained stable.[30] Overall, the picture remained mixed regarding progress towards a more equal distribution of the benefits of growth through job-creation. The Russian Federation and Kazakhstan are examples of oil-rich countries, where growth until 2008 seems to be have been accompanied by increases in employment in the non-oil sectors. There are also signs that in some countries the fall-off in the role of agriculture as an absorber of excess labour supply, often in subsistence farming, is due not only to external migration, but also to increasing and better employment opportunities in

other sectors. In other countries, there is evidence of continuing underemployment in agriculture, despite growth in other sectors (e.g. Azerbaijan); moreover, where reforms have led to increased productivity, there has not always been parallel growth of employment in other sectors (e.g. Uzbekistan).

The global economic crisis (2008–2009) has already been reflected in increases in unemployment and falling demand for migrant labour, which are continuing in 2009.[31] The effects on the region will be differentiated and require monitoring, not only to direct responses in economic policy, but to inform policymakers of the need for timely interventions to protect those sections of the population most vulnerable to the economic shocks, and hopefully to avoid repetition of some of the worst pitfalls of the 1990s.

Economic growth and changes in wage levels

The distribution of the benefits of growth can occur through increased employment opportunities and/or through increased income from existing activities through higher salaries or profit, i.e. through more and/or better jobs. Drops in average real wages were substantial in the region in the first years of transition, especially in the CIS countries where labour-market adjustments to the economic crisis took the form of growing underemployment. Recovery in real wage levels started at different points in time in the second half of the 1990s. Among those countries for which data are available, most had recovered their 1989 levels by 2006, but with some notable exceptions, namely Bulgaria, the former Yugoslav Republic of Macedonia and the Russian Federation.

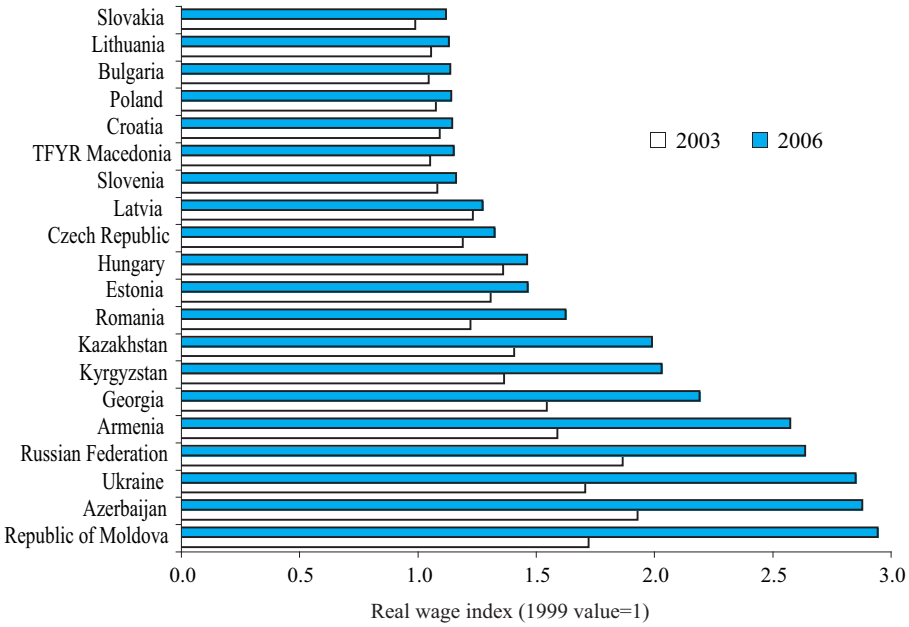
Figure 2.5 shows that, between 1999 and 2006, Armenia, Azerbaijan, the Republic of Moldova, the Russian Federation and Ukraine experienced the largest relative increase in real wages. In the Republic of Moldova and Armenia, where economic growth was accompanied by a fall in the total number of people employed, and consistent outflows of migrant workers, international migration has probably contributed to an increase in domestic wages.

As argued above, Azerbaijan experienced impressive economic growth rates but very limited net job-creation, suggesting that growth was accompanied by improvements in average total labour productivity. The average real wage in 2006 was almost three times its 1999 level. However, this average figure masks important inter-sectoral differences: in 2007 the average monthly wage in the agricultural sector was 87 Manat, compared to 846 Manat in the oil sector.[32]

In the Russian Federation there was a period of sustained growth in wages after the dramatic falls during the years of recession. Between 2000 and 2006, wages in the health, education and financial services sectors – those sectors which had experienced the highest rates of wage declines in the 1990s – were among those which increased more quickly; while those in the agriculture and industrial sectors showed the slowest improvements. In Ukraine, economic growth in industry and agriculture was accompanied by a substantial restructuring of employment rather than the creation of new employment, resulting in a small decline in employment alongside substantial increases in average wages.[33]

The opposite was true for Bulgaria, which registered limited improvements in real average wages: this is consistent with the fact that economic growth was mainly translated into strong net job-creation. In particular, restructuring of the agricultural sector was not followed by wage increases, and the sharp decline in agricultural employment was mirrored by a parallel decline in agricultural value added, with virtually no improvement in terms of labour productivity.

Figure 2.5 Real wages in 2003 and 2006 (1999 value = 1.0)



Source: Authors' calculation based on data from TransMONEE database 2008.
Note: Value for 1999 = 1.0. Data refer to average wages in total economy. For Bulgaria, data for 1999 refer to 2000; for Croatia, Estonia and Georgia, data for 2006 refer to 2005; for Latvia and Lithuania, data for 2006 refer to 2004.

To summarize, in the first years of economic recovery, growth in individual countries was often driven by a few sectors so that the benefits were concentrated on, and mainly favoured, specific sections of the population. However, by around 2005 there were signs – stronger in some countries than others – that growth was becoming more broad-based, and this was reflected in the employment structure for several countries. Despite this, achieving a more equitable distribution of the benefits of economic growth through job-creation – through more and better jobs – remains a challenge in some countries. While growth could no longer be described as 'jobless',[34] job-creation has remained sluggish, and in the low-income countries with high employment ratios, there are still signs of underemployment, and problems with the quality of jobs, especially in the informal sector. In SEE countries, open unemployment and low employment ratios suggest that job-creation in the formal sector has still been problematic, while in Central Europe there are signs of a skills mismatch between labour supply and demand.

In countries where remittances represented a large share of GDP, there have been positive and negative effects. The sustainability of growth fuelled by migration remittances is dependent in some cases on growth in the oil-rich countries of the region, and in others, on demand in the economies of Western Europe and beyond. Since 2008 this has been challenged. Sustainability is also at risk in those countries which still rely heavily on earnings from oil and gas to boost growth, due to volatility in the demand and price of natural resources, and the finite nature of reserves. These factors also challenge sustainable growth in countries which have benefited from the spin-off effects from oil earnings in neighbouring countries.

Overall, in the period of economic growth, wages grew mainly in those countries where they had experienced most decline during the early transition period. The overall increase in average wages is consistent with the fact that economic growth in CEE and CIS was mainly due to increases in total factor productivity, rather than to increases in the total number of jobs. Growth can lead to job-creation or higher productivity, to more or more productive jobs, with the latter translating into higher wages or profits. This appeared to be the case in some countries where insiders benefited most from the period of growth, and disparities between insiders and outsiders (unemployed, underemployed, and non-employed) continued to be large or to grow. The global economic crisis is having clear effects on employment and wages which will lead to changes in the ranks of insiders and outsiders, and to shifts in the relative weight of the factors driving inequalities.

2.2. Income inequality

The previous section has shown that in the 1997 to early 2008 period overall job-creation continued to be relatively sluggish, as reflected in data on employment ratios, and evidence on underemployment and migration. Job-creation has been more concentrated in the capital cities or other large urban centres. In some Central European countries it has tended to occur in high-tech industries – i.e. well-paid jobs for skilled workers – but with little increase in demand for the large numbers of unskilled job seekers. Among other factors, this has meant that distribution of the benefits of economic growth has been uneven. This section

Table 2.6 Trends in disposable income inequality, selected countries, 1989-2006

	Gini 1989	Max Gini (year)	Latest Gini (year)	Difference max–1989	Difference latest–1989
CEE and the Baltic States					
Czech Republic	0.20	0.26 ('05)	0.24 ('06)	0.06	0.04
Hungary	0.23	0.28 ('05)	0.26 ('06)	0.05	0.03
Poland	0.28	0.37 ('05)	0.37 ('05)	0.09	0.09
Slovakia	0.20	0.30 ('03)	0.24 ('06)	0.10	0.04
Slovenia	-	0.27 ('91)	0.24 ('05)	-	-
Estonia	0.28	0.40 ('03)	0.36 ('05)	0.12	0.08
Latvia	0.26	0.39 ('04)	0.39 ('04)	0.13	0.13
Lithuania	0.26	0.36 ('02)	0.31 ('04)	0.10	0.05
Bulgaria	0.23	0.38 ('95)	0.31 ('06)	0.15	0.08
Romania	0.24	0.36 ('06)	0.36 ('06)	0.12	0.12
Serbia	-	-	0.39 ('06)	-	-
TFYR Macedonia	-	-	0.39 ('06)	-	-
CIS					
Republic of Moldova	0.25	0.46 ('97)	0.39 ('06)	0.21	0.14
Russian Federation	0.24	0.50 ('96)	0.42 ('01)	0.26	0.18
Ukraine	0.23	0.47 ('95)	0.33 ('02)	0.24	0.10
Armenia	0.25	0.48 ('03)	0.40 ('06)	0.23	0.15
Georgia	0.28	0.50 ('98)	0.45 ('02)	0.22	0.17
Kyrgyzstan	0.27	0.47 ('97)	0.40 ('06)	0.20	0.13

Source: TransMONEE database 2008 and Milanovic (1998). Data based on national household surveys.
Note: The 1989 Gini coefficients for Slovakia, Estonia, Latvia, Bulgaria, Republic of Moldova, the Russian Federation, Armenia, Georgia and Kyrgyzstan are calculated on the basis of gross income data. The 1989 Ginis for Slovakia and the Russian Federation refer to 1988. During the pre-transition period personal income taxes were small, therefore the differences in Ginis calculated on gross income data and on disposable income data can be assumed to be small.

examines how the character of growth and the redistributive policies have been reflected in evidence on levels of income inequality. While the global economic crisis will have an impact on inequality, it is too early to identify its exact effects and to understand if it will lead to long-term structural changes in the factors driving inequality.

Income inequality was bound to grow with transition, since differences in incomes had been kept deliberately low by central planning instruments, including guaranteed employment and centrally-set wage norms. Improved material incentives were the market signals needed to achieve efficiency and productivity gains. But with the onset of the transition there were soon signs of some 'overshooting' especially in the CIS countries, with levels of income inequality surpassing those normally found in western market economies, and persisting at high levels.

In recent years inequality has either increased at a much slower rate, or – in some cases – even declined. For example, in those CIS countries, where levels shot up in the mid-to-late 1990s, there have been signs of reductions; while in the Central European countries, where levels increased less dramatically in the 1990s, rates of increase have continued to be slow but steady. However, in most of the region, levels of inequality have remained high in the period of economic recovery, suggesting that growth has not always been inclusive in nature.

While there have been shifts in the influence of the various drivers of inequality in the course of transition, some factors have to a certain degree been 'institutionalized' as a result of the patterns of reform chosen at the earlier stages of transition, especially those related to the distribution of previously state-owned assets. This suggests that – without policy interventions aimed at further or deeper structural reforms and redistribution – these factors will continue to constrain the ability of economic growth to reduce poverty. The experience of other countries has shown that where high levels of inequality persist, richer groups may secure economic advantages, or even use their influence to lobby for allocation of public funds to their advantage. The policy challenge for many countries in the region remains that of providing incentives to work, learn and invest, while avoiding economically inefficient and socially divisive levels of inequality.[35]

The transition years and trends in income inequality

In the final years of central planning, income inequality in Eastern Europe and the USSR was low but rising. Milanovic (1998) estimated that the unweighted average Gini coefficient for the countries of the region in 1987–1988 was 0.24.[36] However, even before transition the regional average masked considerable differences among countries and subregions: Central European countries had on the whole lower levels of inequality (an average Gini index for income of 0.20), while the Central Asian and Caucasus countries had the highest (Azerbaijan had the highest Gini of the region at 0.31 in 1989). The early 1990s saw a rapid rise in income inequality, and by 1993–1995, the regional average had risen to 0.33, similar to levels found in most OECD countries.[37]

The sharp increase in the regional average in the early 1990s was followed by growing differentiation in levels and trends: in Central Europe, inequality increased slowly and steadily,[38] a trend which continued at the beginning of the current decade; whereas in most of the CIS countries the Gini coefficients rose very rapidly in the period of economic recession, peaked in the second half of the 1990s, and in the following period showed a decreasing trend, although levels still remained high.

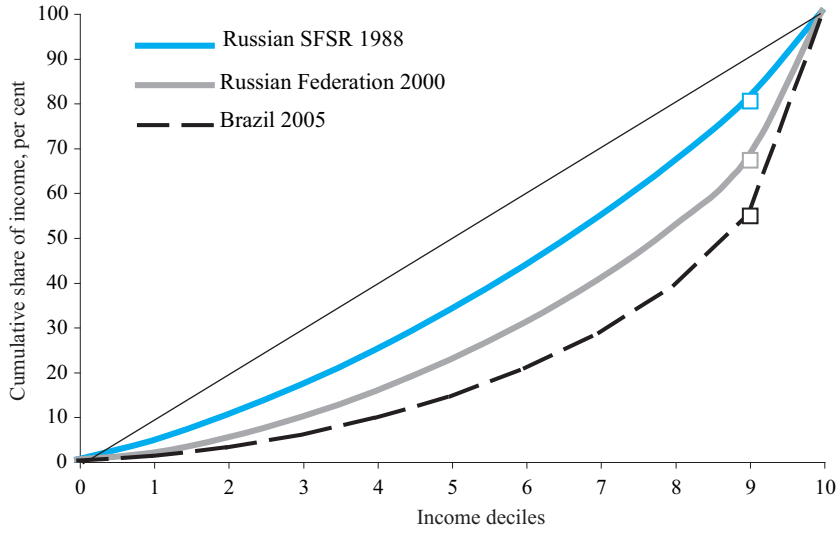
Table 2.7 provides further evidence of the different patterns in these two subregions, by illustrating the changes in income distribution for four countries, using

Table 2.7 Distribution of disposable income by income groups, selected CEE/CIS countries, 1989–2006

	Czech Republic				Bulgaria				Russian Federation				Uzbekistan			
	Gini	Bottom 40%	Middle 40%	Top 20%	Gini	Bottom 40%	Middle 40%	Top 20%	Gini	Bottom 40%	Middle 40%	Top 20%	Gini	Bottom 40%	Middle 40%	Top 20%
1989	19.8	27.5	41.4	31.1	23.3	–	–	–	23.8	24.5	41.9	33.6	28.2	22.5	40.4	37.2
1992	21.5	27.0	41.1	31.9	33.1	21.6	38.5	39.9	44.0	14.9	35.8	49.3	33.3	19.4	39.9	40.7
1995	21.6	26.2	41.3	32.5	38.4	18.8	36.5	44.7	43.3	14.5	37.4	48.1	–	–	–	–
2001	23.7	25.2	41.5	33.3	33.3	20.7	40.0	39.3	42.6	15.3	36.7	48.0	47.2	12.0	35.8	52.2
2004	23.5	25.3	41.3	33.4	35.8	19.8	38.7	41.5	–	–	–	–	–	–	–	–
2006	24.2	24.7	40.9	34.4	31.0	21.7	39.4	38.9	–	–	–	–	–	–	–	–

Source: Authors' calculations and adaptation based on data from the TransMONEE database for the Czech Republic and Bulgaria; data for the Russian Federation from the Luxemburg Income Study database (for 1992, 1995 and 2001) and from Milanovic (1998) for 1989; data for Uzbekistan from UNU-WIDER World Income Inequality Database, version 2c.
Note: For Uzbekistan data for 1989 and 1992 are calculated on the basis of gross income; Uzbekistan data for 1992 refer to 1993; data for the Russian Federation for 1989 refer to 1988 and are calculated on the basis of gross income, while those for 2000 refer to 2001.

Figure 2.6 Income distribution: Lorenz curves for Russia (1988, 2000) and Brazil (2005)



Source: Authors' calculations based on data from UNU-WIDER World Income Inequality Database, version 2c.

Figure 2.6 illustrates the changes in the distribution of incomes in the Russian Federation between 1988 and 2000, and provides a comparison with the much higher level of inequality observed in Brazil in 2005. The Lorenz curves for the Russian Federation shifted to the right during this period, with the richest tenth of the population increasing its share of total national income from around 20 per cent to over 30 per cent. In Brazil the richest 10 per cent of the population owned around 45 per cent of the national income in 2005. In both cases, there is a sharp increase in the Lorenz curve at the 90th percentile. In countries like Brazil, where, despite recent improvements in distribution, high levels of inequality are firmly rooted, there is also a strong and influential lobby which can effectively block redistribution policies.[39] Similar effects are now being observed in countries experiencing rapid increases in assets and income inequality, such as the Russian Federation, where the transition process has led to a social and economic re-ranking and strengthened the ability of the new elites to resist taxation and influence public expenditure decisions.[40]

data on the share of total income held by different income groups. In the Czech Republic the share of income held by individuals in the bottom 40 per cent of the distribution declined slowly and steadily between 1989 and 2006, decreasing from 27.5 per cent to 24.7 per cent; the income share of individuals in the middle of the distribution changed only slightly, while the share accruing to the richest 20 per cent of the population grew to more than one third of total income. In Bulgaria, inequality grew rapidly in the early 1990s and declined from the mid-1990s onwards – the income share held by the bottom 40 per cent of the distribution reached its lowest level of 18.8 per cent in 1995, while in 2006 it was 21.7 per cent. Overall the shifts in the share of total income of the bottom and top income groups were limited in size, pointing to relatively compressed levels of inequality in CEE.

The picture for the CIS countries is very different. The data available for both the Russian Federation and Uzbekistan show that in the period 2000–2001 the incomes of the richest quintile of the two populations represented around half of the total, while the share held by the intermediate group is close to 36 per cent. In Uzbekistan, the change in distribution which has occurred since the early transition period is particularly striking: the increase in inequality has been driven by a huge shift in the distribution towards the richest 20 per cent of the population. In the Russian Federation the recession in the early transition had a negative impact on the incomes of the first four quintiles of the distribution (which experienced dramatic losses both in absolute terms and as shares of total national income) while the richest 20 per cent of the population saw a significant increase in its share of total national income.

Inequality trends: the influence of changes in national income composition

This section examines evidence of the different factors driving inequality in the region by looking at the functional distribution of income. It examines the share of the different components of total national income accruing to different factors of production (or different sources of income); i.e. the proportion of national income accounted for by wages (the wage or labour share); the proportion accounted for by profit on capital (the capital share); and the proportion of income redistributed through taxation and transfers. Trends in income inequality are influenced by changes in the relative size of each of these components in national income, but also by changes in the equality of distribution, or concentration, within each of the components.

Changes in the functional distribution of income were expected as a result of the transition to market economy. In fact, the early transition period saw a rapid decline in the wage share in several CIS countries, and a parallel increase in the relative weight of non-wage income. In most CEE countries the size of the wage

share underwent much smaller changes, and the size of the capital component grew less. Overall, structural changes in the economies of the region led to an increase in the importance (as a proportion of national income) of incomes from assets, which accrued to a small share of the population, a trend which clearly contributed to the increase in total income inequality.[41] Data for the period 2000–2005 point to some recovery in the wage share, but it is still far from the pre-transition levels.[42]

Inequality in wages represented the main factor driving inequality before 1998 in most of the Central European countries, where the income share represented by labour earnings underwent only minor changes. On the contrary, in the CIS countries the capital share grew substantially, and increasing inequalities in labour earnings were compounded by the increasing concentration of income from capital. In some Central European countries, taxation and public transfers played an equalizing role, and could to a certain extent compensate for the effect of rising wage inequalities: something which happened to a far lesser extent in the CIS and in South-Eastern Europe.

Inequality in wage incomes

During the 1990s, total inequality has tended to increase to a much greater extent in countries where the wage share in national income decreased most. In the Central and Eastern European subregion[43] the decrease in the wage share was quite modest (on average 10 per cent, apart from Poland, where the reduction was higher), while in CIS countries it decreased by about 30 per cent.[44] At the same time, wage earnings inequality grew only slightly in Central Europe but more substantially in CIS, partly due to the greater incidence of wage arrears.[45]

The highest increase in earnings inequality was experienced by the former Soviet Union countries and Romania. The latter had the lowest level of inequality in 1989, but – together with the Russian Federation – recorded the largest increase in wage inequality for the region (a growth of 0.25 Gini points). Overall, a clear regional divide has emerged, with most CIS countries having Ginis for earnings of between 0.40 and 0.50, and the countries which are now part of the European Union having Ginis ranging between 0.30 and 0.40.

The different pace and extent of reforms in labour-market institutions partly explain the dynamics in wage earnings inequality in Central Europe and the CIS. One effect of reforms was that centralized wage-setting was retained only in the government sector, and led to a drastic reduction in the real value of minimum wages, especially in CIS countries: in the Russian Federation the minimum wage dropped from about 25 per cent of the average wage in 1991 to 8 per cent in 1994; in Hungary from 65 per cent in 1989 to 35 per cent by mid-1994.[46] Overall, in Central Europe countries the minimum wage was on average 40 per cent of the average wage in 2000.[47] The emergence of labour-market imbalances, in particular those manifested in rising underemployment and drops in real wages in CIS countries, also had a considerable impact on wage inequality.

Increasing returns to education have also contributed to changes in the levels of wage inequality. This has taken place since the beginning of transition in Central Europe and the Baltic States,[48] but returns to education only began to increase in the CIS countries[49] after 1998, due to growing demand for skilled workers (both blue- and white-collar) and a recovery in wage levels for those working in the public sector. In resource-rich countries the adoption of capital intensive technologies led to increased demand for skilled employees, determining a growth in wage differentials between skilled and unskilled workers.

Table 2.8 Trends in gross earnings inequality, 1989–2006

	Gini 1989 coefficient	Max Gini (year)	Latest Gini (year)	Difference (max-1989)
CEE and the Baltic States				
Czech Republic	0.20	0.28 ('95)	0.27 ('05)	0.08
Hungary	0.27	0.39 ('01)	0.39 ('01)	0.12
Poland	0.21	0.35 ('04)	0.34 ('06)	0.14
Slovenia	0.22	0.36 ('95)	0.31 ('06)	0.14
Estonia	0.25	0.40 ('99)	0.39 ('01)	0.15
Latvia	0.24	0.35 ('96)	0.32 ('04)	0.11
Bulgaria	0.21	0.34 ('02)	0.34 ('02)	0.12
Romania	0.16	0.41 ('00)	0.40 ('06)	0.25
CIS				
Republic of Moldova	0.25	0.44 ('99)	0.33 ('06)	0.19
Russian Federation	0.27	0.52 ('01)	0.45 ('06)	0.25
Ukraine	0.24	0.46 ('00)	0.41 ('06)	0.22
Armenia	0.26	0.49 ('00)	0.49 ('00)	0.23
Azerbaijan	0.28	0.51 ('02)	0.51 ('02)	0.23
Georgia	0.30	0.50 ('97)	0.50 ('97)	0.20
Kazakhstan	0.27	0.42 ('05)	0.41 ('06)	0.15
Kyrgyzstan	0.26	0.51 ('01)	0.46 ('06)	0.25

Source: TransMONEE database 2008.
Note: For Poland the 1989 figure refers to net earnings.

Inequality in capital income[50]

Capital is the least equally distributed component of income in transition countries, partly because access to production assets depends to a large extent on the way in which these were distributed at the beginning of transition and partly due to the nature of assets reform implemented during transition. The share of national income derived from self-employment and entrepreneurial activities increased during the 1990s. The rise was more modest in Central Europe, where it was characterized by the emergence of small, private entrepreneurs in industry and services, but was more substantial in most of the CIS and some parts of South-Eastern Europe, where the growth in agricultural activities, including subsistence agriculture, also contributed to its increase.[51]

The privatization policies carried out during transition varied significantly across countries and account for a large part of the variation in levels of capital income inequality. Some of the privatization programmes launched in the 1990s were 'insider-driven', especially in the CIS and some SEE countries, in that only a limited number of assets were transferred into private hands, and the largest gain accrued to those who were politically well-connected or to insider managers. In the Central European countries and the Baltic States, on the other hand, a greater share of assets was privatized, and there was more reliance on market mechanisms in the privatization process, with enterprise shares being sold at market value and often to foreigners. Moreover, in the Czech Republic, which used a voucher system, the privatization process had an equalizing effect in the end, in part because the revenue was used by the government to finance social policy interventions.[52]

In the same way, land reforms carried out at the beginning of transition had a significant impact both on rural poverty and disparities. Most CEE countries relied on the dismantling of rural state cooperatives and restitution procedures based on pre-socialist property rights. Small CIS countries (such as Armenia, Georgia, the Republic of Moldova and Azerbaijan) distributed land above and beyond the household plot to active farm workers and farm pensioners, while large CIS countries (such as the Russian Federation, Ukraine and Kazakhstan) kept collective farms formally intact but farm workers and pensioners were gradually allocated land shares.[53] Often the restitution approach resulted in land fragmentation and, combined with poor rural infrastructure and underdeveloped credit systems, contributed to increased rural disadvantage. The approach taken in small CIS countries led to more equally distributed outcomes, but did not contribute to poverty reduction because of the very small size of land plots. The 'shareholder' approach carried out in large CIS countries probably produced the least equitable distribution of land capital: given the very low land productivity, most corporate farms had no dividends to redistribute to their shareholders and the system of shares encouraged rent-seeking.

The effect of redistribution policies on inequality

Taxes and public transfers are both policy areas which can be used by policy-makers to redistribute income and reduce inequality.

The redistributive impact which can be achieved through taxation depends to a large extent on the design of fiscal policies, including the method of taxation chosen, and it is clearly influenced by the size of taxable income in the given country. Where indirect taxation and informal employment prevails, fiscal (both taxation and public spending) policies are less likely to have an inequality reduction effect.[54]

At the beginning of transition, the Czech Republic and Hungary were very effective in reducing income inequality through fiscal policies: the joint taxation-transfer effect led to a reduction of the Gini coefficient on disposable income by more than 0.20 points compared with market income[55] (in Hungary from a Gini based on market income equal to 0.56, to a Gini based on disposable income equal to 0.31 in 1991). The Russian Federation, on the other hand, was less successful in putting in place effective redistributive fiscal policies and the difference between Ginis for incomes pre- and post-taxes and transfers was only 0.15 Gini points (from 0.62 to 0.47 in 1992). It has been argued that during the 1990s fiscal policies in Central European countries had a much higher effective role in reducing income inequality than in the Russian Federation, and this is consistent with the different type of fiscal reforms carried out in the two subregions.[56]

Public transfers account for about 25–30 per cent of average household incomes in CEE, but a significantly lower share in the CIS (16 per cent in Ukraine, but less than 10 per cent in the Republic of Moldova and 3 per cent in Georgia).[57] In Central Europe and the Baltic States in the 1990s, social transfers (excluding pensions) were the only source of income which managed to dampen the increase in income inequality in the early transition period.[58] In the Czech Republic, Slovakia and Latvia social transfers played a positive role in bringing down levels of income inequality,[59] while in Poland the story is less clear.[60]

For the CIS countries, Commander and Lee (1998) found that in the Russian Federation transfers had a positive redistributive role at the very beginning of transition but, between 1992 and 1996, they had the reverse effect and contributed to increases in inequality: family allowances started to decline as a share of household incomes, while pensions increased both in share and in concentration.[61]

Overall, data on the redistributive role of taxes and transfers are scarce, and some countries are now in the process of changing their fiscal policies, making it difficult to make firm conclusions regarding their impact on inequality. However, it seems clear that such policies were more effective in reducing income inequality at the beginning of transition than in later years, at least in the Central Europe countries. The large increase in informal economies, paralleled by the increased use of indirect taxation in the CIS, have meant that taxation policies have had only a weak and sometimes even regressive effect. Public transfers have had a mixed but modest impact on redistribution, and have been more effective in Central Europe due to the fact that they represent a much larger share of household income compared to the CIS. The Czech Republic, Slovakia, Hungary and Latvia are examples of where social benefits have made a positive contribution to reducing income inequality.

Apart from the elements of the functional distribution discussed above, inequality between and within geographical areas in the individual countries has also contributed to total inequality. This is a subject which requires further research,[62] but it is clear, and indirectly backed up by the different trends and levels of GRP cited in the previous section, that spatial inequalities have been, and remain, a strong factor driving overall inequality in many countries.

2.3 Demographic trends: the implications for social policies and children

Apart from the dramatic economic and social changes which have marked the transition period, the CEE/CIS countries have also been experiencing striking demographic changes, which have important implications for economic development and social policies. But, as with other aspects of the transition context discussed in this chapter, the demographic transformations have not followed a uniform pattern in the region: in fact there have been very different forces at work, presenting different policy challenges for different countries.

In terms of demographic characteristics and trends, the region can be roughly divided into two extremes and some intermediate cases. At the one extreme there are the countries of Eastern Europe and the Western CIS, which have negative rates of natural population growth and face the challenges associated with rapidly aging populations. On the other, there are the countries of Central Asia, where children represent a large share of the population (around 40 per cent in most of the countries), fertility rates are still above replacement levels, and large cohorts of young people will enter the working-age groups for some years to come, putting considerable supply pressure on the labour market.

The policy challenges – and opportunities – arising from these demographic trends are diverse. For example, growing working-age populations and decreasing dependency ratios in the low-income countries represent an opportunity for these countries to benefit from economic dividends generated by the more favourable age structure. However, this will only be possible if economic development allows the widespread underemployment of labour resources to be reversed. Unless these factors change, it seems likely that an ever-increasing number of young people will follow the current trend of emigration, representing in some cases a loss of human capital,[63] and in others exposing young unskilled workers to the instability of temporary and unprotected work. At the same time, the high shares of children in the total population represent a challenge for these countries due to the continuing large demands being made on the budget and public expenditure, in order to provide decent health care and education to large cohorts of children.

On the other hand, Western CIS and Central European countries face the challenge of balancing their public budgets as they have to cope with the growing expenditure needs of elderly dependent populations for health services and pensions, as well as the prospect of declining working-age cohorts to contribute to income generation and tax revenue. Here there is a need to ensure that the importance of investing in children is understood and given due priority and that resources earmarked for children are not threatened, especially in public health and education expenditure. This is critically important in the current phase of economic crisis, when additional demands are being made on shrinking public resources to support the economy in the short term.

Growing heterogeneity in population structures and trends: an overview

The region as a whole experienced a considerable decline in population from an estimated 413.5 million people in 1995, to 405 million in 2007. The decrease in the child population was even more striking: from 118 million in 1995 to 91 million in 2007, i.e. a reduction of more than 25 million children, with an average decline of between 2 and 2.5 million a year. These two overall trends are the result of a range of different demographic forces at work in the region, but have been mostly influenced by the dynamics in the most populous countries and subregions.

At the one extreme there is the Russian Federation, which has experienced a population decline since the beginning of the 1990s, and a particularly sharp decrease in the child population due to a dramatic fall in the total number of births.[64] In this country, children currently represent less than 20 per cent of the total population. At the other extreme, there is Uzbekistan, which experienced steady population growth (averaging 1.5 per cent annually) and where the child population represents about 40 per cent of the total.[65]

All the Western CIS countries, as well as the Baltic States, Bulgaria, the Czech Republic, Georgia, Hungary, Kazakhstan and Romania, experienced consistent negative population growth throughout the transition years. In most of them this decline was mainly due to negative 'natural' demographic growth (the number of deaths exceeded the number of births), driven by the sudden decrease in the number of births at the beginning of the 1990s. In the countries of Central Asia and the Caucasus, Albania and the former Yugoslav Republic of Macedonia, 'natural' population growth has been positive throughout the period, with the highest rates being recorded by Tajikistan, Turkmenistan and Uzbekistan. Most of these countries have also experienced important migration outflows.

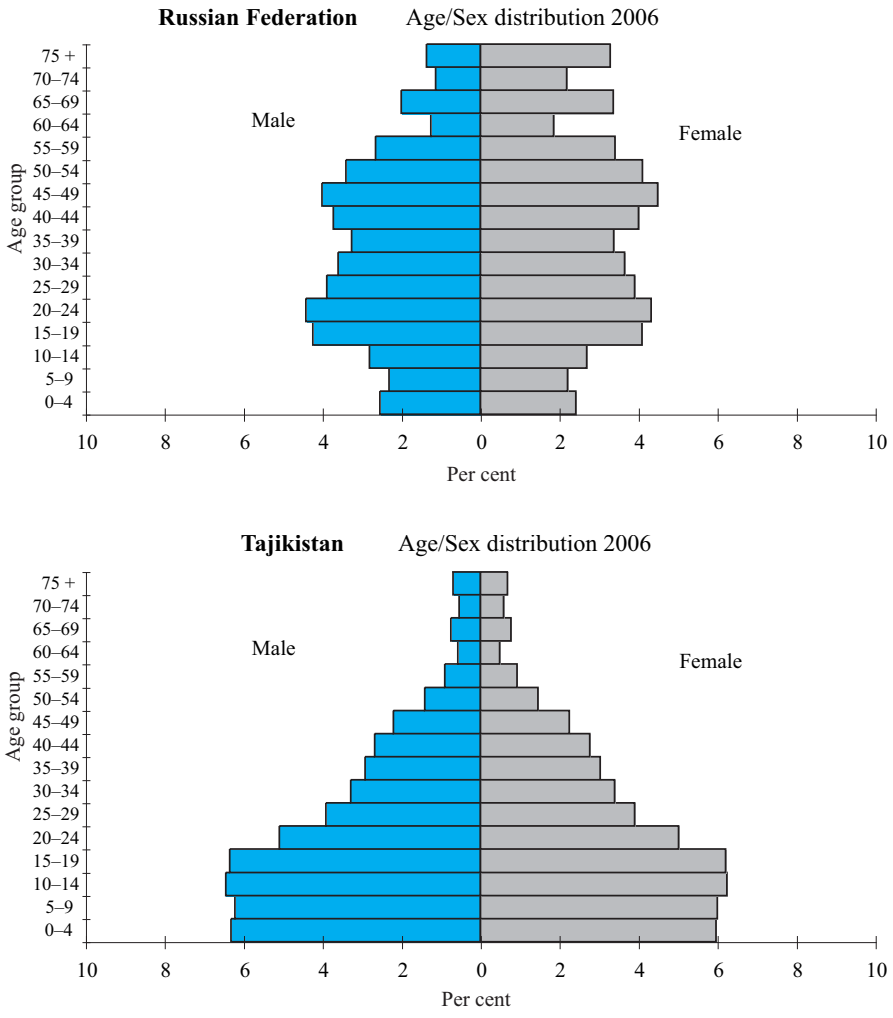
The examples outlined above reflect different dimensions of highly heterogeneous demographic trends, which cannot be easily characterized and grouped. The different dynamics in the CEE/CIS region reflect the interaction between structural demographic factors (mostly the distribution of the population by age) on the one hand, and socio-economic, cultural factors (e.g. the differences between rural and urban societies, participation of women in formal employment, age of family formation and childbearing, etc.) on the other. The age distribution of a population is both the result of past and current patterns of fertility, mortality and migration, and also a driver of current and future patterns.

On the basis of their demographic characteristics, the countries of the region can be roughly divided into three groups. The first group includes the Central Asian countries and Azerbaijan. These countries have the highest share of children in the total population (between 30 per cent in Kazakhstan and 45 per cent in Tajikistan) and also the highest share of young adults.[66] While the share of children in the overall population decreased during the transition, the proportion of young adults has continuously increased and the percentage of elderly in the total population remained low (from 5 per cent in Tajikistan to 10 per cent in Kazakhstan).

These younger structures not only imply a higher concentration of the population in the reproductive age groups, but also a smaller share of individuals in the older age groups. Like all the countries in the region, this group has experienced significant declines in fertility rates, but they were the only ones to register total fertility rates above replacement levels in 2006 and have a clear prospect of maintaining positive natural population growth in years to come.

At the other end of the demographic spectrum, there are countries with more mature age structures, with children and the elderly each representing about one fifth of the population. This group includes the Czech Republic, Hungary, Poland, Slovakia and Slovenia, the three Baltic States and Bulgaria and Romania (i.e. all the former centrally-planned countries which joined the EU between 2004 and 2007), as well as Croatia, Serbia, Belarus, the Russian Federation and Ukraine. In 2007, the share of children in the population ranged from between 17 per cent in Bulgaria to 21 per cent in Lithuania, and the share of people aged

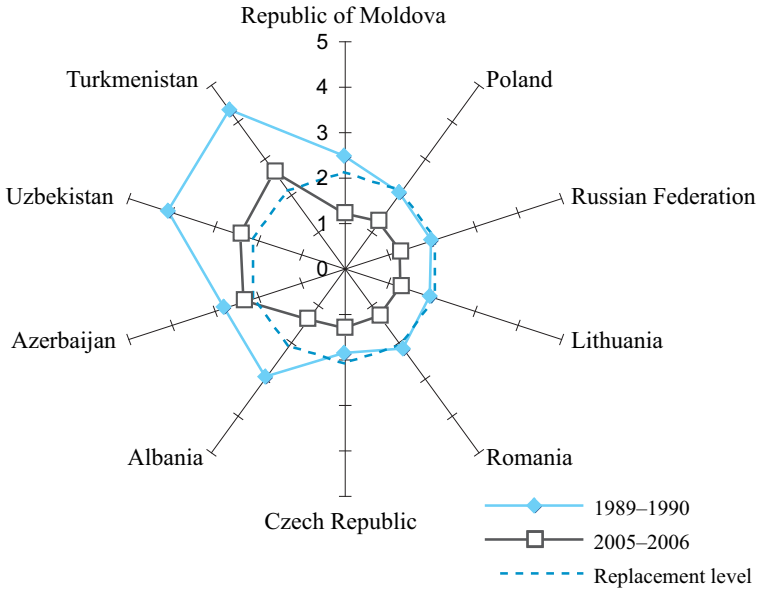
Figure 2.7 Age pyramids: the Russian Federation and Tajikistan, 2006



Source: TransMONEE data.

60 years and over, from 16 per cent in Slovakia to around 23.5 per cent in Latvia and Bulgaria. In this group almost all the countries report similar crude birth rates (9–10 per 1,000) and a total fertility rate of below 1.4 children per woman.[67] [68] The Russian Federation and Ukraine have particularly high crude death rates, due to high age-specific mortality rates for adult males.[69] With few exceptions, the countries of this group experienced negative natural population growth in the period 2000–2005.

Figure 2.8 Total fertility rates in selected CEE/CIS countries in 1989–1990 and 2005–2006 (number of births per woman aged 15–49)



Source: TransMONEE database 2008.

The third group consists of Albania, the former Yugoslav Republic of Macedonia and Montenegro, the Republic of Moldova, Armenia and Georgia. This group lies somewhere between the previous two, but in some respects it is closer to the countries with more mature population structures: children represent 24–31 per cent of the total population, and the total fertility rates are clearly below the replacement levels. On the other hand they are like the countries of Central Asia in that they registered a positive natural population growth throughout the transition, although the growth rate decreased over time. The exception is the Republic of Moldova, where the crude birth rate is lower and the crude death rate is higher than the average for the group, and where the natural growth rate has been negative since the early part of this decade.

Migration

In addition to changes in birth and death rates, migration has also been an important factor of demographic change in the region, but it is one which is extremely difficult to assess. In some countries and areas within countries, migration assumed a mass character at the beginning of the transition, and again since the mid- and late-1990s, with implications for both the size and the age structure of the populations (with effects which are often more visible at the local-community levels than at the overall country level).

It has been estimated that by 2005 the region accounted for over one third of total world international migration (excluding flows between industrialized countries). Migration patterns have evolved over time and differ throughout the region. At first many of the flows were ethnic in character, with nationals returning to their place of ethnic origin after the break up of the Soviet Union and Yugoslavia. However, since the mid-1990s, most of the migration has been more clearly economic in nature, albeit with differences between permanent, temporary and seasonal migration flows. At present migration in the region shows an almost biaxial pattern, with most of the flows from Central Eastern and South-Eastern European countries directed to Western Europe, and most of the emigration in CIS directed to other CIS countries, in particular to the Russian Federation, which is now the second largest migration destination in the world after the United States.[70]

A more recent development in migration patterns of the region is that an increasing number of countries are becoming migration destination countries: official statistics from 22 CEE/CIS countries show that in the period 2000–2006, eight countries (Belarus, Croatia, the Czech Republic, Hungary, Slovakia, Slovenia, the former Yugoslav Republic of Macedonia and the Russian Federation) reported positive net migration flows.[71] Since 2004–2005 Kazakhstan and Ukraine have also reported positive migration balances,[72] with the former becoming a common migration destination for other Central Asian countries. Some Central European countries are experiencing significant inflows of international migrants, from both CIS and Asian countries, and are sometimes used as a launch pad for entering Western Europe.[73]

The fact that a large part of migration from and within the region is informal and undocumented, as well as the temporary and seasonal character of part of the flows, makes it difficult to evaluate the demographic impact of migration. However, the available evidence – from censuses and other sources – shows that in some of the

smaller countries the effect of migration on the size of the population is considerable. The results of the 2002 population census in Georgia suggest that the country has experienced a negative net migration of 1.1 million since 1990, representing almost one fifth of the original population.[74] Similarly in Armenia, the 2001 census recorded around 20 per cent less people than the numbers included in the civil registration system. In the Republic of Moldova, around 700,000 people were estimated to be living abroad in 2005, representing 17 per cent of the total population, and for Albania, the figure is about 860,000 (equal to 28 per cent of the resident population).[75]

The Russian Federation is the country with the most positive migration balance. From official data it is estimated that net migration accounted for a population increase of 3 per cent in the period 1989–2005: a large share, but not large enough to compensate for the natural decrease of 7 per cent for the same period.[76]

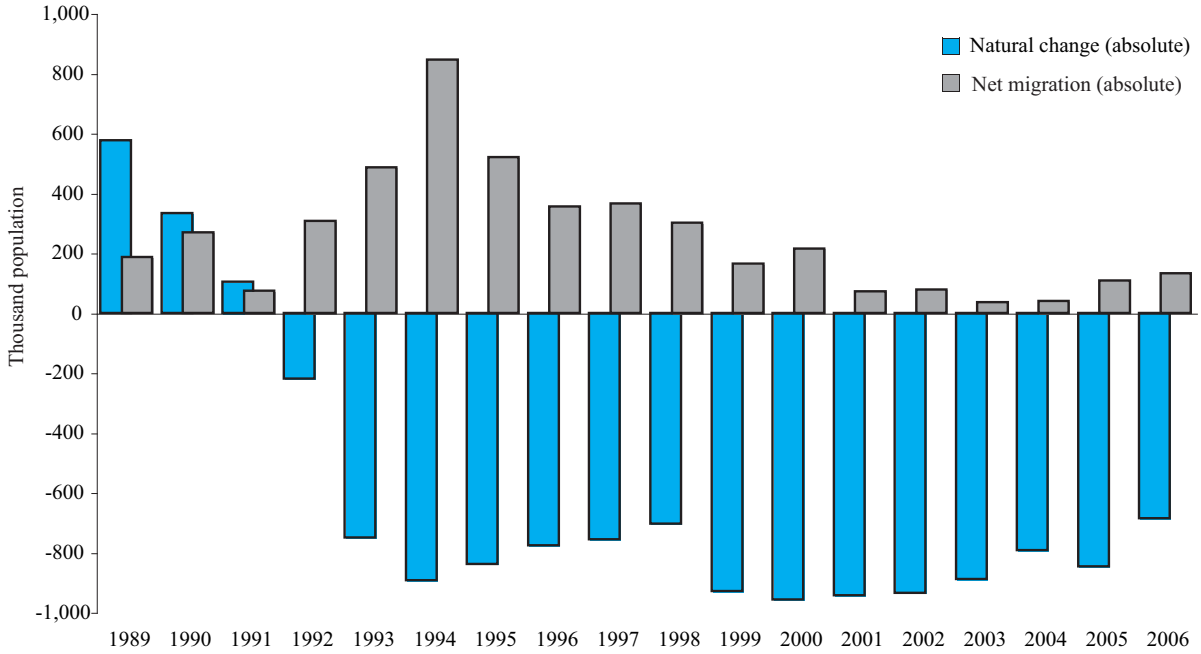
Finally, some countries have also experienced large internal migration flows, leading to a geographical redistribution of the domestic population. This occurred in the Russian Federation, where the internal population flows have mainly taken a North-South and East-West direction and are largely driven by increased economic prospects and climatic preferences;[77] this also occured in several smaller countries of the region, especially when differences in GRP are such that the capital cities and a reduced number of key urban conglomerates outstrip those of other regions, making the former a destination for hopeful jobseekers looking for more or better paid employment opportunities.[78]

Dependency ratios

The age structure of a country, in particular the balance between the size of the working-age population and those of the youngest and oldest age groups (dependents), has a key influence on socio-economic development and economic growth,[79] as well as on social policies and the demand for social services. In other words, the working-age population consists of those who are potentially economically productive. Young age dependents (usually defined as those aged 0–14 years), and old age dependents (those aged 60 years and over), represent the share of the population which makes important demands on public expenditure, since they rely most on public services and spending (health, education and pensions). When the working-age population grows relative to the dependent population, there tend to be more opportunities for economic growth, due to what is often termed the 'demographic dividend'.[80] On the other hand, if the population structure is aging, the share of older dependents grows in relation to the working-age population, and the economy has to meet the growing needs of individuals who are on the whole net consumers.

The absolute and relative sizes of the child population and of the elderly population have a major impact on the demand for state-provided social services, in particular health and education and, consequently, on the demands for public funds to be allocated for them. This section looks at trends in the overall dependency ratios in the region (the ratio of the total working-age population – aged 15–59 years – to the sum of the population aged 0–14 years and that of 60 and older), and also

Figure 2.9 Population dynamics in the Russian Federation: 1989–2006



Source: TransMONEE database 2008.

separately at the young-age and the old-age dependency ratios. Figures 2.10–2.12 illustrate the trends for three countries representing some of the extreme situations that can be found in the region: the Czech Republic, the Russian Federation and Tajikistan.

In the last two decades the CEE/CIS have thus undergone major demographic changes, and all have experienced declines in fertility rates, with several countries of the region now ranking among those with the lowest fertility levels in the world. These declines, common to all countries, drove the rapid reduction in the number of dependents relative to the working-age population, but with different speeds and patterns.

Tajikistan started the transition with very high dependency ratios. The overall ratio peaked in Tajikistan at around 100 per cent in 1993, when the total number of dependents (children aged 0–14 years and the elderly aged 60 and over) equalled the number of people in the working-age group, i.e. there was one dependent for each member of the working-age population. The size of the population aged 0–14 years was about seven times that of the elderly. Subsequently the overall dependency ratio started to decline quite rapidly and in 2007 was around 70 per cent: the sharp reduction of the share of children in the total population has been reinforced by a less pronounced decrease in the old-age dependency ratio. The relative size of the working-age population increased, due to the inflow of young people. Tajikistan has clearly entered a phase of rapidly declining dependency ratios which will continue in the

Figure 2.10 Trends in overall dependency ratios in Czech Republic, Russian Federation and Tajikistan (total number of persons aged 0–14 and 60 and over per 100 persons aged 15–59)

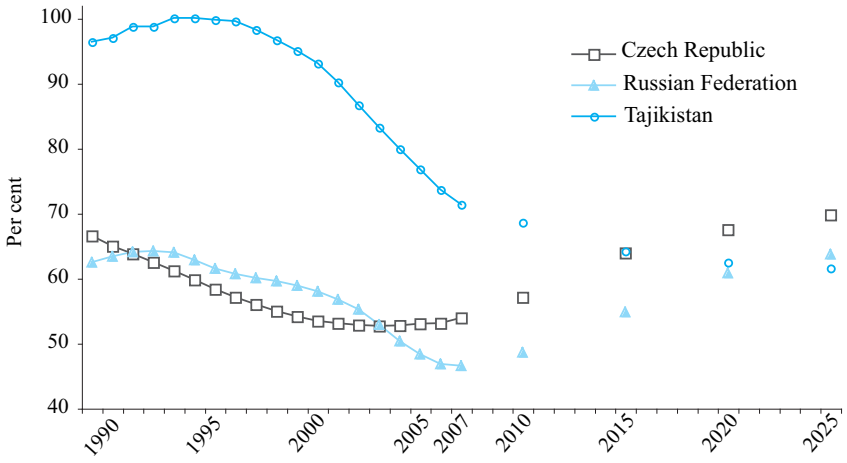


Figure 2.11 Trends in child dependency ratios in Czech Republic, Russian Federation and Tajikistan (total number of children aged 0–14 per 100 persons aged 15–59)

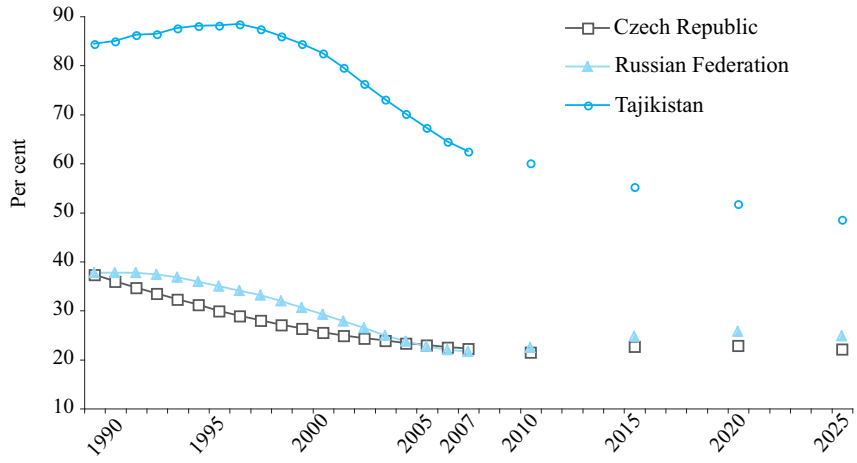
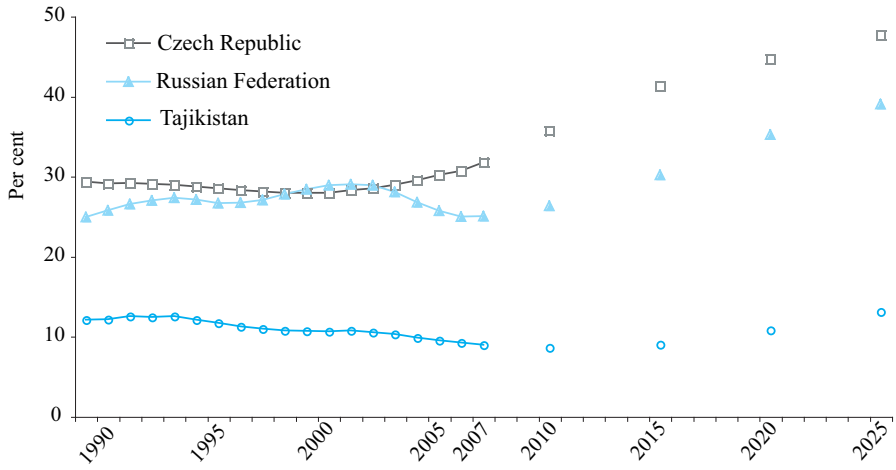


Figure 2.12 Trends in elderly dependency ratios in Czech Republic, Russian Federation and Tajikistan (total population aged 60 and over per 100 persons aged 15–59)



Source: TransMONEE 2008 database (for the period 1990–2007) and UN Population Division (for the projections for 2010–2025, World Population Prospects, 2006 revision, medium variant).

immediate future, but probably at a slower pace, as a result of the declining fertility trends experienced during the transition.[81]

The other two countries also experienced an overall decline in the total dependency ratio between the early 1990s and around 2005. Here too the trend was driven by the decline in birth rates and, consequently, in the number of children. The proportion of those aged 60 and over stagnated in the Czech Republic during the 1990s, but increased significantly from 2000 onwards, while there was an irregular trend in the Russian Federation reflecting the effects on the demographic structure of the dramatic events of the 1930s and 1940s. Starting from around 2005, both countries showed signs of increasing overall dependency ratios, this time driven by the growth in elderly dependency ratios. Demographic projections suggest that in both countries the overall ratio will soon start to increase even more rapidly, especially after 2010 when the old-age dependency ratios will also be compounded by the growth of child dependency ratios.

In the coming decades Tajikistan will see a continuation of the trend towards decreasing dependency rates, with only a moderate increase in the old-age dependency, while the countries with more mature age structures are expected to show some reversals of the radical decrease in birth rates which accompanied transition. The aging of the population is projected to accelerate after 2010. The projections for 2015 show very similar overall dependency ratios in the Czech Republic and Tajikistan, but with completely different compositions: children are expected to represent around 35 per cent of the dependent Czech population compared to around 85 per cent in Tajikistan. In the Czech Republic the projection for the elderly population, which now represents approximately 30 per cent of the working-age population, is projected to increase from 30 per cent in 2005 to about 50 per cent in 2025, and in the Russian Federation, from 25 per cent to around 40 per cent.

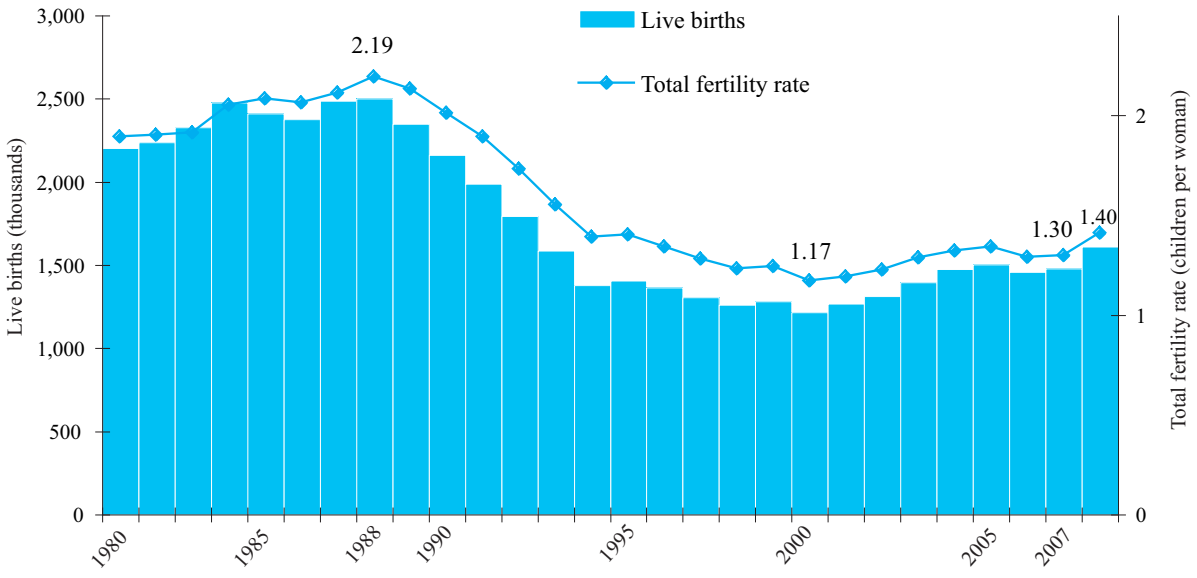
Concerns about demographic trends have already been placed at the top of the political agenda in some countries with very low fertility levels and long-term population decline. In the Russian Federation, for example, which registered a major drop in the number of births at the onset of the transition followed by a substantial stagnation (see figure 2.13), 'presidential initiatives' announced in 2006 led to the introduction in 2007 of a series of maternity and child support measures, which are explicitly aimed at improving birth rates and particularly at encouraging families to have more than one child.[82]

Recently more efforts have been made in several other countries in the region to understand better the full implications of the demographic changes, but appropriate policy responses to address the challenges, and to build on the opportunities which demographic changes provide, are still lagging behind.

2.4 Conclusions

This chapter has drawn attention to the diversity of the region in terms of the rates and character of economic growth; levels of, and factors contributing to inequality; and demographic trends. These three aspects of the 'context' in which children grow up have a considerable

Figure 2.13 Trends in the number of live births and in total fertility rate in the Russian Federation, 1980–2007



Source: TransMONEE database 2008 and Goskomstat of Russia (1997).

influence on the different opportunities and vulnerabilities of children in the region, as well as on the policy options open to governments to improve different aspects of child well-being.

Economic growth in CEE/CIS is an important prerequisite for investing in children. However, improving child well-being through enhancing household living standards will depend on the nature of growth, how sustainable it is, and how equitably the benefits are distributed. In order to have a long-term effect on living standards, growth has to be broad-based, leading to increased and improved employment opportunities in all geographical areas and across a variety of sectors. Growth which is concentrated in certain sectors, especially capital-intensive sectors, is likely to benefit only small sections of the population, to be less able to address labour market imbalances, and to consolidate rather than to reduce inequalities. The exact effects of the 2008–2009 global economic crisis are as yet unclear, but there is already a clear reduction in employment and household incomes.

The combined effect of the drivers of inequality – some of which were to a certain extent institutionalized due to the types of reform paths chosen in the 1990s – continues to have a direct impact on the distribution of the benefits of growth among households, but also an indirect one, through the amount of fiscal revenue available to governments, and the lobbying influence of groups which are against redistributive policies. Despite reductions from the very high rates of the 1990s in the CIS, levels of inequality remain high, and are still increasing in some Central European countries, albeit from lower starting levels. This affects the ability of growth to reduce poverty and also the extent to which growth can promote social cohesion and reduce the risk of marginalization for those sections of the population who are not benefiting from the period of recovery.

The current demographic trends constitute both a challenge and an opportunity for the region. On the one hand, the Central Asian countries could benefit from a demographic dividend, due to decreasing dependency ratios, and the large cohorts of young people entering the working-age group in the coming years, who can contribute to economic growth and to the country's public revenue and savings. However, in order to benefit from this dividend, there has to be more productive job-creation, supported by adequate human capital formation policies and effective and equitable provision of social services for a child population which continues to represent a large share of the total population.

On the other hand, the countries with a declining child population and a growing elderly population are facing the challenges connected with growing dependency burdens in the coming decades. These burdens will have important implications for the sustainability and distribution of public social spending, with the risk that children will rank low in public policy agendas. In particular these countries will face the challenge of balancing their public budgets alongside the growing expenditure needs of an elderly dependent population for health services and pensions, alongside the prospect of declining working-age cohorts to contribute to income generation and tax revenue. Here there is a need to ensure that the need to invest in children is understood and given due priority, and that resources earmarked for children are not threatened.

3 FORMULATING AND FUNDING STATE POLICIES FOR FAMILIES AND CHILDREN: THE UNFINISHED REFORM AGENDA

Transition has prompted a redefining of the role of the state not only in the economy, but also in the way in which the state spends and invests in key public services (health, education and housing), social insurance schemes to offset risks (employment-based insurance against sickness, unemployment, old age, health), and social assistance in the form of cash transfers and social services for vulnerable groups. The success with which governments redefine their role, and redesign the ways in which they finance and deliver their social programmes, has influenced the extent to which children are affected by the different dimensions of poverty and deprivation discussed in chapter 1.

The effects of economic decline on the living standards of large sections of the population in the region, as well as the rise in inequality in the early transition period, have been amply documented.[1] Lack of resources and slow institutional reform meant that governments were unable to put in place strong social policy interventions to cushion their populations from these trends, and there is evidence that children were among those who suffered most from the hardships of the economic recession. From the mid-to-late 1990s onwards, economic recovery and growth, together with greater socio-political stability, provided governments with more resources and opportunities to design and implement policies to improve the living standards of the population and to give greater priority to improving outcomes for children.

However, economic growth does not translate automatically into more resources being allocated to social services and support to families with children. This depends on decisions on levels and structure of public expenditure, on the ability of governments to raise tax revenue and on the successful implementation of institutional and structural reforms to improve the delivery, coverage and quality of social services and social protection interventions. Growth provided governments with the opportunity to intervene with a variety of policy measures to help improve the situation of children. However, the choice of policy measures and the tools and institutions for implementing them are still in a state of flux and many are dependent on the successful implementation of other aspects of fiscal and budget reforms.

The countries of the CEE/CIS region inherited a strong welfare orientation and in most cases have attempted to retain a large role for the state in the provision of social services. However, the capacity of states to collect revenue and to retain previous levels of public expenditure has changed. This in turn has affected the ability of states to guarantee access to, and quality of, basic services, even when governments have formally retained this responsibility. This chapter focuses on the changes in the role and capacity of the state to provide basic services in health and education and also looks at the success governments have had in protecting and restructuring social expenditure in order to improve social protection and support to families with children.

Before the onset of the transition – albeit with subtle differentiation between countries – the state guaranteed full employment and subsidies for basic products and services, which meant that children in households where at least one adult was employed were protected from extreme poverty. The state also guaranteed universal access to free basic services (education and health) and subsidized housing and utilities. However, while access to these basic services was universal, states could not always guarantee equal quality or equal access to all levels, delivery was not cost-efficient, the supply system meant that shortages of inputs were frequent, and providers had little incentive to meet special or individual needs. Moreover, by the 1980s, lack of public investment in maintenance and modernization had led to a chronic deterioration in health, education and housing infrastructure in many parts of the region.[2] The result was an increase in inequality in access and in quality of services, most apparent in the difference between urban and rural areas. In the period of central planning, families or individuals with no connection to the labour market – current or past – were vulnerable, and in some cases stigmatized. Women suffered from the double burden of child-rearing and work, but benefited from family allowances, maternity leave and rights, as well as – in most parts of the region – an extensive network of preschool services. The state assumed a prominent role in bringing up children, which on the positive side meant that services such as preschool and recreation activities were widely available, but on the other hand meant that the importance of parental upbringing was undervalued, leading to an over-reliance on institutional care for children of parents who felt, or who were judged to be, incapable of responsible parenting.

The reform challenges facing the countries of the region are peculiar, in that they do not have to set up new services or benefits, or fine-tune existing systems, but adapt former systems of funding and delivery. While reforms have been on the transition agenda since the early 1990s, they have tended to be piecemeal, at best sectoral, and lacking a 'holistic' approach. In general a strong welfare orientation has been maintained, but political will is required to undertake the institutional restructuring required to underpin comprehensive reform. This is often lacking, in part due to a remaining belief that previous systems can function sufficiently well even in a non central-planning environment, and in part due to contradictory messages and lack of long-term support from international donors (here the EU countries benefit from a longer-term horizon and support). Fiscal space is also required: in fact, after the initial contraction, the period of economic growth provided some room for the expansion of the fiscal space, although in many countries there were still problems with revenue collection due to the large informal sector in their economies.

Weak institutions can have a negative effect on the efficiency of spending, and are not always capable of ensuring that public spending is equitable. When discussing the right of each child to education, Micklewright (2000) points out that this has to be guaranteed on the basis of equal opportunity, which is more complex than simply ensuring that there are school buildings and teachers in all parts of a country. States not only need to guarantee or protect expenditure levels, but they must also work to ensure that spending is carried out in a way that does not produce discrimination, not only along the lines of gender, ethnicity and disability, but also in terms of family socio-economic status and place of residence.

The data presented in the following sections show that the differences in public spending levels on basic services and social transfers between the countries of the region have grown considerably. One part of the challenge for the CEE/CIS countries is to define in a clear and transparent manner exactly what can now be guaranteed by the state, and what ways social services can realistically be funded and provided. In the education sector, for example, most states have given priority to basic education, and allowed some more space for the private sector in non-compulsory levels. In the health sector, there have been reforms aimed at prioritizing free primary health care and defining the exact package of services which can be offered, while also experimenting with the introduction of health insurance schemes. Most countries show stickiness in reprioritizing social expenditure items, in particular in raising the spending priority given to child benefits and other forms of family support introduced to compensate for the removal of full employment and subsidies. This is partly due to a slow process of redefining the previous social welfare contract, partly due to ideological concerns about fostering a 'dependency mentality', partly due to lack of reform in budget planning processes, and partly due to the strong political lobbies of those categories which benefited most from the previous system.

As signatories of the Convention on the Rights of the Child, all countries in the region have expressed a commitment to guarantee full implementation of each child's right to health and health services, to education on the basis of equal opportunity, and to social protection. This chapter examines evidence of the commitment of governments, and the capacity (both institutional and financial) of the transition countries, to move towards the progressive realization of these rights.

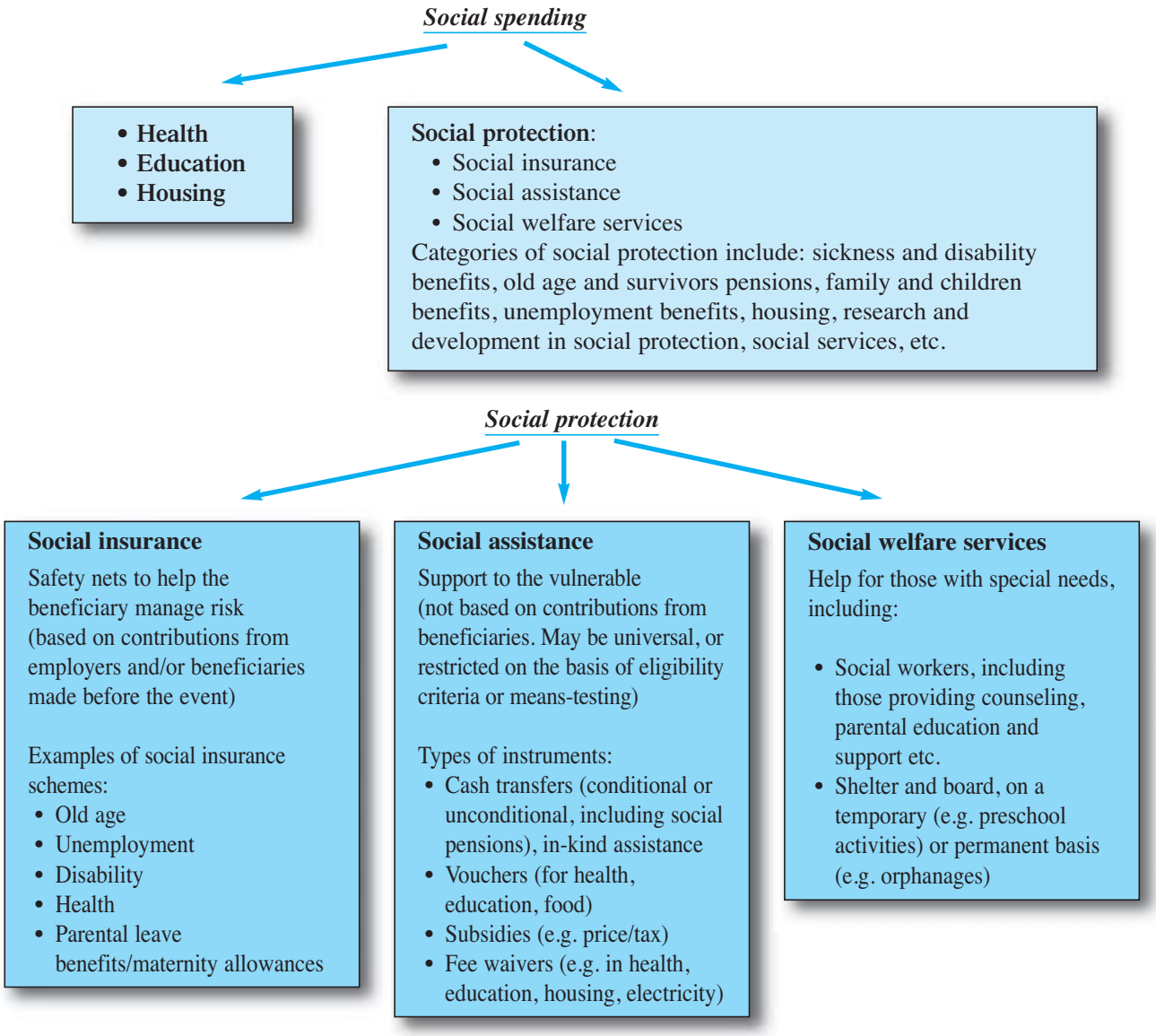
The economic crisis which began to unfold in 2008 has put government budgets under strain with the risk of reduced public revenues and growing pressure for increasing spending on interventions to protect currencies or economic and financial institutions. Depending on how government policies are managed in this period, they may indeed play an important role

in helping to protect jobs, wages and incomes in the short term, and thus soften the impact of the crisis on the living standard of the population. However, it is important that economic and social interventions do not detract from the need to continue with longer-term investments in the younger generation through public expenditure on education, health and material support to poor households, coupled with longer-term reforms to improve the effectiveness of social expenditure in improving child well-being.

As was stressed in chapter 1, different parts of the region now have different resources available to them and different policy priorities for improving child well-being, with the demographic structures and trends which play an important role in influencing the amount of resources available for each child. In fact, all countries should place their priorities within a coherent approach guided by children's rights, based on existing resources, and defining the roles of public and private actors.

Figure 3.1 sets out the main categories of social spending which are relevant for children. It includes spending on social services (health and education, together with some aspects of social infrastructure, including housing and utilities) which should be managed and mainly provided by the public sector; and social protection. This latter includes social insurance, provided through insurance schemes and mediated through the labour market, and social assistance (transfers and services) directed at the vulnerable, including families with children, the elderly and individuals with special needs, mainly provided and financed by the state, with a role for NGOs and community organizations in developing social services.

Figure 3.1 Main categories of government social spending

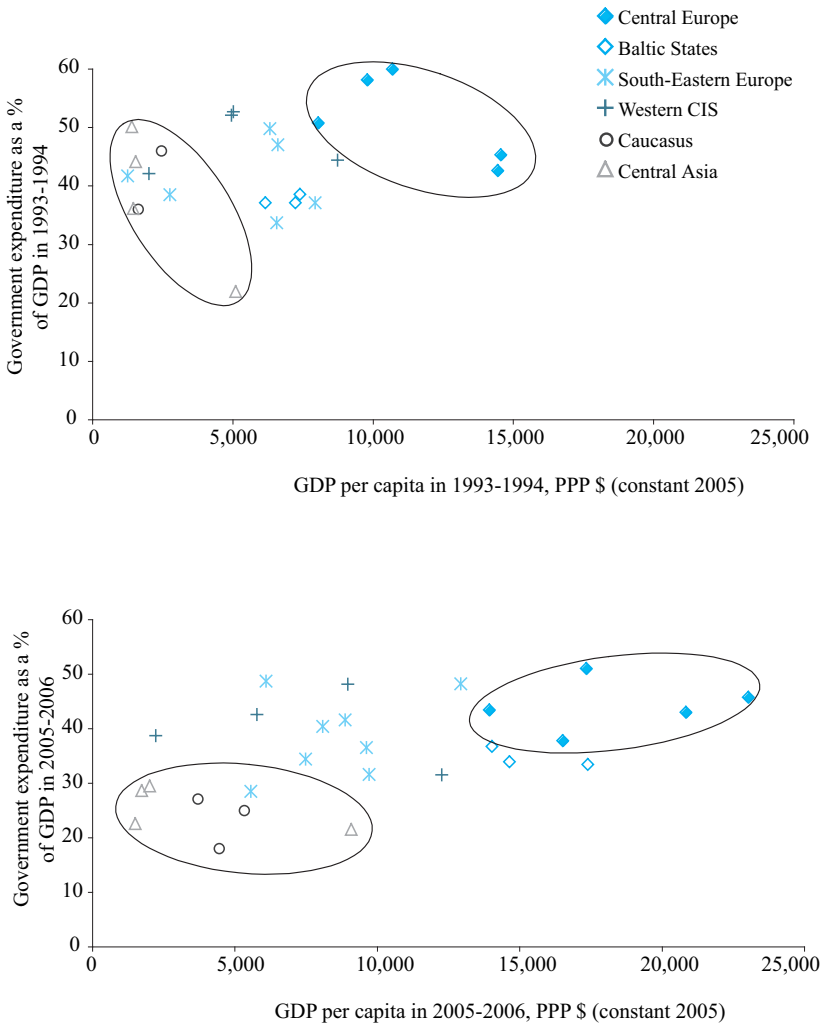


Note: This scheme reflects and organizes the categories used by the International Monetary Fund (IMF) in its Government Financial Statistics.

Each government has to work on its own strategic vision for reform, with alternative strategies to reach families with services and support, and for funding them, including an increasing role for private and non-profit funding and provision. These strategies have to be accompanied by changes in the ways in which governments set and monitor standards, and ensure that providers are accountable to their users.

This chapter is organized as follows: section 3.1 compares public expenditure in the region, both as a share of GDP and absolute amounts. It shows how the ability to collect state revenue from different sources affects the ability to meet public expenditure commitments. Section 3.2 looks at spending on education, and section 3.3 on health, including where possible an examination of the available data on the extent to which declines in public expenditure have been compensated by rising shares of private household expenditure. Section 3.4 looks at expenditure on and reforms of social protection, while section 3.5 provides a brief review of how countries in the region are seeking to improve efficiency and equity in the use of public resources, through institutional reforms in revenue collection, expenditure autonomy, and intergovernmental transfers. Section 3.6 concludes and also discusses briefly the unresolved monitoring challenges.

Figure 3.2 Levels of government expenditure as a percentage of GDP by levels of GDP per capita in PPP $, 1993–1994 and 2005–2006



Source: Authors' calculations based on data from EBRD for data on government expenditure as share of GDP, and World Development Indicators 2008 for data on GDP per capita.
Note: Data for government expenditure and GDP per capita use the average of the 1993 and 1994 values, and the 2005 and 2006 values.

3.1 Government revenue and expenditure: levels and structures

Public expenditure levels, as a share of GDP, are usually taken as a reflection of the 'size' of government in the economic and social sectors. This section documents the decline in public expenditure levels in the countries of the region in the 1990s, and looks at the extent to which levels recovered in the post-1998 period of economic recovery, by comparing two points in time, namely the mid-1990s and the mid-2000s. It also looks at the parallel decline in government revenue in the 1990s, the reasons for this decline, and at evidence of how recovery in levels has been influenced by the ability of governments to restructure their sources of revenue and methods of tax collection.

The size of the public sector

In the centrally planned economies of Eastern Europe and in the USSR, the social welfare contract included highly-subsidized prices for basic necessities, guaranteed employment with small differentials in salaries, provision of free health and education services – all of which were reflected in high levels of government expenditure as a share of GDP.[3] With transition, this high share started to decline in all the CEE/CIS countries, but the pace of decline varied. Cheasty and Davis (1996) report that in 1989 average overall government expenditure in the USSR was slightly under 50 per cent of GDP. Three years later, in 1992, the former Soviet Republics reported average (unweighted) public expenditure levels of around 46 per cent of

GDP, but with peaks of over 60 per cent in Armenia, the Russian Federation and Tajikistan and, at the other extreme, slightly less than 30 per cent in Turkmenistan and Latvia.[4]

The top panel of figure 3.2 illustrates public expenditure as a share of GDP in 1993–1994, immediately after the dramatic contraction of the economy which followed the onset of the transition. Levels of expenditure varied in countries throughout the region, but all – with a few exceptions – were in the range of 30–50 per cent of GDP, and at the beginning of the transition the decline in the size of government spending was large only in a few of the former Soviet Union republics, notably in Kazakhstan. In that phase, there was generally only a very weak correlation between GDP levels and public expenditure as a share of GDP: some of the poorest countries of the Caucasus and Central Asia had levels of spending similar to those found in Central Europe. These subregions, representing the poorest and the richest of CEE/CIS, are circled in figure 3.2.

During the transition, all countries downsized public expenditure as a share of GDP – often as part of stabilization programmes and re-prioritizing of expenditure allocations – but the extent of the reduction varied with the scale of the initial fiscal imbalance in each country. By 2005–2006, both the expenditure levels and the relative positions of countries had changed and a more clear-cut (positive) correlation between levels of GDP and public expenditure emerged (figure 3.2), with the highest levels of public expenditure – between 40 and 50 per cent of GDP – found in most of the Central European countries and in Croatia, but also in Belarus and Ukraine; and the lowest levels – between 15 and 30 per cent – in the Caucasus, Central Asia and Albania. By comparison, in the countries of EU15 in 2005, the average government expenditure was 47.6 per cent of GDP, and for most of the countries it was in the range of 45–55 per cent.[5]

On the whole, trends in recovery of government spending in real terms reflect the timing of economic recovery in the different subregions, i.e. the mid-1990s for Central Europe and the Baltic States, and the late 1990s and the first part of this decade for the CIS countries.[6] At the lowest extreme, in 2006 Tajikistan spent in real per capita terms only around 50 per cent of the level registered in 1993. Here, as in some of the other countries of Central Asia, there were increases in absolute government expenditure in the later transition years, but these were partly eroded by relatively high rates of population growth.

Government revenue

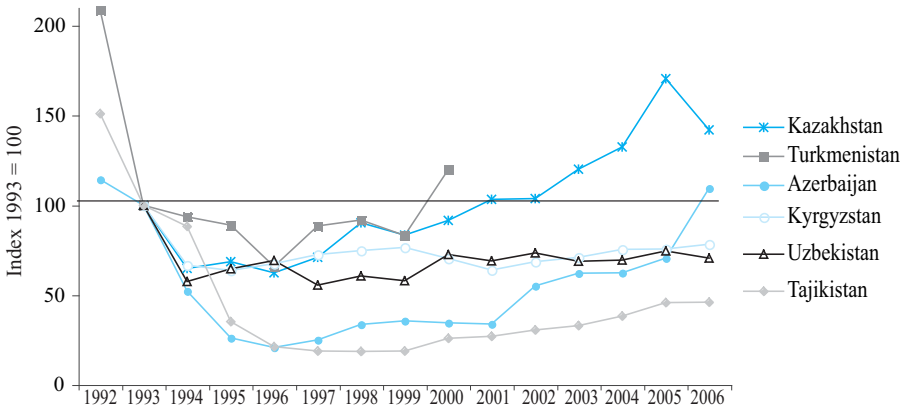
Levels and trends in public expenditure reflected not only concrete policy decisions by governments on the increase/reduction or re-allocation of spending resources, but were also largely determined by the government's ability to collect revenue. This balancing of available resources, together with the government commitment or political will to spend, has shaped the availability and quality of public services, as well as social protection, throughout the transition process. A lack of sustainable funding also helps explain the slow process of overhauling the entire system of social services and protection for children.

Data on government revenue as a share of GDP for the countries of the region in the early, middle and late period of transition, correspond broadly to the data on public expenditure levels and trends described in the section above. By 2004–2006 total government revenues ranged from around 40 per cent of GDP in Central Europe, Western CIS and some South-Eastern European countries, to around 20 per cent in some of the Central Asian and the Caucasus countries.

The decline in revenue, both as a share of GDP and in absolute real terms, was due to several factors, the most obvious being the impact of the economic crises of the 1990s, privatization policies and the need to find new ways of extracting revenue from the private sector, as well as the increasing informalization of the economy.[7] For some of the CIS countries another important factor was the loss of transfers from central government of the USSR.[8]

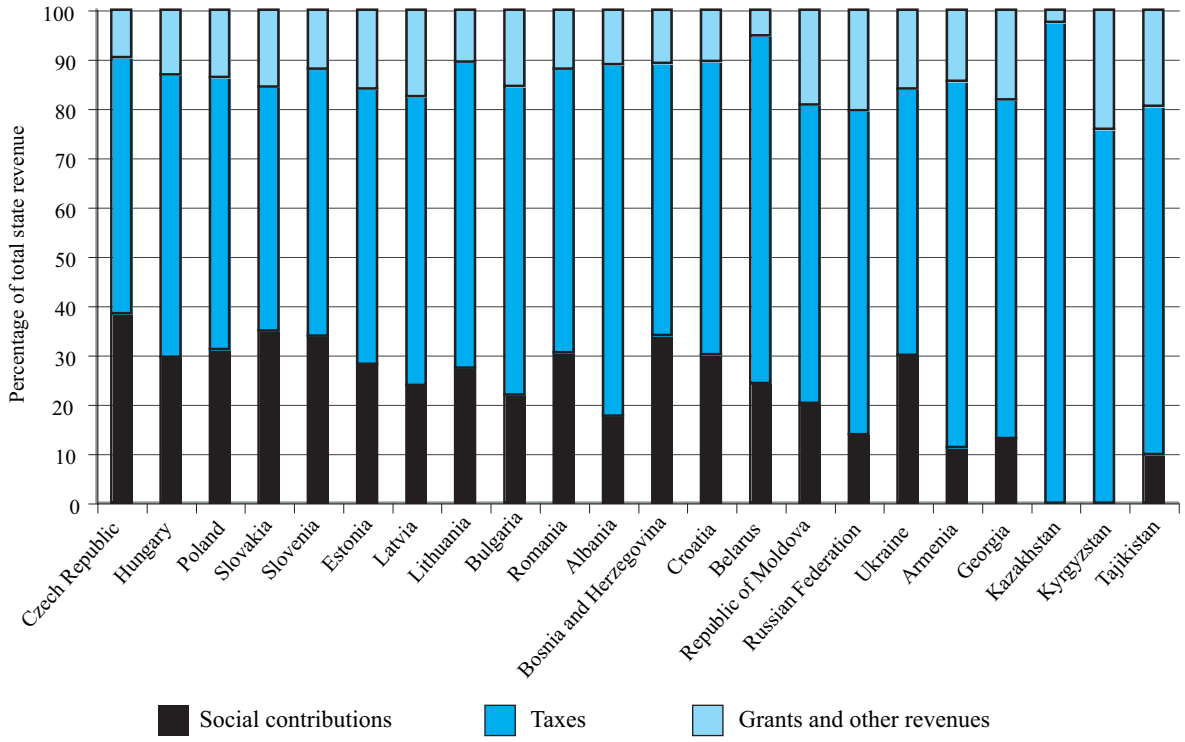
In the centrally planned economies, the bulk of state revenue had been extracted from state-owned enterprises, and revenue could be

Figure 3.3 Trends in real per capita government expenditure in Central Asia and Azerbaijan (1993 = 100)



Source: Authors' calculations based on data from EBRD and from World Development Indicators 2008.

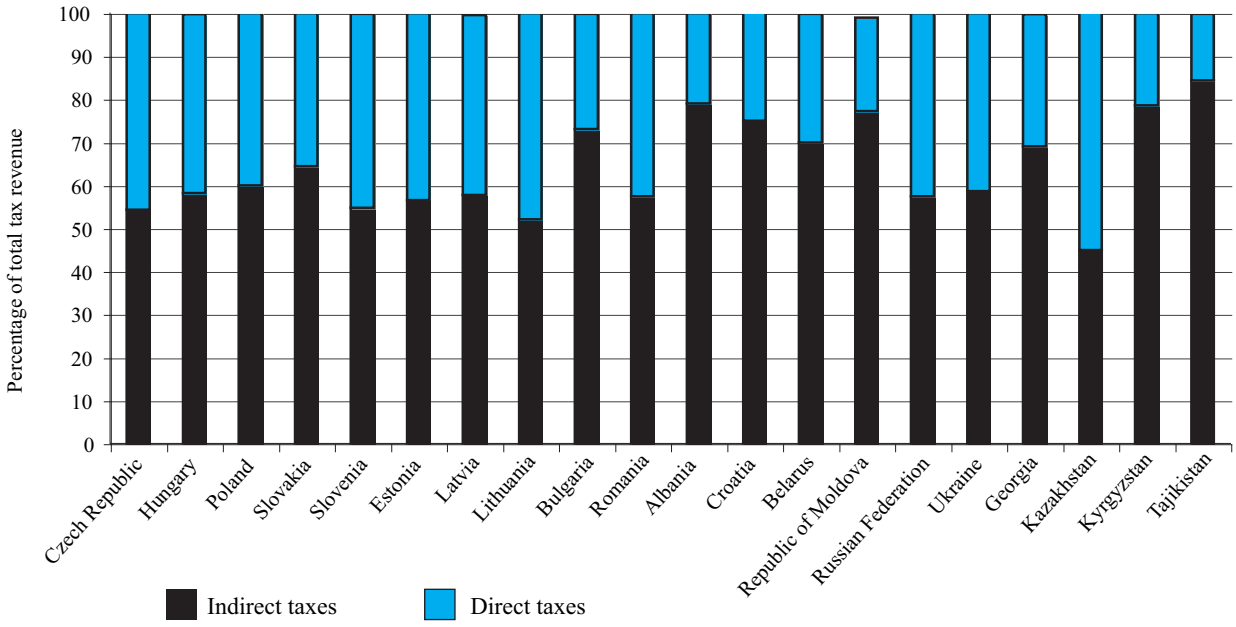
Figure 3.4 Composition of government revenues, 2006



Source: Authors' calculations based on data from IMF (2007).

planned and collected in a fairly predictable way, almost as a simple bookkeeping exercise. As part of the process of separating the roles of economic agent and that of regulator, governments had to develop strong institutions to set and collect taxes from the private sector and to change the types of taxation used to raise revenue. In this, a balance had to be sought in setting rates for taxes – and other sources of revenue – which were high enough to provide the revenue necessary to finance public expenditure, but did not discourage private investment or provide disincentives for private economic firms and individuals to operate in the formal sector. Changes in the structure of country economies and the launching of reforms in tax

Figure 3.5 Composition of government tax revenues, 2006



Source: Authors' calculations based on data from IMF (2007).

administration and collection inevitably led to temporary revenue losses.[9]

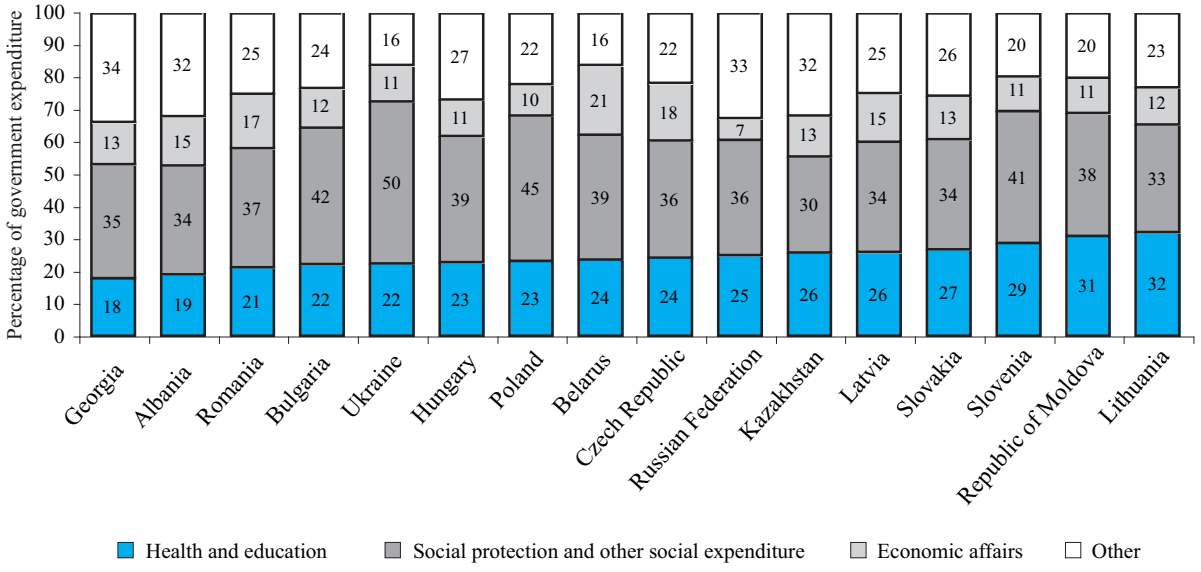
The timing and characteristics of reform in revenue collection varies considerably in the region.[10] The two main sources of government revenue are social contributions paid to the state and taxes. In 2004–2006, the size of revenues from social contributions as a percentage of GDP in the whole region varied between 12 and 15 per cent in the countries of Central Europe, to less than 5 per cent in Central Asia, Caucasus and Albania. In the Russian Federation, state revenues from social contributions represented slightly more than 5 per cent of GDP in 2006. The difference between higher- and lower-income countries in the shares of revenue derived from social contributions and taxes existed at the beginning of the transition, but has increased over time. In some countries of Central Asia and Caucasus the role of social contributions collapsed completely during the 1990s, although it has since recovered slightly.

Figure 3.4 reports that the main category of revenues in all of the countries are tax revenues, and the main components of these are income taxes (personal income taxes and corporate income taxes), value added taxes (VAT), and excise duties. The size and relative weight of these components in overall revenue vary considerably and have changed over time. While the general trend has been towards declining tax revenue, indirect taxes such as VAT and excise duties have tended to grow as a share of GDP in almost all countries, compensating in part for the reduction in direct taxes. In 2006, indirect taxes were the dominant form of taxation used in the lower-income countries of CEE/CIS, but represented more than half of total tax revenue also in most of the Central Europe and Baltic States, as well as in the Russian Federation and Ukraine (see figure 3.5). The lower share represented by indirect taxation in total tax revenue which is observed in Kazakhstan is due to the fact that this country derives most of its tax revenue from direct taxation on corporate incomes.

Several factors contributed to this general trend. Firstly, the growth of the informal economy meant that income tax collection was more difficult and that governments have tried to compensate by strengthening indirect taxation. Secondly, corporate income tax declined over the entire region, because straightforward transfers from state enterprises were no longer possible, and because more recently several governments have tried to reduce the fiscal pressure on firms to encourage activity in the formal economic sector. Thirdly, in those countries where natural resources account for a large share of exports, excise taxes ensure that the state collects rent from them.

To summarize, in the early 1990s the correlation between GDP levels and shares spent on public expenditure was not strong. This changed during the transition, and in 2005–2006 the differences in spending levels as a share of GDP between the poorer and richer countries had become much more pronounced: the Central European countries and the Baltic States had levels of public expenditure similar to those in OECD countries, while some of the poorer countries of the region showed small signs of recovery from the early crisis years. Increases in public expenditure require not just political will, but also state revenue. Most countries examined experienced a collapse in revenue in the 1990s, which was more marked in some countries, and

Figure 3.6 Composition of government expenditure, 2006



Source: Authors' calculations based on data from IMF (2007).
Note: Due to rounding, the percentages may not total 100.

more protracted in others. The need to build up new systems of tax collection, while providing incentives for economic agents to register and operate in the formal sector, complicated matters. By the mid-2000s there were large interregional differences in revenue as a share of GDP. Moreover, the composition of revenue had changed, largely due to the size of the informal sector and to the need to avoid disincentives to private-sector activities. Social contributions are low, particularly in the Central Asian countries, where a large part of the workforce is engaged in the informal sector, often in subsistence agriculture. Some countries have managed to compensate for the fall in revenue from direct taxes by strongly relying on indirect taxation.

Overall, there is now a large difference between the richer and poorer countries of the region in levels of public expenditure, and the current economic crisis has revealed the fragility of fiscal systems even in the richer ones. The poorer countries face not only problems in raising revenue, but even when they do manage to increase revenues and absolute levels of expenditure, their per capita levels are eroded by their rapid demographic growth and increasing dependency ratios.

Structure of public expenditure

The large intercountry differences are not limited to the overall levels of public expenditure; there are, in fact, substantial variations in the composition of spending. Comparisons of the structures of expenditure reveal large variations in the relative priority given to health and education services, as well as social protection, in relation to overall expenditure.

In 2006, most CEE/CIS countries spent 20–25 per cent of their budget on health and education (9 of the 16 countries for which data are available, see figure 3.6 previous page): the exceptions are, at the one extreme, Georgia, which allocated around 18 per cent of expenditure for these sectors, and, at the other extreme, Slovenia, Lithuania and the Republic of Moldova, where the allocation for these services was close to 30 per cent of overall government expenditure. Social protection represents the largest share of expenditure in most countries, with much of it being accounted for by pension expenditure (see table 3.1 for Albania, Czech Republic and Kazakhstan).

The following sections examine public expenditure on education, health and social protection in more detail.

Table 3.1 Breakdown of public expenditure in Albania, Czech Republic and Kazakhstan in 2006

	Albania	Czech Republic	Kazakhstan
	(percentage of total public expenditure)		
General public services	21.6	11.7	18.5
Defence	4.4	3.2	4.7
Public order and safety	6.3	5.1	8.4
Economic affairs	15.2	17.5	12.7
Environmental protection	–	2.8	0.5
Housing and community protection	5.6	3.8	6.3
Health	8.2	14.3	10.4
Recreation, culture and religion	1.3	2.8	3.8
Education	10.8	9.7	15.2
Social protection	26.6	29.2	19.7

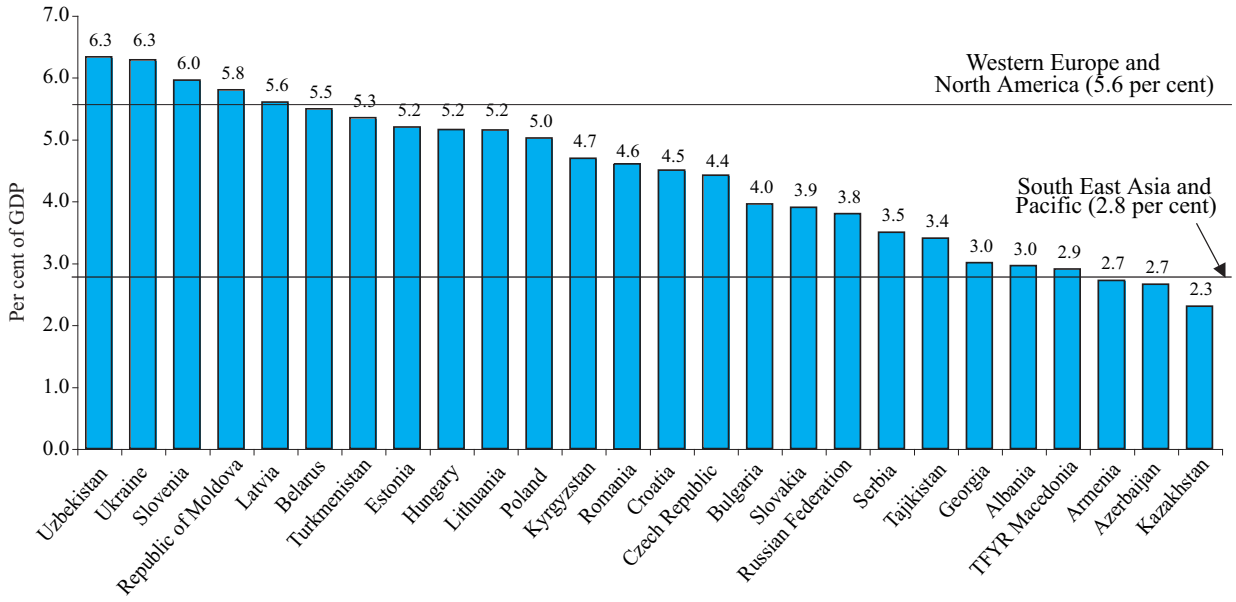
Source: Authors' calculations based on data from IMF (2007).
Note: Due to rounding, percentage may not add to exactly 100 per cent.

3.2 Public expenditure on education

In 2004 the average levels of public expenditure on education ranged from 5.6 per cent of GDP in North America and Western Europe to a low of 2.8 per cent of GDP in the South-East Asia and Pacific region and in the Caucasus and Central Asia.[11] The average for the rest of CEE/CIS was exactly at the middle of these two extremes, 4.2 per cent, close to Latin America. However, the averages mask important variations between countries, but variations which do not follow either any subregional pattern, or any clear relation to country levels of GDP. Figure 3.7 ranks the countries of the region according to the share of GDP allocated to education in 2006. Uzbekistan, one of the poorest countries of the region, reports the highest level of expenditure as a share of GDP – over 6 per cent – followed by Ukraine and the Republic of Moldova. At the other extreme, the former Yugoslav Republic of Macedonia, Armenia, Azerbaijan and Kazakhstan reported expenditure levels of less than 3 per cent of GDP in 2006. The Russian and Slovak governments spent respectively 3.8 per cent and 3.9 per cent of their GDP on education.

Throughout the transition period, levels of public expenditure on education have fluctuated, without any discernable subregional patterns. These fluctuations are due both to country trends in GDP, but also to the prioritization given to education within national public expenditure. In the Baltic States, governments spend more than 15 per cent of their budget on education, which represents between 5 and 5.5 per cent of GDP around 2005. However, levels of around 15 per cent of the state budget are also found in poorer countries, such as the Republic of Moldova and most of the Caucasus and Central Asian countries, except for the richer Kazakhstan, which in 2004 allocated slightly over 10 per cent of its budget to education. The Russian Federation allocated less than 10 per cent of the public budget for most of the period, and Central European governments spend under 12 per cent of their budget on the education sector, with Slovakia showing

Figure 3.7 Public expenditure on education as a percentage of GDP, 2006



Source: TransMONEE 2008 database.
Note: For Croatia and Estonia data refer to 2004; for Slovakia, Slovenia, the Republic of Moldova, the Russian Federation and Turkmenistan data refer to 2005; for Uzbekistan data refer to 2003. Note that the high percentage in Uzbekistan reflects also the large amounts of resources that have been invested since the late 1990s in preparation for the introduction of 12-year compulsory education in the 2008-2009 school year.

Table 3.2 Index of real public expenditure on education (1998–2000 = 100)

	1990-1992	1994-1996	1998-2000	2004-2006
Czech Republic	95	120	100	131
Hungary	108	95	100	135
Poland	75	90	100	131
Slovakia	121	99	100	126
Slovenia	67	81	100	120
Estonia	79	88	100	116
Latvia	85	86	100	152
Lithuania	104	75	100	127
Bulgaria	150	102	100	137
Romania	105	109	100	153
Albania	105	93	100	135
Serbia	–	–	100	132
TFYR Macedonia	183	134	100	87
Belarus	88	75	100	132
Republic of Moldova	241	174	100	141
Russian Federation	169	126	100	160
Ukraine	229	148	100	223
Armenia	–	89	100	233
Azerbaijan	291	87	100	167
Georgia	296	42	100	197
Kazakhstan	–	85	100	116
Kyrgyzstan	185	116	100	135
Tajikistan	–	98	100	241
Turkmenistan	–	50	100	–
Uzbekistan	136	94	100	–

Source: Authors' calculations based on data from TransMONEE 2008 database.

increases and Slovenia decreases in the period 2000–2005. In 2006, Romania spent 4.6 per cent of GDP on education, despite a law requiring that education spending had to be equal to or over 6 per cent of GDP.[12]

In absolute terms, most countries increased the resources allocated to education from the late 1990s until 2006 and most of them have now recovered their pre-transition levels of spending. Table 3.2 shows how some countries experienced a marked drop in real public expenditure on education. For example, in the Russian Federation, Ukraine and Bulgaria the decline was steep during the 1990s. In the former Yugoslav Republic of Macedonia the decline continued in the 2000s: in 2004–2006 the real level of public expenditure on education was approximately half of that registered at the onset of the transition. On the other hand, in the Baltic States, the Caucasus and most Central European countries there was growth in real public expenditure for education by the mid-late 1990s.

Increases in absolute expenditure on education, however, have not had the same impact in all countries due to the different demographic patterns outlined in chapter 2, and more specifically due to changes in the size of the school-age population.

A sharp decline in the school-age population occurred in almost all the countries of Central and Eastern Europe and Western CIS since the first half of the 1990s, while in most of the Central Asia and Caucasus countries, the child population continued to grow during the decade. Figure 3.8 presents trends in two indexes of real public expenditure on education for three countries, one giving total expenditure and the other per capita expenditure for the 3–18 year age group (taken as the reference population for education expenditure). The difference between these two indexes is due to the changing size of the reference population.

In most CEE countries, where the size of the school-age population has declined and the real amount of public spending on education has grown, the average amount spent on each school-age person has increased significantly. For example, in the Czech Republic the real amount spent on average for each person aged 3–18 years more than doubled in 2006 compared with 1990, although real public expenditure on education was only 42 per cent higher than in 1990. Most other countries in the subregion show similar, albeit less striking, trends.

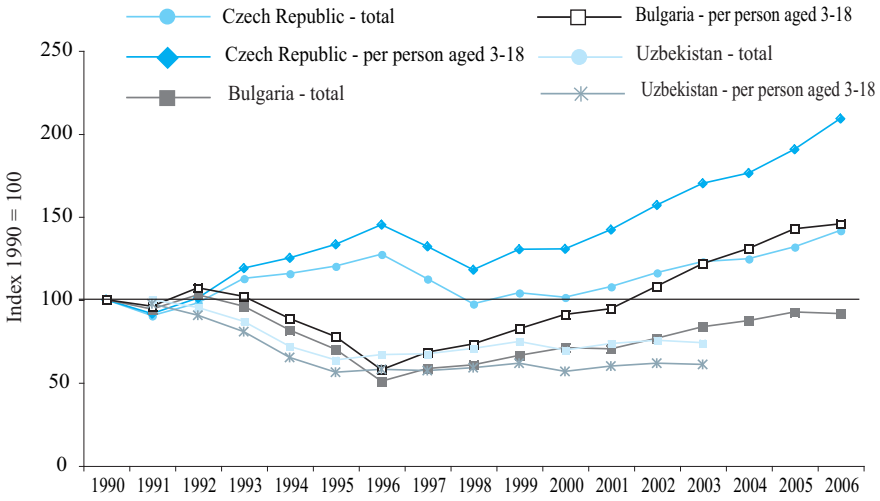
Bulgaria, as well as the Russian Federation, experienced a marked decline in total real expenditure in the early 1990s and, despite growth over the subsequent ten years, had still not fully recovered their 1990 levels by 2006. But the decline in the school-age population in these two countries has meant that the decline of expenditure per capita was tempered in the initial period and contributed to a faster increase in the growth period. In 2006, the real level of total public expenditure on education in Bulgaria was 8 per cent lower than in 1990, while the real amount per person aged 3–18 years was 46 per cent higher than in 1990.

On the other hand, those countries with growing child populations saw their efforts to maintain or increase levels of overall expenditure on education diluted for most of the period due to the growing reference population. This situation is best illustrated by the example of Uzbekistan, where – despite the high levels of expenditure on education as a share of GDP – the real per capita level of education expenditure declined at a faster pace than total real expenditure in the early transition period, and has more or less stagnated since the mid-1990s: between 1991 and 2003, total real expenditure on education declined by 26 per cent, while per capita expenditure for those in school age declined by 39 per cent.

Overall, governments in the region remain committed to guaranteeing education for all children, at least at the compulsory level.[13] Prior to transition, the state provided free education at all levels, in all geographical areas, and also subsidized meals, school materials and uniforms. With the declines in public expenditure and rising costs of inputs, there has been a slow process of redefining what governments can and cannot provide. However, the reluctance of some governments to redefine the package in a transparent way, and to design ways to guarantee resources for poorer sections of the population or areas, has led to inequalities and confusion as to what families can expect to be provided. Given the different resources and demographic trends, this package will not necessarily be uniform throughout the region and over time. The challenge for those countries with declining school-age populations is to make better investments in education by improving the package available to each child and to adapt expenditure for each level of education in line with changes in the age structure of the school populations. For the poorer countries, the challenge is, in part, to re-dimension the formal education package and to ensure that informal payments are reduced.[14]

This lack of clarity as to what aspects of education services can be guaranteed by the state is also reflected in the distribution of budget between budget lines. As revenue decreased, the tendency has been to protect wages, but to spread them thinly, i.e. at low levels. Expenditure on teaching materials, books, maintenance and repairs, and training has been squeezed, contributing to inequalities as richer parents were more able to compensate through

Figure 3.8 Real public expenditure on education, in Czech Republic, Bulgaria and Uzbekistan, total and per person aged 3–18 (1990 = 100)



Source: Authors' calculations based on data from TransMONEE 2008 database.
Note: For Uzbekistan, the base year is 1991.

household payments. Low wages have had a negative effect on teacher morale and the quality of teaching, and have led to an increase in tuition fees and private tutoring on the part of teachers.

The examples in this section underline the need for regular monitoring of the demand for, and impact of, education services, and to make corresponding adjustments in budget allocations. Demographic trends should trigger decisions to re-prioritize spending between different levels of education, and budget processes should allow for flexible responses to changes in age structures among the student population.[15]

3.3 Public expenditure on health

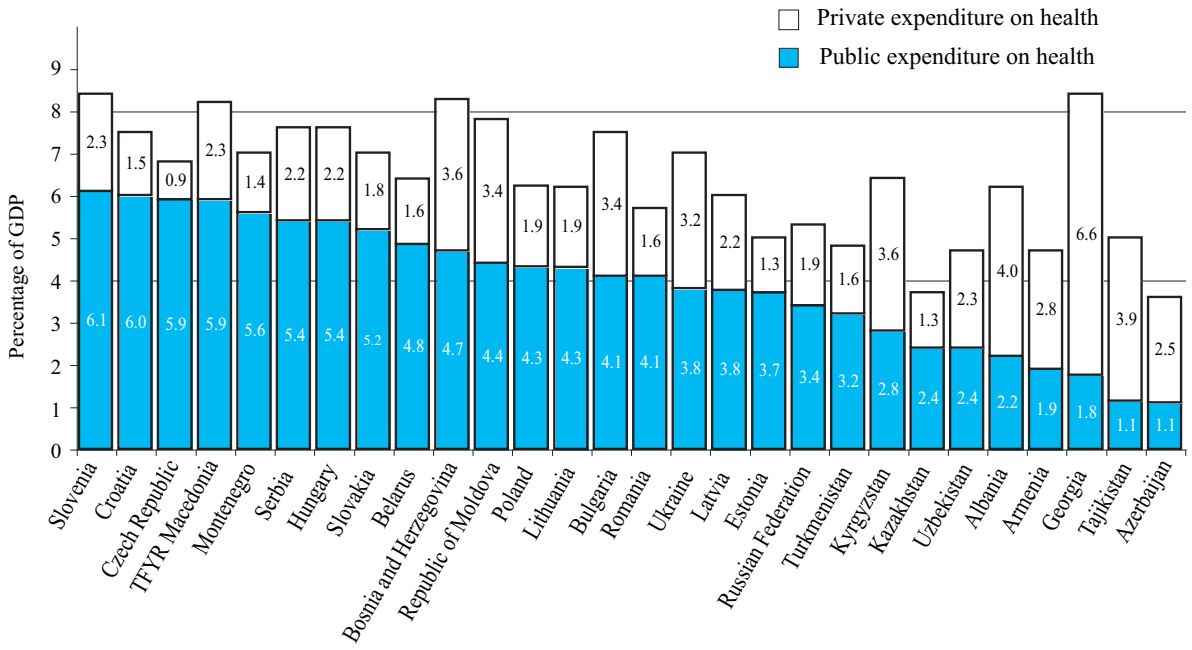
During the transition, the governments of the region have been struggling to redefine the package of health services which the state can provide on a universal basis. The main focus has been on moving away from an excessive reliance on expensive hospital care,[16] towards developing and improving access to primary healthcare services.

In contrast to education, levels of government spending on health as a percentage of GDP reveal strong regional patterns across CEE/CIS countries. According to WHO estimates, the countries of the Caucasus and Central Asia reported levels of public expenditure for health in 2006 which were lower than 3 per cent of GDP, and even below 1 per cent in Georgia, Armenia, Tajikistan and Azerbaijan.[17] At the opposite end of the scale most of the Central European and some South-Eastern European countries had levels of public health expenditure which were higher than 5 per cent of GDP. In the Western CIS countries the levels ranged between 4 and 5 per cent, while in the Baltic States they were around 4 per cent.

From a broader international perspective, several countries spend less than would be expected given their level of per capita GDP, while the absolute levels of public health expenditure in part of the CEE/CIS region have been defined as too low to provide "even the basics of an essential package of preventive and curative health-care services to the entire population."[18] As with education, the reduction in public expenditure has been compensated by rises in both formal and informal payments by households, contributing to inequalities in access and worsening governance within the sector. In those countries where public expenditure on health is below 3 per cent, private spending represents 50 per cent or more of overall expenditure on health, Kazakhstan being the only exception;[19] in the Caucasus private expenditure represents more than two-thirds (see figure 3.9), despite the growth in the share of public expenditure observed since 2002.

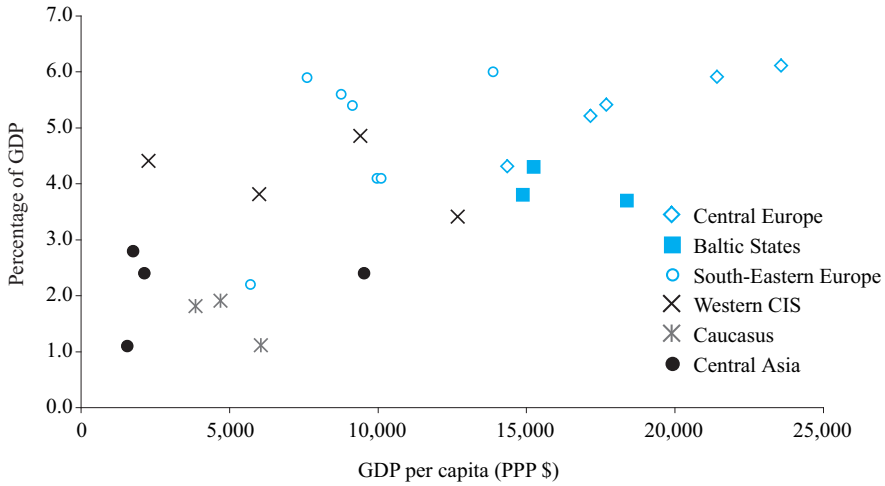
The large differences existing across the region are even more evident from the statistics on real absolute spending on health which, in 2006, ranged from around PPP $1,500 in Slovenia, to slightly less than PPP $80 in Georgia and Azerbaijan, PPP $55 in Kyrgyzstan, and PPP $15 in Tajikistan (figure 3.11).

Figure 3.9 Public and private expenditure on health as a percentage of GDP, 2006



Source: Authors' calculation based on data from the WHO 'National Health Accounts' database (accessed in December 2008).
Note: Countries ordered by decreasing levels of public health expenditure as share of GDP. Private expenditure on health is estimated by WHO data, mainly on the basis of household budget survey data.

Figure 3.10 Public expenditure on health and level of GDP per capita, 2006



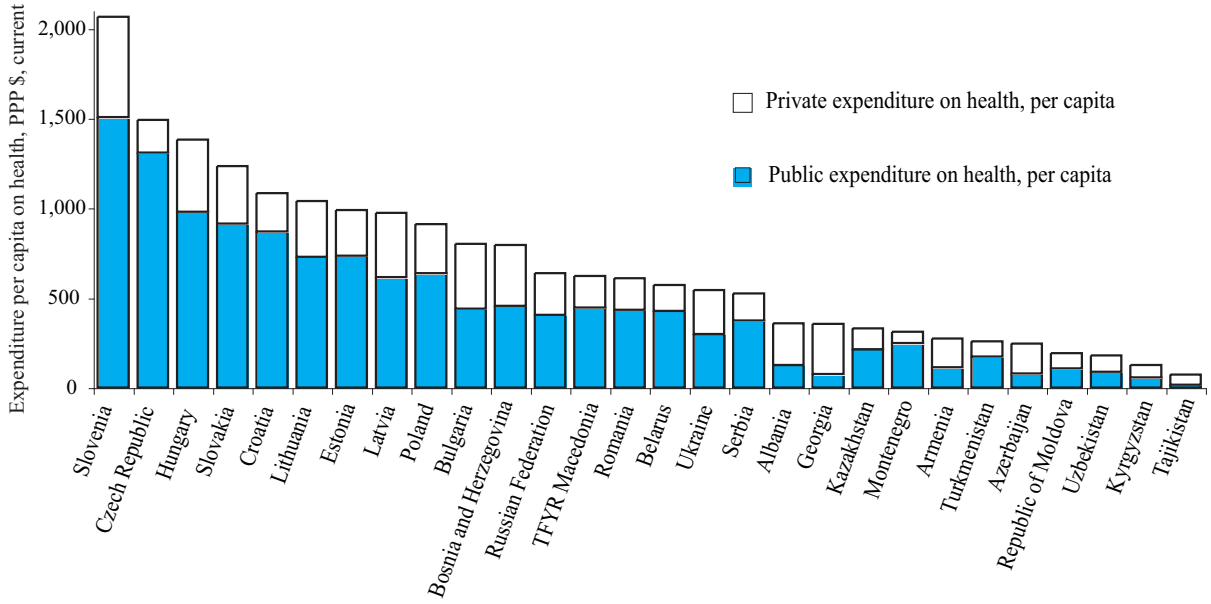
Source: WHO 'National Health Accounts' database (accessed in December 2008) and World Development Indicators 2008.

In the period 1996–2006,[20] only a few countries recorded marked changes in public health expenditure relative to GDP. The main exceptions are the Republic of Moldova where public health expenditure dropped from around 6 per cent to 4.3 per cent of GDP, and Estonia where it fell from 5.5 per cent to 3.7 per cent; while in Romania expenditure grew from 2.4 per cent to 4.1 per cent. In the same period, private health expenditure as a percentage of GDP increased in the majority of countries.[21]

Out-of-pocket health expenditure is not new in CEE/CIS countries. But while informal payments have been a longstanding feature in the healthcare systems in the region, most countries only introduced formal user charges in the early- to mid-1990s for some services provided by the public health sector.[22] In many cases the mix of formal and informal payments produced a situation where universal access was formally guaranteed, but *de facto* eroded in a non-transparent way, becoming problematic, especially for the poorer sections of society.

To face the growing finance constrains, some countries have opted for health insurance schemes to help fill the gap in public funds for the sector. These have the advantage of providing a clearer definition of the services which are covered by insurance, and reducing the scope for informal payments. However, these schemes can further exclude the poor, since those working in the informal sector are not usually covered, as well as many of the self-employed with low incomes. The Republic of Moldova, for example, introduced a social health insurance scheme in 2004 in order to reduce informal payments for the poor. But while two-thirds of the scheme is financed through budget transfers, in 2005 around 26 per cent of the population resulted uninsured. As a result, a narrow benefit package has been defined for the insured, along with an even narrower package for the uninsured.[23]

Figure 3.11 Public and private expenditure on health, per capita, 2006, PPP $



Source: Authors' calculations based on data from the WHO National Health Accounts database (accessed in December 2008).

3.4 Social protection expenditure

Social protection represents one of the main components of public expenditure in CEE/CIS countries (figure 3.6, page 71, and table 3.1, page 72). Its structure and components have changed considerably during the transition, but its prominence in public spending has been maintained. At the end of the central planning period, the guarantee of employment and subsidies for basic products and services were important components of social protection and the welfare system was on the whole heavily biased towards services. There were only a few cash transfers, of which pensions were the most important.[24] Specific benefit schemes for families with children did exist, but in general the size of the benefits was quite small, or was targeted to restricted categories perceived to be in need.[25]

As public budgets contracted, the previous pillars of social protection for families – guaranteed employment, subsidized prices and enterprise-based social benefits and services – also contracted or disappeared. In the new context, there was a lack of policy instruments and especially resources to tackle the new social and economic challenges, for example, in the emergence of open unemployment. Most countries went from universal provision or universal benefits, to a greater reliance on social insurance and targeted assistance, with an emphasis on safety nets for the vulnerable. However, identifying and reaching those at risk was not always easy given the lack of administration and means-testing experience, while the spread of informal employment and incomes made means-testing particularly difficult. For the poorer countries with widespread poverty, identifying the poorer sections of the poor was not easy, while resources were lacking and thinly spread and could not provide effective protection from poverty.

In the pre-transition period, little formal distinction was made between social insurance and social assistance benefits, and pensions and so-called privileges represented a large part of the social protection budgets. The latter is a form of social assistance and consists of a mix of waivers, in-kind and cash allocations, to which certain categories of the population are eligible, but which are not necessarily targeted to the poor within these categories. In the transition period, attempts were undertaken to make pension systems more strictly insurance-based, but public expenditure had to be used to pay pensions for those who had worked before the systemic changes brought by the transition from central planning to market economies, and the system of social contributions faltered with the expansion of informal employment. The revenue base for many aspects of social insurance should be social contributions, but due to the increase in informal employment as well as – in some countries – the declining share of working-age adults in total populations, many social insurance benefits have had to be funded through general taxation, meaning that the distinction between insurance and assistance remains blurred in many countries.

Reforms in social protection systems started early on in the transition period, but have often been carried out in a piecemeal fashion with a certain amount of institutional inertia, particularly in CIS countries. While aware of the need to develop new forms of safety net, there has not always been flexibility in diverting from inherited structures of expenditure, and the response to meeting special needs (for example, services to prevent and treat alcohol and substance abuse) has been slow, in part reflecting the weak tradition of social work, community-based services and combining cash with individual casework. In some cases, there was also a concern to avoid creating passivity and to reduce the opportunity cost of seeking employment by creating dependency on assistance benefits. As a result, pensions and privileges still account for the bulk of expenditure, the latter being allocated on the basis of specific categories, rather than being targeted on the poor. Social assistance benefits for families with children represent a much lower spending priority, despite the fact that employment opportunities remain limited in many countries, or that the quality of jobs is often low in others (see the section in chapter 2 on job-creation and reallocation). However, major reforms of social protection, including pensions, privileges, and child benefits, are still underway in several countries in the region, including the Russian Federation (since 2006–2007), Azerbaijan (since 2006), Kazakhstan (2008), and the former Yugoslav Republic of Macedonia.

The size and the structure of social protection expenditure vary markedly across the region. The countries with the lowest levels of public expenditure as a share of GDP are those which spend less on social protection as a percentage of total public expenditure: in 2006 in Georgia and Kazakhstan, social protection expenditure accounted for less than 20 per cent of total government budget, and 4–5 per cent of GDP. Most of the other countries spent 25–40 per cent of the government budget on social protection, with the highest levels in Poland and Ukraine, at respectively 40 and 45 per cent of total public expenditure, and almost one fifth of GDP in 2006 (see table 3.3).

Social protection expenditure includes social insurance and social assistance programmes. Old age pensions are by far the largest component of social protection expenditure in all the countries, and due to demographic trends, this share seems unlikely to decrease, unless labour-force participation and the retirement age of older people increase. In Poland expenditure on pensions in 2005 represented around 12 per cent of GDP, which is one of the highest levels in the European Union. In Bulgaria, pension expenditure was 8.5 per cent of GDP and accounted for more

Table 3.3 Social protection expenditure in selected CEE/CIS countries, 2005–2006

	Social protection expenditure		Expenditure on pensions
	as a % of GDP	as a % of total public expenditure	as a % of total public expenditure
Georgia	5	19	13
Kazakhstan	4	20	12
Latvia	9	25	–
Russian Federation	8	26	–
Albania	7	26	20
Belarus	14	29	18
Lithuania	10	29	–
Slovakia	11	29	19
Estonia	10	29	–
Czech Republic	13	30	19
Romania	10	30	19
Republic of Moldova	12	33	19
Hungary	18	34	21
Bulgaria	13	35	24
Slovenia	17	37	–
Poland	17	40	28
Ukraine	20	45	–

Source: Authors' calculations based on data from IMF (2007), European Bank for Reconstruction and Development data and TransMONEE 2008 database.
Note: Countries ordered by increasing share of public expenditure allocated for social protection. The data on social protection reflect the categories of expenditure used by the IMF in its Government Finance Statistics (see also figure 3.1). These data differ from the statistics on social protection published by Eurostat (see, for example, Petrášová, 2008) due to the fact that they include health-care expenditure under social protection, and not only sickness and disability benefits.

than two-thirds of overall government spending on social protection. Similar levels were found in Belarus. In Albania expenditure on pensions was slightly less than 5 per cent of GDP, and in the former Yugoslav Republic of Macedonia it was 8.5 per cent of GDP in 2006. In contrast, in those countries for which data are available, expenditure on family allowances is in the range of 0.1–1 per cent of GDP. In some of these countries, total real public expenditure on monthly family allowances actually decreased between 2000 and 2005/06, in part reflecting the decline in the child population, the overall improvement in average living conditions and/or changes in the eligibility criteria. Table 3.4, on the other hand, illustrates that in Ukraine and Kyrgyzstan expenditure on monthly family allowances more than doubled in the first half of this decade, while in Bulgaria and Romania it increased by around two-thirds.[26]

Even in countries with lower levels of overall public expenditure, the share of pensions represents about two-thirds of total social protection expenditure (58 per cent in Kazakhstan and around 68 per cent in Georgia and in Russia). Although reforms to create a better link between pensions and paid contributions are underway in most countries, there is still the need to fund the pensions for those whose work record and contributions were made in the pre-transition period, when early retirements were the norm. As a result, high pension fund deficits have to be financed out of state revenue, and the problem of the large number of beneficiaries relative to funds remains, especially in those countries with large informal sectors.

On the whole, non-contributory social assistance programmes represent a smaller share of social protection expenditure. These benefits had traditionally been given lower priority under central planning, and some countries initially lacked the administrative base to manage them. In the Russian Federation approximately 8 per cent of GDP was spent on social assistance in 2004–2006, but most of this went on privileges allocated to specific categories (e.g. war veterans), and only 0.1 per cent of GDP was spent on targeted family monthly allowances.[27] However, all countries have cash transfer programmes, most of them explicitly directed at families with children. The rules for age eligibility vary, but they are usually available for children up to 16 or 18 years, and in some cases for young adults in full-time education. Cash transfers for families with children changed during the transition and are in continuous evolution. Table 3.5 provides an overview of the main cash transfer programmes for families with children in CEE/CIS countries at the beginning of 2009.

In the early transition period, many countries in the region introduced universal cash transfers for families with children, to provide some protection from the economic crisis, but later most adopted means-tested benefits, in order to target scarce resources on the needy.[28] In fact, at the beginning of 2009, the majority of the countries have targeted allowances as the main cash instrument of social protection, while only a few countries have universal family allowances, i.e. Hungary, Latvia, Romania, Slovakia and Estonia. While targeted allowances in theory allow resources to be concentrated on the most needy, there has been mixed evidence on the targeting efficiency of existing schemes, as some children slip through the safety net, while scarce resources are 'leaked' to those who have less need of support. Universal benefits on the other hand are easier to administer, can have lower administrative costs than means-tested benefits, and avoid the risk of inclusion and exclusion errors, but require higher spending levels if the size of the benefit is going to provide effective protection to families with children. Apart from considerations of available resources, country decisions on the scale of expenditure, size of

Table 3.4 Government expenditure on, and receipt of, monthly family allowances in selected CEE/CIS countries, 2000–2005/06

	Expenditure on monthly family allowances as a percentage of GDP		Percentage of children aged 0-17 receiving monthly family allowances (gross rate)*		Percentage change in total real amount spent by governments in monthly family allowances	Percentage change in total number of children living in families receiving monthly family allowances	Percentage change in child population aged 0-17
	2000	2004–2006	2000	2005–2006	2000 to 2005–2006	2000 to 2005–2006	2000–2006
Czech Republic	0.6	0.4	98	94	-17	-14	-10
Hungary	0.9	1.0	99	108	37	-1	-9
Slovakia	0.9	0.6	77	112	-14	23	-15
Bulgaria	0.4	0.6	–	–	72	-33	-17
Romania	0.7	0.7	96	99	64	-13	-15
TFYR Macedonia	0.2	0.2	13	9	-32	-37	-11
Belarus	0.7	0.6	41	27	55	-48	-19
Russian Federation	0.3	0.1	56	44	-50	-38	-19
Ukraine	0.3	0.4	39	14	148	-71	-21
Azerbaijan**	0.7	0.3	55	49	-5	-19	-11
Kyrgyzstan	0.5	0.8	23	24	159	1	-4
Uzbekistan	0.9	0.7	–	–	9	–	-5

Source: Author's calculations based on data from IMF (2007), European Bank for Reconstruction and Development data and TransMONEE 2008 database.
Note: * The figures on the number of persons receiving monthly family allowances for children may also include those aged 18 and over, in accordance with the national criteria for eligibility to the benefit (seeTable 3.5). For this reason, the coverage rate may exceed 100 per cent. **The most recent figures on monthly family allowances for Azerbaijan refer to 2005. In this country, reforms to the family allowance scheme were introduced in 2006, with stricter targeting rules.

benefits and type of benefit (targeted or universal) is also influenced by the size of the child population.

UNICEF (2006a) examined evidence of social protection expenditure in the region and found that while the lion's share went to pensions, a relatively large share of children actually benefited indirectly from the pensions received by their parents or grandparents; in the countries for which data were available, around 2003 approximately one third of children lived in households receiving pensions. However, because pensions are not targeted on the poor, children benefiting from pensions were spread over all the income quintiles, and the effect on alleviating child income poverty was therefore limited.[29] For reducing child poverty and inequality, non-contributory benefits targeted on families with children – either universal or targeted using means-testing and/or proxy indicators to determine eligibility – are potentially more effective, providing sufficient resources are allocated to them.

Analysis of the targeting efficiency of child benefits requires access to household budget survey data. UNICEF (2006a) used data from surveys carried out in the early 2000s from four countries (Albania,[30] Bulgaria, the Republic of Moldova, and the Russian Federation) to look at how well existing social assistance benefits for families were being targeted on the poorest sections of the child population. The effect of the benefits on alleviating child poverty was found to be limited in all four countries (a difference of 1–2 per cent in absolute child poverty rates) due to the low size of benefits. In Albania in 2002, the economic assistance programme had good coverage of the poorest region of the country, but targeting the poorest children in that region was imperfect. More recent analysis for Albania suggests that in 2005 targeting of the economic assistance benefit improved, probably reflecting the expansion of the programme in the poor areas of the country and the efforts of local authorities to reach the poor.

In the Russian Federation, data from 2003 pointed to large regional differences in coverage, with large shares of the poorest children not reached by family allowances in some oblasts. Other analyses confirm these results, pointing in addition to high levels of leakage, extremely low levels of benefits and low effectiveness in reducing poverty rates.[32] Since 2007, the Russian Federation's system of family allowances underwent a major reform, including increases in the levels of benefits, but it is too early to evaluate the impact of these changes. A study of the impact of social assistance transfers in the Republic of Moldova in the period 2001–2004 argued that social assistance had no significant impacts on poverty reduction, and points to the continuing spending priority given to privileges.[33]

Table 3.5 Child and family allowances in CEE/CIS countries, early 2009

Country	Main child benefit and eligibility criteria	Other entitlements for families with children
Central Europe		
Czech Republic	Child allowances: Means-tested, up to 26 years if in full-time education	Birth grant, universal, lump sum Parental allowance (paid after parental leave until child is 2 years; monthly, level varies according to age of the child)
Hungary	Family allowances: Universal, for children under 16 years (up to 23 years if in full-time education)	Birth grant, universal, lump sum (paid to mother if she has at least 4 prenatal examinations, and also to adopting parents) Child home-care allowances (paid to parents leaving work to care for a child under 3 years and 10 years if disabled) Child-rearing support (for parents with 3 or more children under 18 years, when the youngest is aged 3–8 years) Regular child protection allowance, means-tested, for single parents, children with a long-term illness or serious disability, or children in full-time higher education Irregular child protection support, means-tested, to families with temporary cash flow problems or families requiring emergency assistance; lump sum, size of which varies according to assessment of the family's needs Childcare fee (only insured parent entitled, if full-time carer, paid until child is 2 years, amount varies according to previous salary)
Poland	Family allowances: Means-tested, for children under 18 years (21 if a student, 24 if in full-time education and with a learning disability) 8 types of supplements to these allowances may also be granted (see right column)	Childbirth supplement, means-tested, lump sum payment Childcare supplement, means-tested Single parent's child supplement, means-tested Supplement for families with 3 and more children, means-tested Education and rehabilitation supplement for children with disabilities, means-tested Nursing allowance for disabled child Beginning of school year supplement; means-tested, lump sum School travel and board supplement, means-tested
Slovakia	Child allowances: Universal, up to age 16 years (18 for children with chronic health problems, 25 if full-time student or with disabilities)	Birth grant, universal, lump sum Pregnancy compensation allowance (for pregnant women redeployed to another job paying lower wages) Parental allowance (to provide for care to children up to age 3–6 with chronic health problems, and not attending a nursery)
Slovenia	Child benefit: Means-tested, for children under 18 years (26 if full-time student, in training, or with disabilities)	Birth grant, universal, lump sum Childcare benefit (starts when maternity benefit ceases), social insurance Allowance for large families (paid to families with 3 or more children under 18, or 26 if in full-time education or disabled), annual benefit Special childcare allowance (for children in need of special medical care) Parental income supplement (to parents who have quit or reduced work to care for a child under 18 with severe disabilities)
Baltic States		
Estonia	Child allowance: Universal for children under 16 years (19 if in full-time education)	Birth grant (also when child is adopted), universal, lump sum Childcare allowance paid to parents of children up to 3 years Childcare allowance paid for each child aged 3–8 years, if parent has also one or more children up to 3 years Single-parent child allowance Disabled student allowance (non-working student with a disability completing secondary school or in vocational or higher education) Conscript's child allowance (paid during the entire period of the parent's military service) Child school allowance (for each child enrolled in school, paid annually at the beginning of the school year) Foster care allowance (up to age 16 and cared for by a guardian or foster parent) Start in independent life allowance (for orphans or persons without parental care who have spent at least 3 years in an institution)

Latvia	Family allowance: Universal, for children under 15 years (20 if in full-time education)	Birth grant, universal, lump sum payment paid to one parent or guardian of a child under 1 year Child-rearing allowance (child younger than 2 years when caregiver is not employed) Child-rearing allowance for children with disabilities (child younger than 18 certified as having a severe disability) Foster family allowance (to families providing foster care) Foster care benefit (to family or person recognized as the foster family or parent) Adopted childcare benefit (to a person who has custody of an adopted child but the decision has not yet been approved by a court) Adoption benefit (lump sum paid to the guardian who has adopted a child and the adoption has been approved by a court) Legal guardian allowance (to the appointed legal guardian) Legal guardian duties benefit (to the appointed legal guardian)
Lithuania	Social assistance benefit: Since 2009 universal for children aged 0–2; targeted for children aged 2–18 in low-income families, up to 21 if in full-time education All children in families with three or more children are entitled to the benefit	Birth grant, lump sum, universal, also paid to parents of adopted children Long-term care allowance (for children with disabilities) Benefit for children under guardianship or with an assessed need for special care and under 18 years (24 if in full-time education) Benefit for disabled children under 24 Benefit for mothers who have given birth to 5 or more children
South-Eastern Europe – EU		
Bulgaria	Family allowances: Means-tested, conditional on school attendance for children aged 7–20 years, if not in a childcare institution; not means-tested if child permanently disabled	Birth grant, universal, lump sum Child-rearing allowance, means-tested for children up to 1 year if the mother not receiving maternity benefits (for children with disabilities, universal and up to 2 years old) Childcare benefit (social insurance, except for the non-employed who receive the equivalent of the minimum wage) paid until the child is 2 years old
Romania	Family allowances: Universal for children up to 18 years, or older if in full-time education	Birth grant, universal, lump sum, up to the 4th child Income supplement, means-tested Extra allowance, lump sum, means-tested, for each child up to 4th child Childcare allowance for sick children under age 7 (18 if disabled) for a maximum of 45 days per calendar year, social insurance Single-parent allowance, means-tested Food allowance (monthly) for children infected with HIV/AIDS Allowance for families in difficulty because of health problems Allowance for children placed in foster care, or with members of extended family, lump sum, supplement to other benefits
South-Eastern Europe – Non-EU		
Albania	No specific child allowance. General economic assistance; means-tested	Birth grant to insured parents with at least 1 year's contributions, lump sum Orphan's pension for each orphan Benefit for children with disabilities
Bosnia and Herzegovina	Federation of Bosnia and Herzegovina (FBiH); Child allowances: means-tested with eligibility criteria determined by the individual canton (in 2007, the child allowances scheme in FBiH was implemented in only 5 out of 10 cantons). Some cantons also provide a birth grant, lump sum Republika Srpska; means-tested child allowances Brcko District; child benefits	
Croatia	Child allowances: Means-tested for children under 15 years and up to 19 years if in full-time education, incapacitated (until 21) or with disabilities (until 27)	Birth grant, universal, lump sum Other types of support provided by local governments

Montenegro	Child allowances: Means-tested, paid for up to 3 children	Birth grant, universal, lump sum
Serbia	Child allowances: Means-tested for children up to 19 years (if in school after age 7), or 26 if child has special needs or is in full-time education, paid for up to 4 children	Birth grant, universal, lump sum, for first 4 children Nursery school fees paid for children from low-income families Parental allowance, means-tested for insured mothers/fathers Benefit for foster parents Assistance to refugee mothers with children under 1 year
TFYR Macedonia	Child allowances: Means-tested, paid for children up to 18 years, if in full-time education	Birth grant, for first child only, universal, lump sum Special allowance for children with disabilities under 26 years Parental allowance for 2nd child (9 months), for 3rd child (10 years), for 4th child (15 years). [A Government Decree that restricted this measure only to municipalities with natural population growth under 2.1 per thousand was annulled by the Constitutional Court in Spring 2009. The law is now valid for the entire territory of the country.]
Western CIS		
Belarus	Family allowances: For children aged 0–16 (or 18 if in full-time education or disabled); universal up to age 3, means-tested 3–16 years, no means-test for children with disabilities	Universal birth grant (lump sum) Pregnancy registration supplement, lump sum paid towards the costs of medical consultation during the first 12 weeks of pregnancy Allowance for parents caring for disabled child and not working Allowance for children under guardianship
Republic of Moldova	Family allowances: For children under 16 years, 18 if in full-time education; universal up to 18 months (3 years for insured persons), then means-tested (includes children under guardianship) Social Assistance for low-income families (introduced in 2008), aimed to bring per capita family income up to official minimum subsistence level	Birth grant, universal, lump sum Allowance for children with disabilities (if child under 16), and benefit for persons taking care of children with disabilities at home Loss of breadwinner allowance for children under 16, or under 23 if in full-time education Single mother allowance, means-tested
Russian Federation	Child allowances: Means-tested, paid to families with income below the locally determined minimum subsistence level, for children from 18 months to 16 years or up to 18 if in full-time education Maternity capital for the 2nd natural or adopted child (or subsequent births if mothers did not apply for previous births), paid 3 years after the birth or adoption: can be used on housing, child education, etc.	Birth grant, universal, lump sum Pregnancy registration benefit Childcare leave benefit, monthly (for children up to 18 months), paid to insured or unemployed parents Adoption grant
Ukraine	Social benefits for low-income families (guaranted minimum income programme), means-tested (not specific for families with children)	Birth grant, universal, lump-sum Benefit for children under 3 years Benefit for children of single parents Benefit for children under guardianship Benefit for disabled children Benefit for families with more than 3 children

Caucasus		
Armenia	Family benefit: Means-tested	Birth grant, lump sum Child care benefit The families eligible for family benefits can receive further benefits (lump sum) for the birth of a child – with higher amounts for the birth of the 3rd and subsequent children – when the child starts school, or when a family member dies. Those not eligible for family benefits can apply for 'urgent assistance' – which is provided by local social service bodies – and to benefits for the birth of the 3rd and subsequent children
Azerbaijan	No specific child benefits. Targeted social assistance (for families with low income), means-tested Supplement for low income families with children under 1 year	Birth grant, universal, lump sum Allowance for the care of children under 3 (for working parents)
Georgia	No specific child benefits. Social assistance benefits: Means-tested, based on proxy means-test, introduced in 2006	Orphan's pension Social assistance paid on categorical basis for orphan children with no parents, children with disabilities aged 3–18, families with more than 7 children Benefit for children in foster care
Central Asia		
Kazakhstan	Child allowances: Means-tested, paid for children up to 18 years	Birth grant, universal, lump sum Child allowance for children aged 0-1, universal Monthly allowance for children with disabilities and other allowances for children with disabilities Allowances and benefits for orphans or children without parental care Childcare supplement for large families (4 and more children) Benefits for children under guardianship
Kyrgyzstan	Unified Monthly Benefit (UMB): Means-tested, targeted on families with children under 16 years, or up to 21 if in full-time education	UMB beneficiaries are also entitled to birth grant, lump sum; benefits for children up to 18 months, extra benefit for twins up to age 3, for triplets and more up to age 16 years Monthly benefits allocated on categorical basis, e.g. survivor benefit, orphans, children with HIV/AIDS
Tajikistan	Social assistance benefit for children from poor families: Means-tested, allocated on a discretionary basis through schools to children from the poorest families	Birth grant, universal Maternity benefit, means-tested, paid until child is 18 months Survivor pension for children up to 23 years if in full-time education Orphan's pension Disability pension
Turkmenistan	Childcare Allowance: Benefit for mothers with children under 3 years (from July 2009)	Birth grant, universal Benefit for parents with 3 or more children, when the youngest is aged 3–8 Regular child protection support: benefit for single parents, children with long-term illness or serious disability (up to 18 years) Cash award for mothers who give birth to the 8th child and subsequent children Subsidised childcare, universal
Uzbekistan	Child allowances: Means-tested using a mix of income and proxy indicators, with the final decision on eligibility resting with local community *(mahalla)* leaders: for families with children aged under 16, or 18 if in full-time education. Paid for a period up to 6 months, but families can re-apply	Maternity benefit, allocated through *mahalla* committees, for mothers with children under 2 years, means-tested Family assistance (social assistance) paid for a period of 6 months, repeatable to needy families or single persons on the recommendation of local committees Winter clothes and shoes provided to children from low-income families School accessories provided to all children entering 1st year of compulsory schooling Pension for children with disabilities

Source: Information provided by UNICEF country offices. The following sources were also consulted: Social Security Programs Throughout the World (for CEE and Western CIS countries, updated 2008; for Caucasus and Central Asia countries: updated 2006). See <www.ssa.gov/policy/docs/progdesc/ssptw> (accessed December 2008). For Bosnia and Herzegovina: European Commission (2008d); for Montenegro: European Commission (2008e).
Note: The table does not include maternity and parental leave programme benefits.

In general, social assistance received low priority in total social protection expenditure, which is still heavily biased towards pensions and benefits allocated on a category basis. The difficulties of implementing targeted systems in countries where informal earnings are common – as well as the expense of setting up and running means-testing – mean that there is still a preference for category-based benefits. Universal child benefits would avoid the danger of the poor being excluded from benefit receipt, but would require increases in expenditure in order to provide an adequate size of benefit to families.

What is missing in most countries is a consistent use of combined administrative and survey data to monitor who the poor are, what social protection benefits reach them, the effects of reform, and which benefits have a meaningful impact in reducing poverty and other forms of deprivation.

3.5 Reform challenges: institutions to support efficiency in expenditure; fiscal decentralization and achieving equity objectives

Levels of public expenditure on individual sectors reflect the ceilings on the amount of resources available to a given government, but are also a measure of government commitment and political priority. However, the benefits which children and families derive from health and education services and social protection depend not only on the amounts allocated, but also on the efficiency with which public funds are used, on allocation mechanisms, and on the accountability of providers. Again the experience in the CEE/CIS region has been mixed. In the poorer countries, slow progress in the reform of the institutions responsible for tax collection,[34] budget allocation processes and service delivery mechanisms has affected the quality of spending and further weakened the capacity of the state to ensure delivery of basic services of quality for all children. Improvements in both levels and efficiency of public expenditure are dependent on fiscal reforms, which have been uneven across the countries of the region and across its various components (including revenue collection, autonomy in expenditure, budget planning, equalizing resources through transfers, monitoring the impact of spending on outcomes). The efficiency of spending depends on governance and institutions in the country. If these are developed and function well, then increased expenditure can indeed lead to an increase in the quality and availability of public services.[35]

The efficiency of expenditure on public services, as well as incentives for providers, are influenced by the prevailing mechanisms for budget allocation. Under the central planning system, expenditure needs for line ministries, and for the lower administrative levels (region or district) responsible for the delivery of many health and education services, were based on centrally-set expenditure criteria which were in turn based on norms for the available infrastructure (e.g. number of teachers per classroom, number of desks per classroom, number of medical staff per hospital bed). Per capita budgeting did not normally take account of actual demand for services or adjust allocations in line with demographic changes in order to achieve a more balanced or equitable distribution of funds. Annual needs were revised on the basis of previous history and any additional infrastructure which was built. There was a built-in disincentive for ministries, regions and districts to save resources allocated to them, since any savings could not be re-allocated from one expenditure item to another. They would instead be taken away from the ministry, or the region/district budget, and reallocated elsewhere, while the annual base for calculating the next year's allocation would be reduced. The annual review also meant that there was no security for policy-makers at the central or regional level beyond one year, and therefore no ability to carry out medium- to long-term budget planning.

In many CIS countries, weak institutional mechanisms remain for translating policy objectives into budget estimates. Tajikistan has experienced difficulties in aligning expenditure allocations with strategic objectives or evaluating the costs and benefits of competing expenditure demands.[36] In this country, the budget process is fragmented, with over 100 organizations – including local authorities – drawing up and submitting budget estimates to the ministry of finance. The process by-passes the line ministries, which control only a small fraction of the budget for their respective sectors, especially in education and health where most expenditure is covered by the local budget. In some countries, technical capacity for formulating budgets in both the line ministries and the budget organizations is limited. As a result, current expenditures are determined mechanically on the basis of input norms, rather than on the basis of spending priorities, leading to a perpetuation of existing allocations, and preventing shifts towards more optimal allocations. Monitoring takes place using indicators which measure the inputs provided, rather than indicators which measure outcomes.

Decentralization and reform of intergovernmental fiscal systems also have a marked impact on the quality of expenditure on health and education services. As outlined above, central planners were aware that there was unused 'slack' in the regions, which they were unable to monitor and extract. It was therefore understandable that in the initial years of transition one of the first reactions by central governments to the collapse in revenue was to place increased expenditure responsibility on local governments for the provision of education and other public services, in order to

draw out the reserve regional resources. In the case of the Russia Federation, it has been argued that the decentralization, but not rationalization, of expenditure was pursued:[37] this led in most cases to an imbalance between expenditure responsibility and revenue-raising opportunities, since the rules on raising and retaining local revenue remained unchanged. Expenditure autonomy was also limited, due to the continued use of centrally set rules and norms for expenditure items. As a result, the subnational administrations were often given 'unfunded mandates', and not all of them could find the reserves to cover the new expenditure responsibilities, thus exacerbating regional inequalities within countries. In Bulgaria, for example, about 90 per cent of local expenditure in 1999 was not under the control of local authorities.[38] The outcome was a process of state 'disinvestment' in certain key social services, one example being ECD services. Bosnia and Herzegovina is an extreme example of an over-decentralized system for the delivery of social protection services, with virtually no role for the central government and limited regulatory roles for the two entity governments (i.e. the Federation of Bosnia and Herzegovina and the Republika Srpska), with outcomes which have been judged inefficient and inequitable.[39] Decentralization of expenditure requires clear assignments of responsibilities between the central and subnational governments. While this has occurred in most Central Europe countries, the efficiency of service delivery has often been compromised by excessive fragmentation. In other countries there is still much ambiguity regarding responsibilities and competences, which reduces the accountability of both central and local governments.

Decentralization of expenditure assignments has not always been matched by increased autonomy for local governments in revenue collection. In most CIS countries, variations on the system of tax-sharing inherited from the Soviet period are still in place, whereby a certain share of revenue collected in the region goes to the centre, and the rest goes to the region. The basis for setting these shares is (i) the central government's estimate of each region's minimum expenditure needs and (ii) forecasted revenue collections. If the region's minimum expenditure needs are not covered by revenue, then a grant or subsidy is provided by the centre. The incentive for the region is to lobby national finance offices for higher estimates of expenditure needs – which are based on expenditure norms – or lower estimates of expected revenue. Local governments also resort to informal ways of generating income, by extracting extra revenue from local enterprises, or receiving services from enterprises in exchange for the cancellation of tax dues.

Another challenge is the creation of transparent systems of equalization transfers to carry out distribution of funds from richer to poorer subnational entities. Apart from most Central European countries and the Baltic States, transfers between central and regional governments remain largely discretionary and negotiated.[40] However attempts are being made to introduce more transparent 'formula-based' systems in Bulgaria, Croatia, Romania, Georgia, the Russian Federation, Kazakhstan and Ukraine. In some countries, formulas are undermined through end of year negotiations for transfers, meaning in practice soft-budget constraints and negative incentives. The availability of 'soft' transfers further reduces incentives for regions to make savings and use resources more efficiently.[41]

Decentralization can improve the delivery of public services, since (i) local governments are generally considered to have a better understanding of local needs, and (ii) local governments can be held accountable to the local population for the delivery of services. However, without suitable incentives and structures, decentralization can amount to little more than the transfer of power from national to local elites, giving the latter increased opportunities for corruption.

If local governments are granted autonomy in revenue and spending, there have to be mechanisms to hold local decision-makers accountable to their constituents and to other levels of government. Throughout the CEE/CIS region there has been a slow process of determining the role and status of the middle tier of government. Often the separation of powers and jurisdiction of the two parallel regional structures, namely the locally elected head of legislative body, and centrally-appointed regional executive, remains unclear. By 2006, local governments in Hungary, Poland, the Czech Republic, the Baltic States and the Russian Federation were led by democratically-elected councils and mayors, but in Ukraine, Georgia and Central Asia the heads of regional governments were still appointed by central government; Belarus, Azerbaijan and Turkmenistan had no elections for subnational governments.[42] If local government is to be accountable to the local population, there must be a transparent budget process, and tax payers need to have a voice (through local elections), participation opportunities and the legal possibility to appeal.

3.6 Conclusions

The CEE/CIS countries of the region inherited a strong welfare orientation which meant that most are inclined to continue to give a large role to the state in the provision of basic services and social protection for families and children. Populations, while often critical of past standards, also tend to look on such services and support as their right. However, the delivery of these services and the provision of safety nets have become complex for several reasons, mainly because the changing role of the state in the economy has led to transformations in the ways in which governments

form their tax base, as well as finance, regulate and deliver basic services. Transition led to drops in revenue and reduction in funds for government expenditure on public services and support for families with children. While the Central European countries and the Baltic States have on the whole managed to restore revenue and expenditure levels, some of the poorer countries of the region do not have the resources to meet their stated commitment: in several cases the previous delivery systems still exist in some places, but a large share of the costs of the services has been downloaded to households, or to local governments, resulting in the first case in informal payments which penalize the poor, and in the second case in 'unfunded mandates'.

Secondly, there has been a slow acceptance that guaranteeing free access means defining the basic package which the state itself provides in a more transparent way. For those aspects which the state cannot guarantee, there have to be regulating mechanisms and also ways of ensuring that the disadvantaged are not excluded or have fewer opportunities (e.g. through household support, grants or intergovernmental equalizing transfers).

Thirdly, there continues to be low fiscal priority given to social assistance and reluctance to adjust inherited social protection expenditure structures.

Fourthly, in most CIS countries inherited centralized systems and institutions used to manage and deliver services, as well as to determine budget allocations, are inefficient, lacking in transparency, and often create the wrong incentive environment for providers. Increased revenue allows increases in expenditure, but increases without parallel reforms to strengthen institutions, incentives and governance may not lead to improved child outcomes, and may even increase inequalities. Many countries are now experimenting with different forms of budget management and allocation processes. However, the design and sequencing of these reforms are complex, and have to take into account existing formal and informal incentive structures.[43]

Fifthly, there is a need to improve monitoring of the impact of budget spending on the realization of children's rights. This chapter has demonstrated the difficulties of monitoring the effectiveness of public expenditure. In many countries, input indicators are still dominant in official reporting, but these cannot provide information about the impact of spending. A rough linkage of outcome indicators to expenditure levels and priorities can be made using national average outcome indicators (e.g. mortality, morbidity and educational enrolment), but these do not capture inequalities by region or population group. Public expenditure on education and health and social protection can be linked to demographic and socio-economic characteristics of beneficiaries and those not having access to services or excluded from social assistance benefits. Monitoring differences in the quality of services, and the effectiveness of current and future interventions in improving quality would require a mix of quantitative and qualitative data.

In many countries in the region there is no regular monitoring of the relation between inputs and outcomes in social service delivery. This is partly a reflection of the post-central planning inheritance of focusing on inputs, and on controlling whether the centrally set norms on inputs have been observed, instead of controlling the impact of expenditure on outcomes. Control and audit procedures are used by the ministries of finance and other bodies to check compliance with existing spending rules, but these fail to measure the end effect on service performance and effectiveness. The same is true of the ad hoc inspections of regional offices carried out by central ministries.

The information necessary to track the effect of institutional and budget reforms on access to equal quality of health and education services requires a mix of data sources. Such assessments would require both detailed budget data – which in many countries are still not publicly available – and also access to survey data which would allow more nuanced analysis for at least some aspects of access to basic health and education. Finally, most countries conduct household budget surveys. These need to be checked to ensure that they collect information on receipt of all types of social protection benefits, and used regularly by analysts to evaluate the targeting efficiency and impact of different types of social transfers on reducing poverty.

4 CHALLENGES IN IDENTIFYING, MONITORING AND SUPPORTING THE VULNERABLE

Chapter 1 used selected indicators of child well-being to illustrate the diverse challenges facing the societies – and policy-makers – in the CEE/CIS. This chapter gives concrete examples of the vulnerabilities affecting specific groups of children and opportunities that societies have to invest in their younger generations. The challenges discussed are: (i) meeting the special needs of Roma children, (ii) providing support for children left behind by migrant parents, (iii) reducing the risk of marginalization as young people make the transition to adulthood, and (iv) adapting and promoting early childhood education and care (ECEC) to give all children a good start in life.

These are important issues in child well-being and protection. They serve to reinforce the arguments and conclusions emerging from the previous chapters, by providing examples of (i) the diversity of the challenges facing countries in the region, (ii) the diversity of the resources at their disposal for tackling them, and (iii) important areas of intervention for promoting social inclusion and equity of opportunities, particularly in a period when material inequalities are increasingly affecting children's and young people's life chances and the realization of their rights.

This chapter also discusses the need to review the strengths and weaknesses of existing tools for monitoring the situation of children in the region. It highlights the limitations of available or 'standard' data sources. The currently available administrative data – such as that compiled in UNICEF's TransMONEE database – are either not adequately capturing the issues, or are not sufficiently disaggregated to do so, and cannot measure the quality of services or, in the case of Roma children, the effects of exclusion and discrimination on access. Sectoral-specific survey data are not consistently available to allow construction of time series or cross-country comparisons. Monitoring the impact of public policies on the well-being of all sections of the child population requires a mix of quantitative and qualitative indicators/analyses, and a new approach to data collection and statistical reporting (see discussion in chapter 5).

The examples in this chapter also illustrate how it is increasingly difficult to compare countries or sub-regions within the CEE/CIS, and not always useful to do so. On the other hand, different aspects of reform have been piloted in individual countries and some best practices are emerging which may be of relevance to other countries. For this reason, cross-country comparison may be more difficult, but information-sharing, discussion of good practices, and even some cross-country comparison can still be useful at a sub-regional level as is common, for example, in the EU (open methods of coordination) and OECD (peer reviews). This means that attempts to standardize some data collection methods and definitions are still desirable, albeit difficult.

4.1 Social exclusion and deprivation among the Roma children in CEE

Since the late 1990s there has been a reduction in the rates of extreme poverty and deprivation for children living in the countries of the CEE/CIS, but at the same time an increase in intracountry disparities in child well-being, with evidence of concentrations of extreme deprivation in certain regions and among certain population groups. In the CIS there is only limited evidence of child poverty and deprivation being concentrated along ethnic lines, but there is a large body of evidence which points to children from ethnic minorities facing discrimination and exclusion in CEE. In particular, Roma children are deprived across various dimensions of well-being in the countries of Central and South-Eastern Europe, which are home to around 70 per cent of the estimated 8 million Roma living in Europe.[1]

Roma before and during the transition

The Roma population has experienced centuries of discrimination and exclusion and, in the more recent past, policies of 'forced' inclusion in some of the former centrally planned systems. For many Roma, transition has meant a worsening of their situation due to the loss of some of the basic securities enjoyed by the entire population under central planning, and to the re-emergence of latent discriminatory attitudes and ethnic tensions. However, the transition period has also seen an increase in the international attention paid to the situation of Roma, as well as the launching of important cross-national policy initiatives.[2]

Under central planning consistent attempts were made to assimilate the Roma population into the majority population. The positive outcomes of these attempts were the rights acquired by Roma, which in many cases promoted integration and had a clear impact on child well-being. For example, adults were included in formal employment – a right and duty for all under central planning – children were provided with education and regular healthcare.[3] There were also measures of positive discrimination benefiting groups from rural areas and other less favoured communities. These policies meant that Roma spent time together and interacted with members of the majority population, attended the same kindergartens, schools or health centres.

However, the assimilation process also had negative aspects. Policies were often implemented with little sensitivity for accommodating different cultures and ways of life, and with little or no tolerance for nomadic lifestyles.[4] In some cases settlement programmes were implemented in a radical or harsh manner.[5] Some analysts have argued that the repressive nature of some of the assimilation processes contributed to a deepening of the traditional distrust and tensions between Roma and the majority population, and that the forced settlement policies pursued under central planning created a culture of dependency within the Roma population, and led to a weakening of their community networking.[6] Moreover, while education and employment were positive outcomes, implementation was sometimes carried out in a way which institutionalized inequalities in the quality of education and employment enjoyed by the Roma population and the majority population. This arguably laid the foundations for more explicit segregation policies pursued during transition.

With transition, the situation of Roma deteriorated significantly for several reasons. Privatization and the end of state-guaranteed employment meant that Roma adults were more likely to face discrimination when looking for employment. In rural areas they tended to lose out in the process of land reform, partly because they had no ownership rights dating from the pre-socialist period, and partly due to lack of personal identification documents. Moreover, the transition period brought with it a sharp reduction in public expenditure on social services and transfers and, as a consequence, large increases in private – formal and informal – costs for access to social services, which affected access for the poorest, and particularly those not participating in formal sector employment. Discriminatory attitudes became more explicit, and negative stereotypes were more openly propagated.

Discrimination is reinforced by the fact that Roma often lack identification documents (birth certificates, identity cards, documents certifying eligibility for non-contributory health insurance), which compromises their rights to social services and benefits, as well as to employment in the formal sector. Sometimes parents cannot register the birth of a child because their own identity documents are no longer valid. Birth registration is crucial for children's access to health facilities, since unregistered children can be turned away, and the lack of valid documents can prevent them from accessing other rights to protection, care and support from public social services and social policies.

Roma living in Central and South-Eastern Europe

Research and analysis on the situation of Roma children is severely hampered by lack of statistical information, which makes it difficult to provide reliable estimates even on the size of the Roma population. This means that there is little statistical basis on which to make informed policy responses, or tools for monitoring the impact of past and current policy measures aimed at improving their situation.

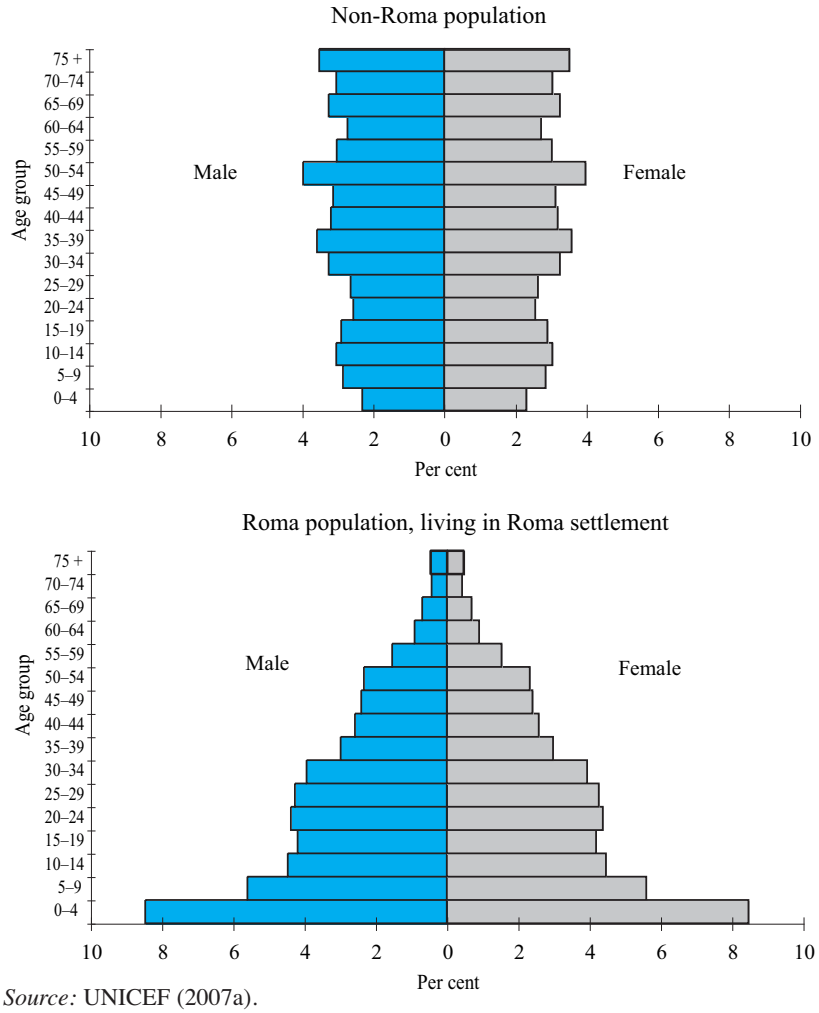
Lack of data is partly due to the fact that administrative statistics are not usually disaggregated by ethnicity, and partly to the fact that information on ethnic-cultural identity is not collected in household surveys

Table 4.1 Size of the Roma population in selected CEE/CIS countries, early 2000s

	Official data			Alternative estimates		
	Total Roma population (thousands)	Percentage total country population	Roma children, aged 0–17 (thousands)	Total Roma population (thousands)	Percentage total country population	Roma children, aged 0–17 (thousands)
Czech Republic	11.7	0.1	5.6	160–300	2.3	110
Hungary	190.0	1.9	81.1	550–600	5.7	246
Poland	12.7	0.03	6.6	15–50	0.08	17
Slovakia	89.9	1.7	39.1	350–370	6.7	157
Slovenia	3.2	0.2	1.5	7–10	0.4	4
Bulgaria	370.9	4.8	152.8	700–800	9.7	309
Romania	535.1	2.5	230.9	1,800–2,500	9.9	926
Albania	1.3	0.04	0.6	95	3.0	48
Bosnia and Herzegovina	20.0	0.5	9.2	40–50	1.2	21
Croatia	9.5	0.2	4.7	30–40	0.8	17
Montenegro	2.6	0.4	1.3	20	3.3	10
Serbia	108.2	1.4	44.4	350	4.7	144
TFYR Macedonia	53.9	2.7	22.4	80–130	5.2	44
Kosovo	34.0	1.6	17.0	45	2.2	23
Republic of Moldova	12.9	0.4	–	100–200	4.2	–
Ukraine	47.6	0.1	–	400	0.9	–

Source: Adapted from the Open Society Institute, <www.romadecade.org>, accessed December 2008.

Figure 4.1 Demographic pyramids in non-Roma and Roma population in Serbia, 2005



Source: UNICEF (2007a).

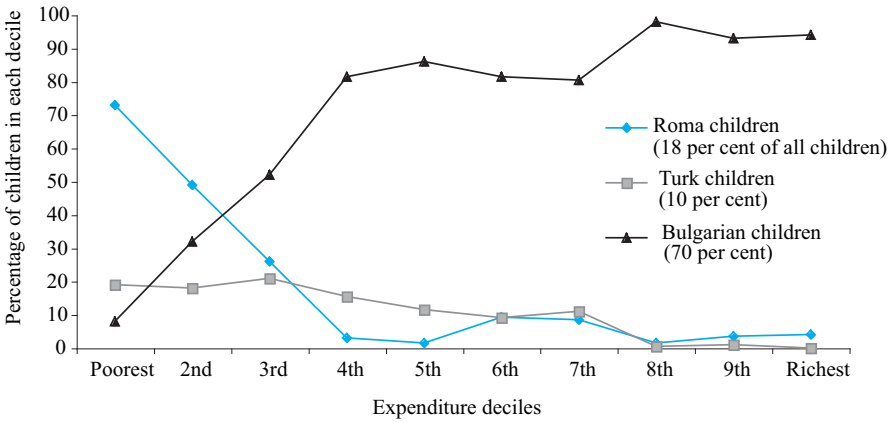
or censuses, but also because – even when information on ethnicity is collected – the samples are too small to obtain statistically significant results. Data collection on ethnicity, or access to such data, is complicated by considerations of data sensitivity, the desire to avoid ethnic labelling, by the fact that not all Roma identify themselves as such, and that Roma is a generic name for a range of diverse ethnic groups.[7]

All of these complexities are reflected in the difficulties encountered in estimating the size of the Roma population living in Europe. Table 4.1 provides estimates of the size of the Roma population in different CEE countries obtained from official – mainly censuses – and alternative sources. The discrepancy between official and alternative estimates is considerable for all the countries: for example, according to official data Roma represent 1.9 per cent of the population in Hungary, while another source puts the estimate at 5.7 per cent. According to alternative estimates, Roma represent over 5 per cent of the total population in Hungary, Slovakia, Bulgaria, Romania and the former Yugoslav

Republic of Macedonia, and more than 1 per cent in most of the countries of Central Europe and South-Eastern Europe.

The age structures for Roma and non-Roma in the individual countries are strikingly different. For example, in the age pyramids for Serbia given in figure 4.1, the youngest age group (0–4 years) represents the largest cohort in the Roma population, and the smallest cohort in the non-Roma population. Children represent slightly more than 40 per cent of the Roma population in Hungary, Bulgaria and Romania, whereas the share of children in the overall population is less than 20 per cent. Although the Roma population is currently growing at slower rates than in the past, it is still increasing at a much faster rate than the majority population. In Bulgaria in 2001, non-Roma households had, on average, 2.8 members, while the average household size for Roma was 4.8 and 5.6 for households with children; only 24 per cent of Roma households did not have children, compared to 66 per cent of non-Roma households.[8]

Figure 4.2 Distribution of children across expenditure deciles by ethnic group, Bulgaria, 2001



Source: Menchini and Redmond (2009b).

Multi-dimensional deprivation among Roma children: scattered evidence

Roma children represent a growing share of the child population in CEE, but one which continues to face deprivation across multiple dimensions, which in turn tend to reinforce each other, and are both the cause and effect of discrimination and exclusion. However, due to the problems outlined above, data to estimate and monitor the different aspects of discrimination and deprivation are very fragmentary. In some countries, for example Bulgaria, some indication can be derived indirectly from subnational data, since the Roma population is concentrated in certain regions of the country, but this is not a satisfactory or long-term solution to the challenges of monitoring the deprivations faced by children in Roma households.

Roma children and extreme income poverty

Although most Central and South-Eastern European countries carry out routine household budget surveys, data on income poverty for Roma households are very limited. This is partly because the surveys do not collect information on the ethnicity of the respondent, and secondly because, here too, the samples of Roma households are usually too small to obtain statistically significant results. However, the limited evidence available confirms that Roma, and Roma children in particular, tend to be concentrated in the poorest sections of the population.

For example, the results of the 2001 Bulgarian Integrated Household Survey, which includes a question on ethnicity of the household members, show that Roma children represented about 17 per cent of the total child population, but over 70 per cent of the children in the poorest expenditure decile (see figure 4.2). Around half of the Roma children were living in extreme poverty – using per capita consumption as the welfare indicator, and a poverty line of PPP $2.15 – compared with 2 per cent among ethnic Bulgarian children.[9]

Similarly, statistics for 2004 for Romania report a poverty rate of 40 per cent for Roma children compared to a national average for all children of around 8 per cent: Roma children are five times more likely to live in extreme poverty than the overall child population.[10]

Roma households face a higher risk of income poverty despite the fact that in most countries of the subregion they are eligible for social protection (cash) transfers. According to a survey carried out in 2006, around 35 per cent of Roma families living in South-Eastern Europe received some form of state social assistance. The share of Roma households receiving assistance is higher in some countries – in Croatia it is 80 per cent, in Romania 75 per cent and in Bulgaria 67 per cent – and much lower in others, for example in Albania it is less than 2 per cent.[11] In Serbia in 2003 around 80 per cent of poor households living in Roma settlements received benefits from social assistance programmes (including child allowances), while only 14 per cent received cash benefits from social insurance programmes (including old age pensions).[12] Despite the relatively small size of the benefits, in many cases they represent an important income share for the receiving households. At the same time these

benefits appear to be insufficient to protect households from extreme poverty, partly due to the large size of Roma households where small benefits have to be shared by a higher number of family members.

In Romania where the main cash transfers directed to children are universal, the coverage of families with children is high, and is quite uniform across income quintiles for children under the age of 7. The situation is different for school-aged children (8–16 years): in this age group 95 per cent of children receive the allowance, but this percentage drops to 86.5 per cent for children in the poorest income quintile, where there is a higher concentration of Roma children.[13] Thus, even when a high share of Roma children are covered by the benefit scheme, they are still more likely to be excluded from receipt compared to the rest of the child population.

Health deprivation and access to basic health care for Roma children

Lack of ethnically-disaggregated data from surveys, as well as inadequacies in the data derived from vital registration systems, make it difficult to monitor and analyse health conditions for Roma children. An examination of socio-economic factors – including income, nutrition, housing conditions, access to health and education services – reveal that maternal and child health conditions among the Roma population are a matter of concern and are also affected by cultural patterns of behaviour, including early and frequent childbearing.[14]

Recent evidence on the health of Roma children is available from the MICS surveys conducted in two countries of South-Eastern Europe in 2005–2006, namely Serbia and the former Yugoslav Republic of Macedonia, both of which obtained statistically significant results due to the Roma-specific subsample included in the sample design. The disadvantage experienced by Roma children is reflected in the results for outcome indicators and in those for input/process indicators. For example, MICS data for Serbia were used to estimate infant mortality rates for children living in Roma settlements. The result was an estimate of 25 infant deaths per 1,000 live births, which is four times the Serbian national average (derived from the vital registration system, and estimated at 8 per 1,000 live births in 2005). While statistics from the vital registration system suggest that almost all births in Serbia are assisted by skilled personnel in health facilities, survey data for Roma settlements indicate that 6 per cent of births are not assisted by trained personnel and that DPT3 vaccination coverage is only 78 per cent in Roma settlements, compared to the national average of 96 per cent.[15] The situation appeared to be slightly better in the former Yugoslav Republic of Macedonia, where 83 per cent of Roma children aged 18–29 months received the DPT3 vaccination, compared with 95 per cent of ethnic Macedonians and 82 per cent of ethnic Albanians.[16]

In Romania data for the period 1994–1999 also point to considerable disparities in child survival rates, with Roma children having an infant mortality rate 2.5 and 3.5 times higher than ethnic Romanians and ethnic Hungarians respectively.[17] In Bulgaria, data disaggregated by ethnicity are not available, but the large regional differences in child survival chances reflect the higher concentration of Roma in regions with higher mortality rates.[18]

Lower coverage of basic health interventions for Roma children, such as birth in health-care facilities assisted by skilled personnel and vaccination coverage are symptomatic of the difficulties experienced by Roma in accessing health care. Lack of personal identity documents (including lack of birth registration) makes formal access to services difficult, but access is also problematic due to discriminatory attitudes towards Roma. Qualitative research conducted in Hungary, Romania and the former Yugoslav Republic of Macedonia, highlights some of the most critical issues including a lack of attention from medical staff, shortage of information and informed consent before surgery, as well as verbal abuse and degrading treatment, requests for informal payments and segregation in hospital facilities.[19] On the other hand, there is often a lack of awareness among the Roma population of the type and level of treatment which they can reasonably expect and the public health services to which they are entitled, and of the need to present valid identity documents in order to access the services.

Roma children: left behind in the school system

Under central planning efforts were made to provide access to education for minority ethnic groups. However, this potentially inclusive measure was often implemented in an exclusionary manner, and it was not uncommon for Roma children to attend classes or schools prevalently attended by Roma children or, in the worse-case scenarios, to be placed in special schools for children with mental or physical disabilities.[20] In some cases discriminatory practice became more explicit in the transition period, and this meant that Roma are likely to receive a lower quality of education, affecting young people's opportunities to go on to further education and to participate in the labour market. Segregation in school remains common in parts of Central and South-Eastern Europe, despite the adoption of anti-discriminatory laws in some countries.[21] In Bulgaria in the academic year 2000/01, 70 per cent of Roma children attended schools where those enrolled were almost totally Roma, and 80–90 per cent of children attending schools for children with 'special needs' were Roma.[22] In Slovakia, Roma children are overrepresented in special schools for

children with developmental disabilities: in 2002 around 40 per cent of all Roma children were in special schools, and around 50 per cent of these were in the region of Prešov.[23]

Apart from this segregation within schools and in special schools, the available data on enrolment and attendance rates confirm that Roma children face other disadvantages in the education system, especially at the non-compulsory levels. The promotion of universal preschool attendance is considered a key component of any strategy to integrate Roma children into the general school system, but participation of Roma children in pre-primary education remains low across the countries of Central and South-Eastern Europe, even in those with relatively high coverage rates for pre-primary education. This is the case, for example, in Bulgaria and Romania where average national preschool enrolment rates are over 70 per cent, but respectively 16 and 17 per cent for Roma children.[24] In Serbia and in the former Yugoslav Republic of Macedonia, where average national enrolment rates are lower, coverage for Roma children is particularly small, at around 3 per cent in both countries.[25]

Disparities in enrolment rates for primary education are not so pronounced, but Roma children are less likely to start compulsory education at the statutory age,[26] and are more likely to have lower attendance rates.[27] However the disparities become more visible at the lower and especially upper secondary school levels where there is also a marked gender bias, with Roma girls being less likely to attend secondary school than boys.

Repetition and drop-out rates among Roma children are also high. For example, survey data for Romania in the late 1990s suggests that 36 per cent of Roma pupils had dropped out of primary school after the 4th grade. Levels of non-completion of primary school for Roma children were also high in Albania and the former Yugoslav Republic of Macedonia.[28]

Overall, UNDP (2006) argues that the transition generation of Roma children has seen a deterioration in access and quality of education compared to their parents: those aged 25–45 years who benefited from the 'inclusion' policy implemented under central planning have much better education outcomes than the 11–24 year age group.

Housing deprivation

Housing discrimination is at the root of much of the social isolation experienced by Roma children, since lack of access to health-care services and schools, or segregated schooling, is often linked to the geographical isolation of Roma. Housing deprivation among Roma is widespread and assumes its most radical form in residential segregation and isolation. In CEE, Roma are by far the largest ethnic group among those living in informal settlements: in Romania about one third of Roma live in homogeneous communities; in Montenegro, the majority of the Roma, Ashkali and Egyptian populations live in isolated settlements and about half live in 'make-do' housing.[29]

In some cases Roma families choose to live separately, but in others discrimination can create barriers for them to move to other areas, and housing options may be limited by discriminatory practices of municipal officials and landlords. Many Roma people are still forced to live in segregated and usually substandard housing or in hazardous environmental conditions because of deep-rooted discrimination or due to more recent explicit discriminatory policies.[30]

The quality of housing in Roma settlements is often poor, with housing made from non-durable material (tin, cardboard, mud), and without sanitation or sewage disposal facilities. Half of the approximately 600 Roma settlements existing in Serbia have been defined as unsanitary slums.[31] In several cases, such as in Belgrade, the overcrowding in the slums increased during the 1990s, particularly the late 1990s, after the expulsion of the non-Albanian population from Kosovo.

In 2001 in Bulgaria almost half of the Roma population was living in wooden sheds, mud houses or shacks and a third were living in 'semi-solid structures'; 77 per cent of households living in Roma settlements had no inside toilet, 63 per cent had no running water and over a third were living in dwellings of less than 20 square metres in size. The large majority used coal or wood burning stoves for heating in winter.[32]

In Serbia, the majority of Roma children live in households where wood is the main type of fuel used for cooking (over 80 per cent, as compared with around 30 per cent among non-Roma children) and half the children live in dwellings where the traditional pit latrine is the main type of toilet facility used by the household (compared to around 10 per cent for non-Roma children). Data for Serbia from the Integrated Household Budget Survey 2003 suggests that Roma children live in, on average, less than half the space available to non-Roma children: in particular, Roma children belonging to the poorest quintile have on average 5.5 square metres of living space per capita, while non-Roma children have an average of 12 square metres per capita. In comparison, and as in the case of health indicators, Roma children living in the former Yugoslav Republic of Macedonia enjoy better outcomes in terms of housing conditions, both in absolute terms and when compared with other ethnic groups (see table 4.2).

Apart from poor quality and segregated housing conditions, Roma families also live with little security, since they may lose their housing either because of the

temporary nature of the construction (e.g. in 2006 an informal Roma settlement in the Belgrade municipality was literally swept away when the Danube flooded), or because of forced eviction.

Summary

This section has discussed data availability and its use – and limits – to monitor the deprivation across multiple dimensions experienced by most Roma children. They have also stressed that underlying much of this deprivation is the pervasive implicit and explicit discrimination with which the Roma population lives. Even if anti-discrimination laws are in place, gaps in legislation or institutional weakness allow individuals to interpret or implement laws in a discriminatory way, and to make decisions which reinforce disadvantage for the Roma population.

Much of the discrimination in access to social services is often based on the Roma's lack of valid identity documents. For example, birth registration plays a crucial role in children's access to health facilities, since unregistered children can be turned away, and the lack of documents can impede their access to protection, care and support, and schooling.

This is an example of aspects of child well-being specific to part of the CEE/CIS region, on which neither administrative data nor survey data can supply adequate information either to inform on the living conditions of particularly disadvantaged groups of the child population, or to monitor the effects of policies aimed at improving their situation. It is an extreme case of lack of data – in that children are often not even registered at birth, or their families are not included in census data, so that they remain invisible to policy-makers and analysts alike. Attempts are now being made to improve data collection, but because so much of the deprivation experienced by Roma children is connected with discrimination, stigmatization and exclusion, there is a need to combine monitoring with quantitative statistics, with participatory approaches to data collection, and qualitative research. The scattered evidence on the different aspects of deprivation summarized above could be improved if administrative data were disaggregated by ethnicity – bearing in mind that in some countries disaggregation by ethnicity is not allowed by law – and household survey data in countries with large Roma populations should consider oversampling, in order to allow comparisons with non-Roma population. This is also an area where cross-country comparisons within the subregion would be useful. Efforts are now being made by the EU and other organizations to address the structural barriers which lead to discrimination against Roma children and households. Improvements in data collection are of key importance for monitoring the impact of policy interventions in the different countries.

Table 4.2 Selected housing indicators in the former Yugoslav Republic of Macedonia by ethnicity, 2005

	Percentage of households using clean fuels for cooking	Percentage of population with access to piped water	Percentage of population with access to improved sanitation facilities
Macedonian	70	91	94
Albanian	52	86	91
Roma	65	86	94
Other	49	80	90

Source: State Statistical Office of the Republic of Macedonia (2007).
Note: Clean fuels include all non-solid fuels used for cooking; improved sanitation facilities are means of excreta disposal and include flush toilets, ventilated improved pit latrines and latrines with a slab closure.

4.2 Children left behind by migrants

Although migration is not a new phenomenon in the CEE, and especially the CIS countries, the transition period has brought significant changes in the quantity and quality of migration flows. The uneven character of economic growth, the growing differences in the levels of GDP, the sluggish nature of job-creation and the poor quality of many existing jobs in the low- and middle-income countries, as well as construction booms in oil-rich countries, have all had an influence on the scale and flows of migration within and from the region. These have in turn been influenced by, and influenced, the demographic and economic trends in the region discussed in chapter 2.

The economic and social effects of migration and its consequences for child well-being are far reaching, not always immediately obvious, and require a variety of tools – including qualitative studies – to quantify and monitor. For example, while changes in family incomes are visible, the overall effects on children's development are not. In most countries, the effects of migration on children have received little policy attention until recently. However, in some countries of the region where migration has assumed a mass character, more detailed studies of the phenomenon and its effects on family income, structures and the development of children have been made.[33] These show that – as in other parts of the world – while remittances can improve household incomes, and therefore enable parents to spend more on food, housing conditions, health and education services for children, there may also be less positive effects, with longer term implications for the child's development and future life. These include, for example, the changes of household structure and responsibilities leading to more pressure on older

children to help in the household or agriculture and to neglect schooling, as well as family break-up, a lack of parental supervision and social interaction.[34] Moreover, the effects go beyond the impact on the individual family with migrant members: communities affected by large outflows of migrants undergo important changes in their demographic and socio-economic structures which have an impact on their 'normal' daily functioning.

The economic and demographic polarization of the region has prompted large migration flows. But monitoring and analysing migration in the region is complicated, mainly due to the fact that much migration is informal, meaning that a mix of data sources, including national accounts, administrative data, surveys and qualitative studies, is required to capture its scale, nature, and effects. Official data collection – collection of data through administrative means, and regular household or labour force surveys – has not always been adjusted to capture the scale and characteristics of the migration phenomenon.

The implications for children and communities are not only dependent on the size of the flows, but also on their composition (share of male/female migrants, age of migrants). Some of the flows are circular (when migrants leave for temporary or seasonal employment, and return to the sending country) and some are more long-term or even permanent. These two different 'qualities' of migration also have different implications for the children left behind. There is a clear need for increased policy attention to the specific needs of children of migrants (left behind in sending countries or with their parents in destination countries) for support from schools, communities, local and national authorities.

The scale and flows of migration in the region have been discussed in chapter 2. This section uses micro-data from Albania and the Republic of Moldova – two countries where migration has assumed a mass character – to look at the impact of migration on children and family structures.[35]

Evidence of the effect of migration on family structures in Albania and the Republic of Moldova

In the Republic of Moldova in 2005, around 700,000 people were estimated to live abroad, representing 17 per cent of the total population; while in Albania, about 860,000 people, or 28 per cent of the population, were living abroad.[36]

Table 4.3 shows that in Albania around 10 per cent of children under the age of 15 were living without one of their parents in 2005, and 0.8 per cent were living without either parent at the time of the survey. The

Table 4.3 Family structure for children aged 0–14 in Albania, at the time of the survey, 2005

Children aged 0–14	Nuclear households	Non-nuclear households	All households
Distribution by type of household (per cent):	61.6	38.4	100.0
Parental presence in the household			
Percentage of children:			
• Living with both parents	90.7	87.7	89.6
• Living with only one parent	9.2	10.3	9.6
• Not living with either parent	0.1	2.0	0.8
Total	100.0	100.0	100.0
Children living in households where at least one parent is absent, by reason for parental absence:	9.3	12.3	10.4
Only one parent			
International migration			
• mother	0.1	0.4	0.2
• father	5.9	5.7	5.8
Divorce			
• mother	0.0	0.3	0.1
• father	0.3	1.0	0.6
Death			
• mother	0.3	0.4	0.3
• father	2.0	0.8	1.6
Unspecified reason for absence			
• mother	0.0	0.0	0.0
• father	0.6	1.7	1.0
Both parents absent			
Mother unspecified reason and father divorced	0.0	0.2	0.1
Mother dead and father unspecified reason	0.0	0.2	0.1
Mother unspecified reason and father dead	0.0	0.5	0.2
Mother divorced and father dead	0.0	0.0	0.0
Mother dead and father migrated	0.1	0.0	0.0
Both parents migrated	0.0	0.1	0.1
Both parents absent for unspecified reasons	0.0	1.0	0.3

Source: Authors' calculations based on the Albanian Living Standard Measurement Survey 2005.
Note: Only parents who migrated in the 12 months before the survey, and were still abroad at the time of the interview, are defined as migrants.

main reason for parental absence from the household was the migration of fathers (about 6 per cent of all Albanian children).[37] However, the effect of migration in terms of children left behind is much greater if the group of children who have been left behind by a migrant parent at any point in the year before the survey is examined, i.e. children with parents who had been migrants in the 12 months before the survey, regardless of whether parents are at home or not at the time of the survey. These results capture both children affected by long-term migration, but also by temporary and circular migration. Using the latter definition, the number of children with migrating parents increases from 6.2 to 12.9 per cent (over 15 per cent in rural areas; see table 4.4), that is, the number of children who had parents abroad in the year preceding the survey is more than double the number of those who currently have parents abroad, which points to the temporary nature of most migration in Albania.[38] Data also confirm that there are substantial differences in the impact of migration on family structures, with the highest effect registered in the Mountain region where 17.5 per cent of children had a father absent due to migration.

In the Republic of Moldova, results from the 2005 DHS suggest that 17 per cent of households had at least one member living abroad (16 per cent for urban households and 17 per cent for rural ones), although different sources report higher figures. Here too there are some signs of regional variation, with international migrants being more likely to come from the South region (21 per cent), while the lowest rate, as in Albania, is found in the capital city (13 per cent).

The share of children living without one or both parents in the Republic of Moldova is much greater than in Albania: according to the Moldovan HBS carried out in 2007, about 40 per cent of children do not live with both of their parents and, among children living in non-nuclear households, this share increases to 56 per cent. In addition, a significant share of children (slightly under 10 per cent) lives without either parent.

The structure of households with children in the Republic of Moldova is very complex and diverse, in large part due to migration effects. On average, about one fifth of children under the age of 15 have at least one parent who has migrated abroad (table 4.6). Children left behind by both parents are mostly looked after by grandparents (86 per cent), but some live with older siblings (5 per cent), or with other relatives (8 per cent). When both parents have migrated, the share of those living in households headed by older siblings increases to 17 per cent.

In contrast to Albania, in the Republic of Moldova younger children (0–6) are less affected by migration of their parents. But again, there are wide subnational differences: in rural areas, a larger share of children do not live with their parents and the North Region has the highest share of children left behind because of migration.

Table 4.4 Children left behind due to parental international migration by age and geographical area, during the year preceding the survey, 2005, Albania (per cent)

		Migrant parents:			
	Age groups	only mother	only father	Both parents	At least one parent
Urban	0–14	0.4	8.1	0.3	8.8
	0–6	0.4	7.8	0.5	8.7
	7–14	0.4	8.2	0.1	8.7
Rural	0–14	0.2	15.3	0.3	15.8
	0–6	0.4	16.1	0.2	16.7
	7–14	0.1	14.7	0.3	15.1
Coastal	0–14	0.2	12.0	0.1	12.3
	0–6	0.3	9.4	0.0	9.7
	7–14	0.1	13.3	0.1	13.5
Central	0–14	0.4	13.3	0.5	14.2
	0–6	0.7	14.1	0.7	15.5
	7–14	0.1	12.6	0.4	13.1
Mountain	0–14	0	17.5	0	17.5
	0–6	0	19.8	0	19.8
	7–14	0.1	16.1	0	16.2
Tirana	0–14	0.7	3.5	0	4.2
	0–6	0	6.6	0	6.6
	7–14	1.2	1.5	0	2.7

Source: Authors' calculations based on the Albanian Living Standard Measurement Survey 2005.
Note: Parents who migrated during the 12 months preceding the survey, irrespective of whether or not they were at home at the time of the interview, are considered as migrants.

The survey statistics discussed above refer to two countries which have experienced substantial out-migration, and for which recent survey data are available. The analysis shows that migration in Albania is more likely to be temporary, that fathers are more likely to migrate and to migrate for a longer period, and that there are regions where migration assumes more of a mass character than in others. In the Republic of Moldova there are also some regions which are more affected, where younger and older children are left behind, requiring different policy responses, and there has been an increase in the care provided by grandparents and by elder siblings. More consistent and regular data collection is needed for these countries and for others affected by mass migration in order to understand the numbers and age-composition of children left

Table 4.5 Family structure for children aged 0-14 in the Republic of Moldova, 2007 (per cent)

Children aged 0–14	Nuclear households	Non-nuclear households	All households
Distribution by type of household (per cent):	64.3	35.7	100.0
Parental presence in the household			
Percentage of children:			
• Living with both parents	73.0	44.0	62.6
• Living with only one parent	27.0	29.0	27.8
• Not living with either parent	–	27.0	9.6
Total	100.0	100.0	100.0
Children living in households where at least one parent is absent by reason for parental absence:	27.0	56.0	37.4
Only one parent			
International migration			
• mother	3.7	2.3	3.2
• father	14.0	9.1	12.3
Single parenthood			
• mother (or father) is single	1.1	2.8	1.7
Divorce			
• mother	0.9	0.8	0.9
• father	4.6	11.1	6.9
Death			
• mother	0.2	0.2	0.2
• father	2.5	2.6	2.5
Unspecified reason for absence			
• mother	0.0	0.0	0.0
• father	0.0	0.1	0.0
Both parents absent			
Mother migrant and father unspecified reason	0.0	4.0	1.4
Mother migrant and father dead	0.0	1.1	0.4
Mother single and absent	0.0	0.5	0.2
Father migrant and mother unspecified reason	0.0	0.2	0.1
Both parents migrated	0.0	6.0	2.2
Both parents absent for unspecified reasons	0.0	15.2	5.4

Source: Authors' calculations based on Moldovan Household Budget Survey 2007.

behind, their place of residence, and whether father or mother or both have migrated, in order to design appropriate policy interventions to support them. The social and psychological effects on children of different ages, with different care options, require more study. If not tackled with appropriate policy responses, they may imply increased social expenditure to deal with the consequences at a later date. For example, two distinct studies focusing on the Republic of Moldova found a statistical association between the increase in the juvenile crime rates and the rise in the number of the children left behind,[39] and a correlation between parental migration and a decrease in children's communication skills and social participation, as well as a greater tendency towards risk-taking behaviour for adolescents.[40] The microdata analysis presented in World Bank (2007a) found that in rural Albania daughters (aged 6–22 years) of permanent international migrants, have lower enrolment rates than those living in households without international migrants. It was also found that households with permanent international migrants spend less on education. When a household member leaves, the intra-household duties and responsibilities may change and there is evidence that children of migrant parents spend less time on school-related activities and their involvement in work tasks increases (both within and outside the home, depending on the child's and parent's gender).

Summary

Changes in migration patterns and country-specific features of the migration phenomenon have important and changing implications for the situation of children left behind. There is a need for careful and continuous monitoring and carefully tailored interventions at the country level in order to address such vulnerabilities not only for individual children and families, but also for communities. Future migration trends are difficult to predict and the current downturn in the global economy is likely to have a substantial impact on migration from and within the CEE/CIS region. However, although changes may occur in its flows and patterns, migration is a global phenomenon which is unlikely to disappear, and children will continue to be affected by it in different ways.

In this section the discussion has focused on the effects of migration on sending countries and on children left behind. However, children are also affected by migration when they migrate with their parents, or when they migrate alone. The effects of migration on all of these groups should be monitored more consistently in order to understand the type and variety of interventions required in sending and receiving countries to support children affected by migration processes. These effects have to a large extent been ignored by policy-makers, yet there is an obvious and growing need for protective social policies to support children affected by migration, and coordinated

efforts between local communities, schools, local and national governments, NGOs, and international organizations. It is important to raise awareness among central and local governments of the less visible and long-term effects on children deprived of the right to grow up with their parents. There will be a need to improve vigilance on the access for children left behind to schools, health and other social services, as well as the changing quality of these services in local communities where many working-age adults have migrated. Apart from the increased likelihood of family break-up, lack of role models can imply more difficult socialization and emotional development for adolescents, and will require preventative interventions to promote integration and participation. There is also a need to study international best practices, and emerging experience within the region.

Assessing the scale, patterns and effects of migration requires a combination of monitoring tools. National banks can develop methodologies for estimating the size of remittances in the balance of payments, including those transferred as cash foreign exchange. However, remittances from temporary or seasonal migration are often carried as cash. These may be captured in surveys but, as with other aspects of informal income, are likely to be under-reported by respondents. Household Budget Surveys and Labour Force Surveys currently being conducted on a regular basis in most countries of the region can be improved by including sections dealing with migration and remittances. Efforts are being made in some countries to meet the monitoring challenges. Household surveys can help monitor the social composition, age and gender distribution of flows, and also provide some indication of the emotional stress caused by migration, particularly the information on children growing up with only one parent or without parents. They can also provide information on how remittances are used, since there is evidence that these vary by the gender, age and social origin of remitters. Moreover, qualitative studies are also needed to improve understanding of social impacts, on children and on the communities where they live, including the extent to which children and adolescents who stay behind may be more at risk from trafficking, or joining those living on the street or in institutions.

Table 4.6 Children left behind due to parental international migration by age and geographical area in the Republic of Moldova, 2007 (per cent)

		Migrant parents:			
	Age groups	only mother	only father	Both parents	At least one parent
Urban	0–14	3.2	7.5	1.4	12.1
	0–6	1.0	9.2	0.7	10.9
	7–14	4.9	6.2	1.9	13.0
Rural	0–14	6.3	15.2	2.6	24.1
	0–6	3.5	18.0	2.7	24.2
	7–14	8.0	13.5	2.6	24.1
North	0–14	4.5	18.4	3.1	26.0
	0–6	3.3	21.8	2.5	27.6
	7–14	5.3	16.1	3.4	24.8
Centre	0–14	5.6	12.1	1.2	18.9
	0–6	3.4	14.1	1.4	18.9
	7–14	7.0	10.9	1.1	19.0
South	0–14	8.8	12.4	2.8	24.0
	0–6	2.8	14.4	3.5	20.7
	7–14	12.4	11.1	2.3	25.8
Chişinău	0–14	1.6	4.2	1.8	7.6
	0–6	0.0	5.7	0.1	5.8
	7–14	3.0	2.9	3.2	9.1

Source: Authors' calculations based on Moldovan Household Budget Survey 2007.

4.3 The transition generation, from childhood to adulthood

Young people in CEE/CIS aged 15–24 years in the second half of the 2000s are the generation which spent the formative stage of their lives in a period of profound change. Youth is a period of transition within the life-cycle: young people go through several transitions as they move into adulthood, in education and learning, starting to work, taking responsibility for their own health and healthy life-styles, moving from the parental home to form their own families, and exercising citizenship.[41] In the region the experience of young people in making these transitions into adulthood differs greatly from that of their parents, who grew up with more limited choices, but with greater security. On the whole the generation of the parents moved rapidly and smoothly from school to work and marriage, with more social control, but also fewer opportunities for risk-taking behaviour, with incentives and support for family formation, and with clear obligations to participate in social and political life – and the channels for doing so.

On the one hand, transition has created more and better opportunities for young people to make these important life-cycle transitions – and the younger generation has sometimes been portrayed as the winner of transition – but it has become increasingly clear that there have been both winners and losers in the transition generation, as the increase in opportunities has been accompanied by a reduction or change in the quality and intensity of public support for young people in their transition to adulthood. Transition has brought greater choice for

some young people in education opportunities, access to information, travel, but also problems of integration and inclusion for others. Inequalities in opportunities have grown, as have the risks of marginalization. The problems of youth unemployment, as well as lack of or unequal access to sport and other leisure activities, and lack of opportunities to exercise citizenship, have in some cases led to disillusionment and also a greater tendency towards social defiance expressed in increased risk-taking behaviour.

As with other child/youth issues discussed in this publication, there is a need for political will to tackle these, and to recognize that the problems of the next generations may be different from those of the first transition generation, i.e. the mix of policy challenges is in flux. Those young adults who have grown up in transition faced particular problems which affected their development and opportunities. They are now becoming parents, and while their children will face different challenges, the first transition generation parents may be particularly in need of support for bringing up their children.

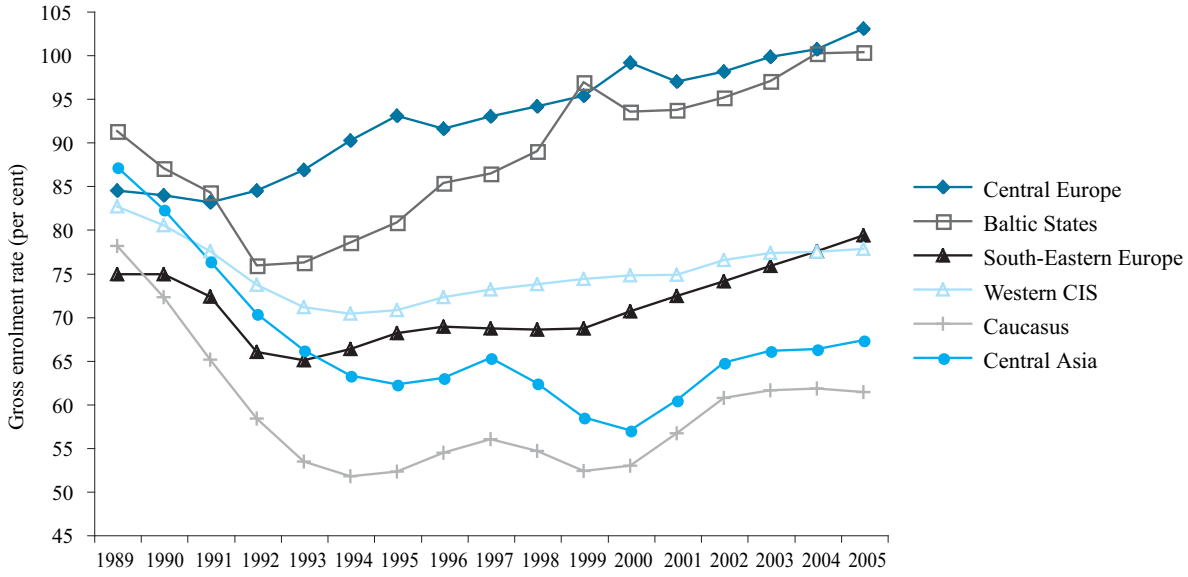
While it is important to monitor the successes and risks faced by young people in making their transitions into adulthood, data limitations mean that this is not always possible, especially when cross-country comparison is required. For this reason, this section focuses mainly on two of the mentioned transitions, namely continuing to learn, and moving from education to work, and concludes with a brief discussion of the other transitions, and a summary of the main monitoring challenges.

Young people in the education system during the transition and who are continuing to learn

Most young people now in the 15–24 years age group experienced, to different degrees, the most turbulent years of transition when they were at school. School education should provide young people with the skills and knowledge necessary to participate in the labour market, and to confidently exercise their rights and responsibilities as citizens and future parents. However, schools have also undergone a long and complicated transformation from offering programmes geared to the skills and ideology of centralized command economies to those required in societies with more emphasis on individual choice.

In the early transition years, governments in the region faced with declining budgets, tended to concentrate scarce resources and policy efforts on maintaining basic compulsory schooling, usually at the expense of preschool and upper secondary levels.[42] Even in the period of economic recession, most of the CEE/CIS countries were able to maintain almost universal rates of enrolment for compulsory education, although there is some evidence that attendance rates declined, in particular among children from the poorest strata of the population. Gross enrolment ratios in basic education in most countries in Central Asia and Caucasus fell to around 90 per cent in the first years of transition, and only showed consistent recovery trends at the end of the 1990s. But while enrolment rates were reasonably well protected, the reduction in resources allocated to education left its mark on the average quality of school education, and was reflected in growing disparities

Figure 4.3 Trends in gross enrolment rates in upper secondary education in the subregions of CEE/CIS (as a percentage of the population aged 15-18)



Source: Authors' calculations based on data from the TransMONEE database.
Note: Subregional averages are weighted by the countries' population aged 15–18.

within countries in learning achievements, between urban and rural areas, and between children from different socio-economic backgrounds.[43] These trends mark the emergence of significant inequalities in opportunities for the transition generation: most obviously between the small share of children who were excluded from basic schooling (mainly in the poorest countries of the region) and the large majority of children who were formally attending basic schooling. However, inequalities also emerged within this latter group, which experienced a decline in the average quality of school education, and growing inequalities in quality manifested in substantive disparities in learning achievements between socio-economic groups.

These trends towards increasing inequalities in education in the 1990s are even more evident in upper secondary and other non-compulsory levels of education. Transition brought growing learning opportunities for some but not for all, and a large share of young people was excluded from these higher levels, especially in the poorest countries of the region. Trends in enrolments in upper secondary education show a clearly diverging pattern between the subregions of CEE and CIS for most of the transition period (figure 4.3), with the richest part of the region (Central Europe and the Baltic States) having almost universal upper secondary enrolment from the late 1990s onwards.[44] The countries of SEE and Western CIS show a slow recovery towards pre-transition levels of enrolments (at around 75 per cent in 2005), and Central Asia and Caucasus show a marked drop in enrolment ratios in the early 1990s, and by 2005 still not recovering their pre-transition levels (at 60–65 per cent enrolment rates compared to around 80 per cent in 1989).

The differences in upper secondary school participation between subregions are reinforced not only by subnational differentiations in enrolment rates,[45] but also by intracountry divergence in the quality of education and learning achievements.

The limited evidence available (only a few CIS countries are covered by international learning achievement surveys) points to marked subregional patterns in school achievements.[46] The results of three rounds of the PISA study (table 4.7), show that in the countries of Central Europe and the Baltic States, children aged 15 and 16 years with at least six years of formal schooling achieved scores in reading and mathematics which are not far from the OECD averages (better in mathematics than in reading). In 2006 Albania, Azerbaijan, Montenegro and the former Yugoslav Republic of Macedonia had much poorer average scores in reading (all of them scored

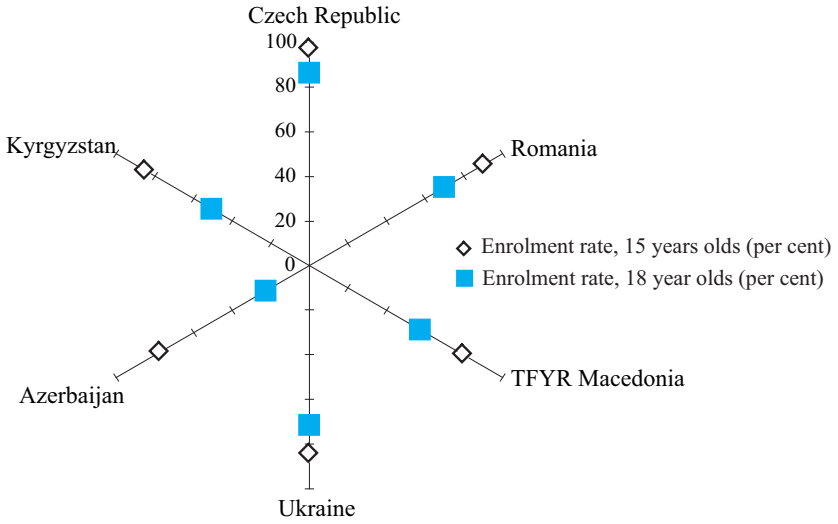
Table 4.7 Average and dispersion of scores in reading and mathematics, PISA 2000, 2003 and 2006

	Reading					Mathematics			
	Scores 2000	Scores 2003	Scores 2006	Ratio of 75 to 5 percentile 2006	Ratio of 75 to 10 percentile 2006	Scores 2003	Scores 2006	Ratio of 75 to 5 percentile 2006	Ratio of 75 to 10 percentile 2006
Czech Republic	492	489	483	1.95	1.68	516	510	1.71	1.55
Hungary	480	482	482	1.73	1.53	490	491	1.6	1.46
Poland	479	497	508	1.73	1.55	490	495	1.58	1.45
Slovakia	–	469	466	1.93	1.66	498	492	1.68	1.51
Slovenia	–	–	494	1.64	1.48	–	504	1.57	1.45
Estonia	–	–	501	1.59	1.44	–	515	1.50	1.39
Latvia	458	491	479	1.67	1.50	483	486	1.56	1.43
Lithuania	–	–	470	1.74	1.57	–	486	1.63	1.49
Bulgaria	430	–	402	2.32	1.94	–	413	1.92	1.68
Romania	–	–	396	1.90	1.68	–	415	1.69	1.53
Albania	349	–	–	–	–	–	–	–	–
Croatia	–	–	477	1.67	1.50	–	467	1.58	1.45
Montenegro	–	–	392	1.87	1.64	–	399	1.75	1.57
Serbia	–	412	401	1.90	1.65	437	435	1.76	1.57
TFYR Macedonia	373	–	–	–	–	–	–	–	–
Russian Federation	462	442	440	1.80	1.60	468	476	1.61	1.48
Azerbaijan	–	–	353	1.63	1.49	–	476	1.25	1.21
Kyrgyzstan	–	–	285	2.85	2.20	–	311	2.08	1.78
OECD average	498	494	492	1.77	1.55	500	498	1.62	1.48

Source: Programme for International Student Assessment (PISA) database, accessed December 2008.
Notes: PISA covers students aged between 15 years 3 months and 16 years 2 months at the time of the assessment, who have completed at least 6 years of formal schooling, regardless of the type of institution in which they are enrolled in full-time or part-time education, whether they attend academic or vocational programmes, and whether they attend public, private or foreign schools in the country.

less than 400, compared with the OECD average at 492); but the worst performer is Kyrgyzstan which, with a score of 285, had the lowest score of all the countries included in the comparison. The PISA survey results also point to substantial inequalities in achievements within countries.[47] The largest differences in scores between the best performing students and those with the lowest scores in the CEE/CIS are found in Kyrgyzstan and in Bulgaria.

Figure 4.4 Net enrolment rates for individuals aged 15 and 18, irrespective of the level of education (as a percentage of the population aged 15 and 18 years)



Source: Authors' calculations based on data from TransMONEE 2008 database.

Overall, trends in school enrolments and proxy measurements for the quality of education suggest that young people in the region had different experiences in school education during the transition, with some benefiting from more opportunities, and others facing more difficulties and/or higher costs in accessing quality education. These differences seem to have been consolidated in the period of economic recovery. Young people in Central Europe and the Baltic States have very high levels of enrolment in upper secondary education, comparatively good learning achievement scores, and relatively high shares of students continuing to study at higher levels (upper secondary or beyond, see figure 4.4), and postponing their entry to the labour market. At the opposite extreme, young people in Central Asia and Caucasus have – on average – fewer opportunities to continue education at upper secondary and higher levels, and face greater levels of inequalities in the quality of education offered. They are also under pressure to enter the labour market at an earlier age. Most of the SEE and Western CIS countries are somewhere in the middle of these two extremes.

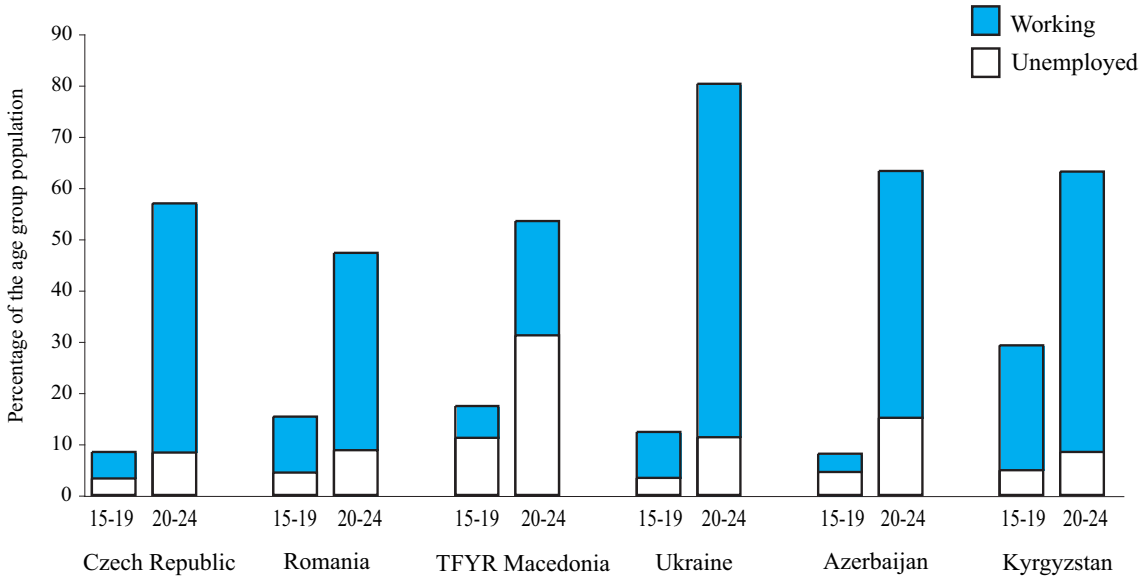
The transition from school to work

While young people in some countries of the region are more likely to benefit from prolonged education in upper secondary and tertiary levels, this does not necessarily mean that they have an easier transition to the world of work. The very high levels of formal education enrolments in upper secondary education in Central Europe and the Baltic States are also a reflection of the difficulties facing young people entering the labour market. Labour force participation rates for those aged 15–19 years have decreased rapidly in this group of countries to an average close to 10 per cent, and have been coupled with relatively high levels of unemployment. Data from labour force surveys, show that, for example, in the Czech Republic 8 per cent of those aged 15–19 was in the work force in 2006 and 39 per cent of them were unemployed; in Slovakia the participation rate was 9 per cent and among them the proportion of unemployed was 56 per cent, while in Slovenia participation was higher (17 per cent) and unemployment lower (14 per cent). Overall, the high share of young people in education can be interpreted as a positive outcome, but only if the quality of education is adequate. If education is of poor quality, and young people perceive it as a way to delay entry into a labour market with few job opportunities, it may be less positive. The small share of young people in this age group who participate in the labour market generally faces a high risk of unemployment, which is often of a long-term nature.

In the SEE and Western CIS countries, participation rates for those aged 15–19 years are slightly higher than those in Central Europe, but only in a few cases are more than 10–20 per cent,[48] with unemployment reaching by far the highest levels in the former Yugoslav Republic of Macedonia, Serbia, Montenegro and Croatia.

A quite different situation is found in Central Asia where participation rates for young people aged 15–19 years are over 20 per cent in all countries (from 25–30 per cent in Kazakhstan and Kyrgyzstan to around 60 per cent in Tajikistan and around 75 per cent in Turkmenistan), while unemployment is not higher than 20 per cent. Here many young people face economic pressures to enter the labour market at an early age, but the quality of jobs available for the large cohorts of new entrants is often low.

Figure 4.5 Young people's labour force participation and unemployment, by age group, 2006



Source: Authors' calculations based on TransMONEE 2008 database; data derived from Labour Force Survey results.
Note: The (total) bars represent the share of individuals in the given age group who are in the labour force (working or unemployed); the white part is the share of unemployed in the total relevant population, the blue part is the share of those who are working in the total relevant population.

For young people aged 20–24 years labour force participation rates are clearly much higher: in 2006 they were in the range of 40–65 per cent, with most of the countries having rates close to 50 per cent.[49] At this stage, most of those who attended upper secondary education (the majority of children in all CEE/CIS countries) finish formal education and enter the labour market. The higher participation rates for this age group are, however, coupled with higher unemployment rates. In 2006, the highest levels of unemployment by far were found in the former Yugoslav Republic of Macedonia (58 per cent of the workforce aged 20–24), Montenegro (53 per cent), and Serbia (44 per cent). Lower but still relatively high levels of unemployment were also observed in Georgia (32 per cent), Poland (27 per cent), Slovakia (24 per cent), and Croatia (22 per cent). In the rest of the region unemployment rates for young people were in the range of 10–20 per cent of the relevant labour force. However, as argued in chapter 2, in most of the CIS countries, labour market imbalances take the form of underemployment rather than open unemployment, and young people in this age group face a high probability of being employed in low-quality, badly-paid jobs, or being part of distress migration.

Trends in youth unemployment have not followed a uniform pattern in the period of economic recovery, but levels remain high, and an important share of it is long-term, suggesting that young people continue to

Table 4.8 Unemployment rates among 20–24-year-olds, 2000 and 2006 (as a percentage of the labour force aged 20–24)

	2000	2006			
	Total aged 20–24	Total aged 20–24	Young men aged 20–24	Young women aged 20–24	Total working-age population
Czech Republic	14	15	13	16	7
Hungary	10	17	16	18	7
Poland	32	27	24	30	12
Slovakia	30	23	22	23	13
Slovenia	14	14	11	18	6
Bulgaria	37	16	16	16	9
Romania	17	19	19	18	7
Croatia	38	24	25	24	11
Montenegro	–	54	54	53	30
Serbia	–	44	38	52	21
TFYR Macedonia	60	58	58	60	36
Republic of Moldova	15	17	18	14	7
Russian Federation	18	14	14	14	7
Ukraine	20	14	13	15	7
Azerbaijan	30	16	16	16	13
Georgia	23	32	29	38	14
Kyrgyzstan	–	13	14	12	8

Source: Authors' calculations based on data from the TransMONEE 2008 database.
Note: Estimates derived from Labour Force Survey data.

face difficulties entering the labour market, in part due to mismatches between the skills acquired in the education system and the skill requirements of the labour market.[50] Table 4.8 also points to evidence of young women facing particular difficulties in finding jobs in Poland, Slovakia, Serbia and Georgia compared with males.

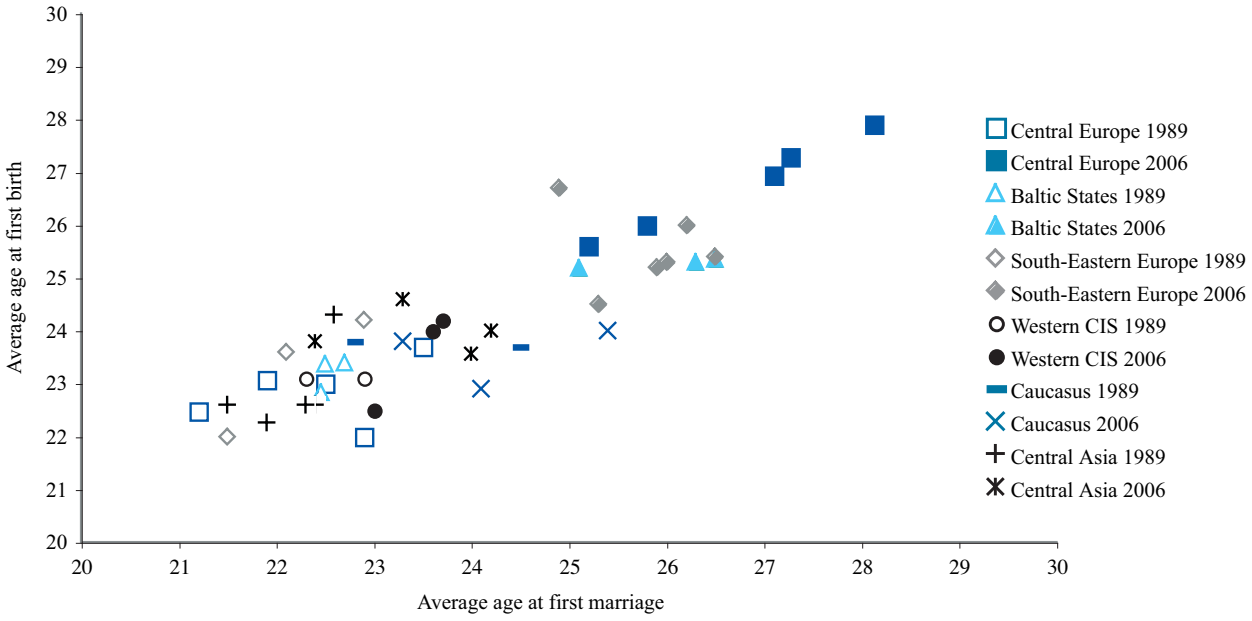
Challenges and opportunities in youth policy and supporting young families

The previous sections have focused on the growing inequalities in school education and the difficulties faced by sections of young people in making the transition to the world of work. Data limitations mean that cross-country comparisons for the other three transitions made by young people as they enter adulthood (family formation, taking responsibility for their own health, becoming good citizens) are not discussed in depth in this section.

In the 1990s the transition put considerable pressure on family structures, and with the decrease in access to structured leisure activities led to greater freedom and reduced social control for young people as well as to an increase in risk-taking behaviour. This includes tobacco, alcohol and drug use and abuse which drive some current negative health outcomes and predict more negative outcomes in the future, when the accumulated impacts may cause higher morbidity-mortality. Some young people have been affected by experiences of violence – domestic, or in conflict situations. Without strong policies and institutional structures to reconstruct social bonds and encourage participation, young people may themselves turn to violence and/or risk-taking behaviour.[51] Chapter 1 drew attention to the risk of mortality due to external causes among young people, which despite some improvements since the mid-1990s, is still strikingly high among young men in Western CIS and Kazakhstan. In most countries the mortality rate for the 20–24 year old group is twice as high as that for the 15–19 age group.

Since the late 1990s there have also been some positive signs regarding risk-taking behaviour among young people, including, for example, a decline in the incidence of sexually transmitted diseases (STDs), after a steep rise in the early transition period. However, the increase in risky sexual behaviour, together with the increased availability and use of intravenous drugs, has led to a greater risk of HIV infection. Although the rates of HIV infection remain relatively low compared to other regions, the risk of a rapid spread, especially in the Western CIS and the Baltic States, has been highlighted in several reports.[52] Most new cases in the region – 90 per cent of all newly reported HIV cases registered in 2007 – are concentrated in the Russian Federation and Ukraine. The number of newly reported cases is also increasing in all of the Central Asian countries, with Uzbekistan reporting the greatest increase. In 2007, Ukraine and Estonia had the highest estimated prevalence rate among the population aged 15–49 years, at 1.6 per cent, followed by the Russian Federation at 1.1 per cent, then Latvia at 0.9 per cent.[53]

Figure 4.6 Women's average age at first marriage and at first birth, 1989 and 2006



Source: TransMONEE 2008 database.
Note: Each point represents one country. The unweighted regional average for the age at first marriage in 1989 was 22.5 years, while in 2006 it was 25 years. The unweighted regional average age at first birth was 23 years in 1989 and 25 years in 2006.

Figure 4.6 illustrates how, in the transition period, young people have shown an overall tendency to form families later than before, with fewer children per family and more diverse forms of family, with, for example, a rise in single-parent families. Fertility rates have dropped sharply, particularly in the CEE and Western CIS. The delay in family formation and childbearing has been more evident in Central Europe, while in the Western CIS early childbearing is still common, but is coupled with a sharp reduction in family size. The general trends are partly due to expanded educational opportunities and choice, but also to the difficulties faced by many young people in the transition to the labour market and changes in social support available to young people.

The current generation of young people in the CEE/CIS region has to take the transition process forward. Their education, skills, active participation in the labour markets as well as their full inclusion in society have an impact not only on their individual development, but also on that of their children. As with other policy areas discussed in this report, there is a mix of converging problems, but also of some striking divergences in the experiences of, for example, young people in rural Central Asia and those in CEE (as in other issues, these represent two extremes). Rural Central Asia may have more stable family and community structures, but also fewer opportunities for young people due to low-quality education, widespread income poverty, and pressures to start work early in low-quality jobs. The countries of Central Asia and the Caucasus are experiencing a 'youth bulge', due to high birth rates at the end of the 1980s–early 1990s. It is vital to invest in this age group through improving education and work opportunities. Failure to do so could mean a growth in underemployment and an increasing number of young people migrating, while the latter may also contribute to a slow but steady destruction of the previously stable family and community structures. Those in Central European countries and some of the Western CIS have more opportunities to study, but a difficult entry into the formal labour market, and problems in finding channels for participating in the economic, political and social life of their countries.

In all countries in the region there is a need to ensure that young people have the capabilities and opportunities to become active citizens and participate in political life. The EU has been active in building up youth capacity through its European Neighbourhood and Partnership Instrument (ENPI), and its 'Youth in Action' programme. The European Council has encouraged the setting up and strengthening of National Youth Councils, which are represented in the European Youth Forum, and has also encouraged the setting up of youth parliaments to allow young people to influence public policies and legislation that affect their lives. However, usually only a small share of the youth population is involved in such initiatives, and there is a risk that the vast majority of young people, especially the most vulnerable, are not included.

Governments need to invest in preventing marginalization among young people by giving them a voice, ensuring that there are safety nets and second chances for those who have failed the system, and promoting more equality in opportunities in school education, while also providing young people with support in family formation and bringing up children. In order to design appropriate policies they also need improved sources of information. While existing administrative data cover some aspects of developing a healthy lifestyle and family formation, more detailed country level analysis, using a combination of administrative, survey and qualitative methods, is required to monitor the causes, risks, and manifestations of marginalization among young people, and in particular to monitor the extent to which they have the life skills and opportunities required to exercise their rights and responsibilities as citizens. In most countries, survey data can also supply information on the transition to work, at least employment and unemployment rates for young people. However, monitoring the quality of employment, especially in Central Asian countries where underemployment and migration outflows – rather than unemployment – are the key issues, also requires innovation in the traditional data collection patterns. Most countries also need to work on improving monitoring the quality of education, both within each individual country, and also using cross-country comparisons, through, for example, participation in surveys such as PISA, PIRLS and TIMSS. There is a need to link up with other specialized surveys, such as Pew, Eurobarometer, World Values Survey, or Health Behaviour in School-aged Children (HBSC) survey, in order to monitor changing values and pressures faced by young people, and to supplement administrative and survey data with qualitative studies which can bring out the extent and main causes of exclusion.

4.4. Promoting early childhood development

Since the beginning of transition, most countries in the region have tended to concentrate on maintaining compulsory schooling, usually at the expense of the non-compulsory levels, i.e. preschool and upper secondary levels have been relatively neglected. Increasing the availability of preschool services, attendance and quality is one of the more effective means of reducing disadvantage among marginalized groups of children. This section looks at evidence on changes in enrolment and availability of preschool services in different countries of the region.

While there are now signs that many governments are devoting more attention and resources to preschool provision, it is important that early childhood services be

seen as part of a continuum of integrated measures to support families with a variety of quality services starting at conception and continuing through early childhood development, rather than in isolation. International research findings have shown that the long-term effects of timely and quality early childhood interventions are considerable, and that the returns to investment in early childhood include a reduction in behavioural problems among children at later ages – and less need for more expensive and less effective remedial support at later stages – and an easier transition to adulthood. In brief, societal investment in early childhood development (ECD) is considered worthwhile for its short- and long-term benefits to the child and society. This investment can take the form of a broad range of interventions aimed at young children and their parents, ranging from support and training for caregivers and teachers, and the use of mass media to enhance parents and caregiver's appreciation of quality ECD. It can include support to parents in the form of parental leave, pre- and post-natal care, maternity and child benefits, family-friendly policies and after-school services for young children. Support to ECD can be provided in diverse settings (home, school, community centres), by diverse agents (public, private-for-profit, non-profit), include diverse policy measures (health, nutrition, care, education, parental education), aimed at the age groups starting from the prenatal period, 0–2 years, 3–5 years, and 6–8 years,[54] for which diverse governmental agencies may be responsible (education, health, sanitation).

What is important is that governments define an overall policy framework which identifies the vision, organization, standards, priorities and role of the public sector in provision of the services, and establishes the regulatory mechanisms for ensuring and monitoring quality in delivery by public and non-public sectors. The organization of early childhood services has to vary according to the child development stage and the socio-cultural context in which the child is growing up. Most studies conclude that it is the combined effect of interventions at different points in the child's development which brings benefits to the individual child and the community as a whole,[55] and for this reason a holistic approach and overall policy framework is required.[56]

This section concentrates on provision of preschool services for children from the age of 3 years up to primary school age in the countries of CEE and CIS. This is partly because the region has a strong tradition in service delivery for children over 18 months, partly because there is less controversy surrounding the benefits of out-of-home care for this age group, and partly because there is more data available to monitor trends for this level (rather than younger groups). Future monitoring however, especially at the country level, should look at the availability of these services in conjunction with other policy interventions in early childhood.

Preschool availability before and during the transition: growing intraregional diversity in supply and demand

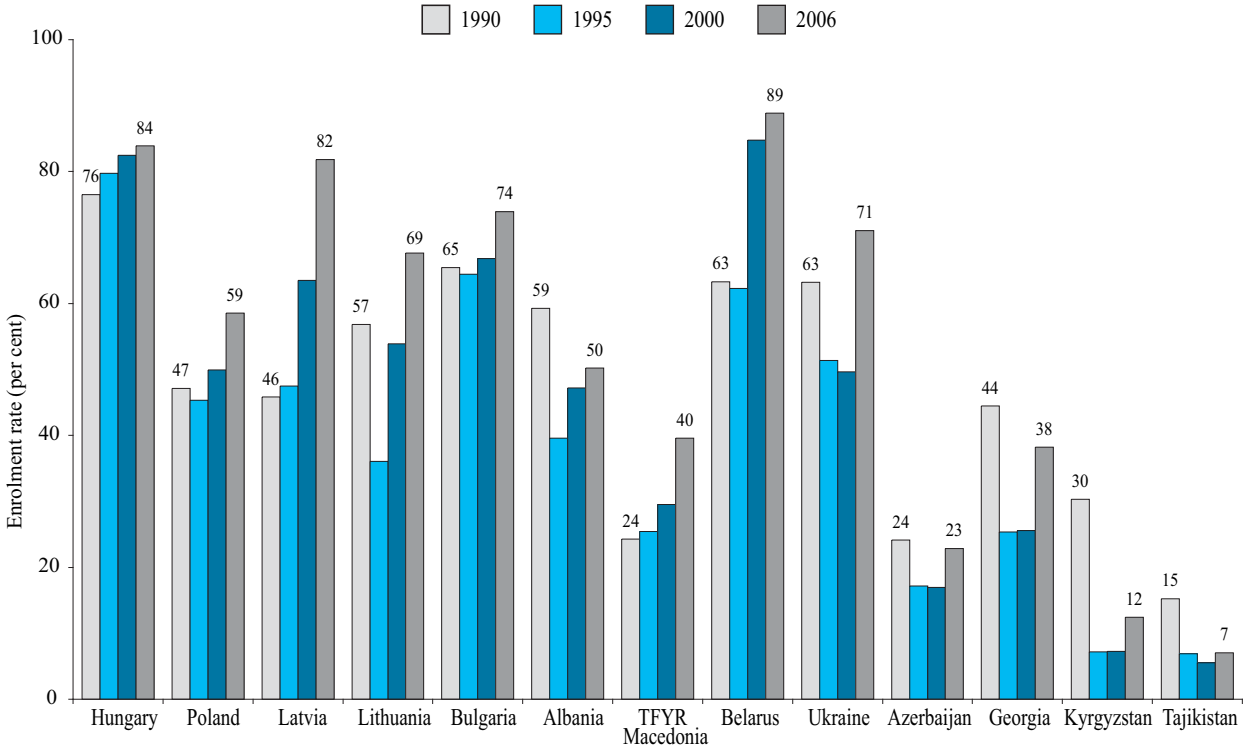
Under central planning preschool services were widely available and usually provided through the workplace. At the onset of the transition, when the region experienced a pronounced economic recession, a large share of these facilities were closed down and parents were left with the responsibility for the care and education of young children and for preparing their children for school, but often without alternative support systems which could provide them with the tools and backup for these tasks. Moreover, in the following years the decentralization processes described in chapter 3 resulted in local governments being given formal responsibility for the financing and delivery of preschool services, but very often without the budget and capacity to do so, resulting in practice in a process of disinvestment in early childcare services.[57]

Contrary to what is often believed, the network of preschool services under central planning did not extend to all parts of the region and there were considerable intraregional disparities in the availability and use of nurseries and kindergartens. They were common in the European part of the USSR, as well as in Central Europe, Bulgaria and Romania, but were less prevalent in the rural areas of Central Asia and Azerbaijan, and in the former Yugoslavia.[58] Although kindergartens were also commonly provided, for example, by agricultural collective farms, higher enrolment levels were usually associated with the more urban and industrialized parts of the region. Even within the same subregion there were considerable differences in enrolment among individual countries. For example in 1989 in Central Asia Kazakhstan had a gross enrolment rate of 53 per cent for children aged 3–6 years, while in Tajikistan the gross enrolment rate was only 16 per cent. For the region as a whole, preschool net enrolment rates ranged from less than 20 per cent in Tajikistan to 86 per cent in Hungary at the other extreme (for children aged 3–5 years).

The transition period brought significant drops in supply and demand for preschool services. From the supply side, many of the facilities which had previously been provided by industrial enterprises or collective farms closed down.[59] Attempts to transfer budgetary responsibility for preschool services to local municipalities often failed, as they were also faced with shrinking budgets due to the fall in tax revenues and subsidies from central governments. A small part was taken over by the private sector, which raised costs and reinforced inequality of access.

On the demand side, the economic downturn in the first years of transition led to a decline in female

Figure 4.7 Preschool enrolment rates for children aged 3–6 years old



Source: TransMONEE 2008 database.

labour participation rates in most CEE/CIS countries. This was combined with a stronger emphasis on parental choice and on the importance of caring for young children in a family environment. The drop in demand was also partially a reaction to the decline in the quality of services offered: kindergartens were no longer fully staffed and could not guarantee regular and nutritious meals. There was also an increase in the availability of informal childcare services offered by other adults who had been squeezed out of the formal labour market. In the face of shrinking budgets, national or local governments frequently decided to introduce fees – or higher fees – for public preschool services, and in some cases to cut family and child benefits. For families faced with their own budget constraints, sending children to preschool suddenly became a luxury expenditure item. However, the absolute decline in the demand for preschool services was also partly the result of the sudden decline in fertility since the early 1990s which led to a drop in the absolute numbers of children of preschool age.

Thus formal preschool provision and enrolments underwent a marked contraction in many countries. In the early 1990s, enrolments for 3-year-olds up to primary school age fell particularly sharply in Central Asia, Caucasus, and the Baltic States. The decreases in Central Europe started from higher levels, and were on the whole less dramatic, but the subregional average conceals large differences between countries: Slovakia, for example, experienced a strong decline in enrolment rates, while Hungary and Slovenia actually registered steadily increasing ones.

In most countries enrolment rates began to recover in the mid- or late-1990s. This was partly in connection with the economic recovery (which allowed increased public spending and more supply, but also increased demand as female employment rates and household income increased), and partly due to deliberate policy actions taken by governments, increased international support, and initiatives by the private sector and NGOs, to promote preschool services and stimulate demand. Recovery in preschool enrolments was impressive in some cases: in Lithuania enrolment rates for children aged 3–6 grew from 31 per cent in 1993/94 to 70 per cent by 2006/07, and Latvia more than doubled its enrolments during the same period. By 2006/07 the Central European, Western CIS and the Baltic States, as well as Bulgaria and Romania had all managed to surpass their pre-transition enrolment rates.[60] Belarus had the highest net enrolment rate at 89 per cent of children aged 3–5 years in 2006/07. On the other hand, enrolment rates in the countries of Central Asia and the Caucasus have remained low, and with no clear sign of substantial recovery in the number of preschool facilities. In Kyrgyzstan, for example, there were 1,604 kindergartens in 1990 and only 448 in 2005.[61] Overall, the gap in enrolment rates grew between the countries of CEE, Western CIS, and the Baltic States on the one hand, and those in the Caucasus and Central Asia on the other.[62]

Different models of expansion

The average rates of enrolment discussed above provide only a general and partial picture of trends in preschool provision and attendance in the different parts of the region. In order to build up a fuller picture of coverage, and the extent to which it is equitable, it is important to look at disaggregated information on enrolments by age group, place of residence, and income quintiles.

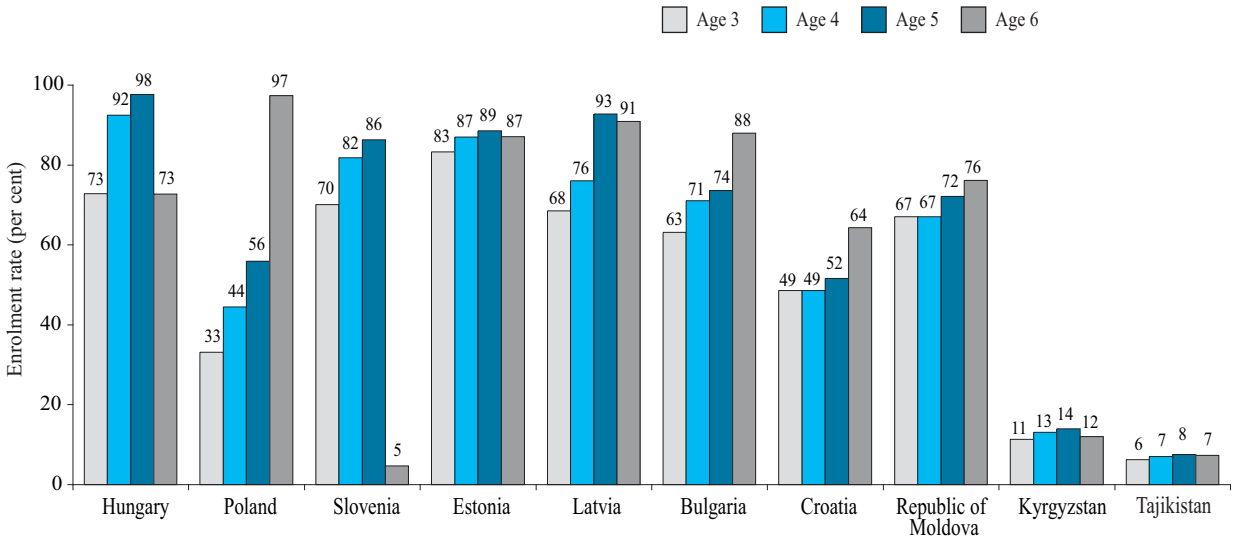
Most Central European countries and the Baltic States have high average enrolment rates which increase with age, reaching around 90 per cent for 6-year-olds (see figure 4.8), suggesting that access to pre-primary preparation for 5–6 year olds has been prioritised. There have been two main approaches to the introduction of pre-primary classes for 5–6 year olds. One is to offer a one (or two) year preparatory class either in a kindergarten or at a primary school. This option has been chosen in Poland, Lithuania, Latvia, Slovakia, Hungary, and also in some countries outside this subregion, for example Serbia, Armenia and the Republic of Moldova. Another approach has been to promote attendance for 3–5 year olds and to lower the starting age for primary school enrolment from 7 to 6 years. Slovenia, for example, introduced compulsory primary schooling for 6-year-olds in 2003/04.

In Kyrgyzstan and Kazakhstan, on the other hand, primary school education officially begins at age 7, but figure 4.9 shows that the share of 6-year-olds in primary education for these two countries is high. These countries did not opt for broader coverage and provision of pre-primary preparatory classes, but chose, at least initially, to compensate for the collapse of the previous preschool system by allowing children to enter primary school at an earlier age. While this may seem a low-cost solution to compensating for the lack of preschool facilities, it is an approach which involves certain risks, since it means that children enter primary school earlier but without any of the benefits of early childhood services provided by staff and curricula orientated towards the younger child.[63]

The region has also witnessed the emergence of a wide range of alternatives to the traditionally dominant public and centre-based preschool services for children aged 3–6: churches, foundations, economic organizations, NGOs and private individuals now offer various early childhood projects and programmes. However, the private provision of preschool services is a small – but growing – phenomenon in most countries of the region. In 2006/07 Croatia had the highest share of children attending private kindergartens (11 per cent), followed by Poland (8 per cent), Kazakhstan (8 per cent) and Hungary (5 per cent). Private providers may on the one hand offer a greater range and variety of preschool programmes, but they tend to be accessible to only the better-off segment of the child population.

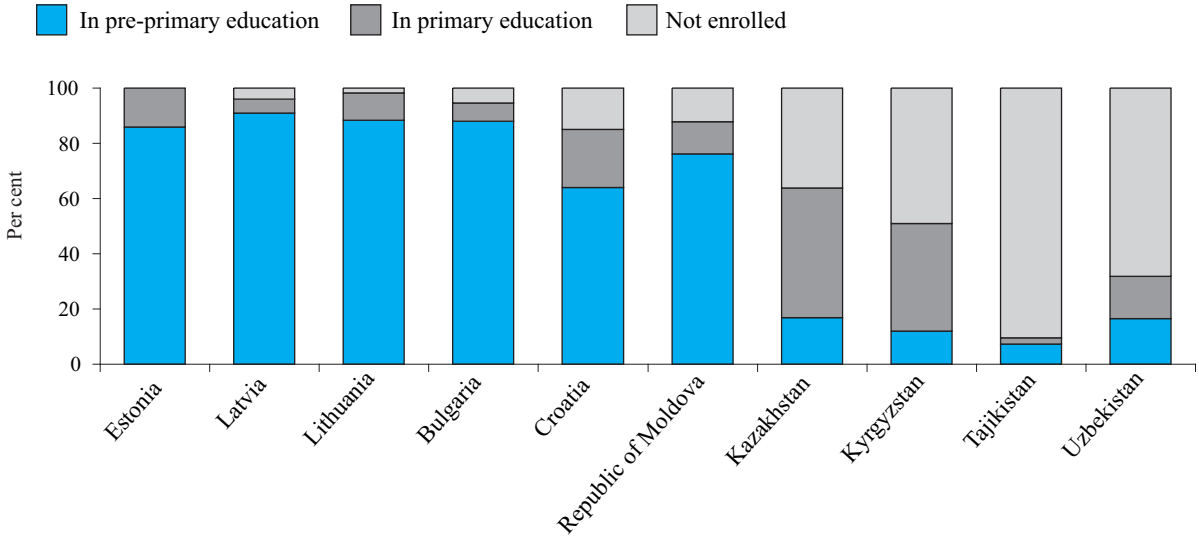
Countries, often with donor-support, are also piloting a variety of lower-cost ECD services modalities, which are either 'centre-based', 'community-based' or 'home-based', in efforts to reach a broader section of the child population. Centre-based modalities include public kindergartens but also community-based centres, as in the Republic of Moldova (community-based child and family centres). Home-based modalities consist of different kinds of arrangements that groups of families and/or community leaders have organized, with or without external support. These have been piloted in Uzbekistan and Kyrgyzstan, and may be combined with health checks and interventions.[64] Here the question of guaranteeing and maintaining quality through oversight and training is important.

Figure 4.8 Preschool enrolment rates by single year of age, 2006–2007



Source: TransMONEE 2008 database.

Figure 4.9 Enrolment rates for 6-year-olds, 2006–2007



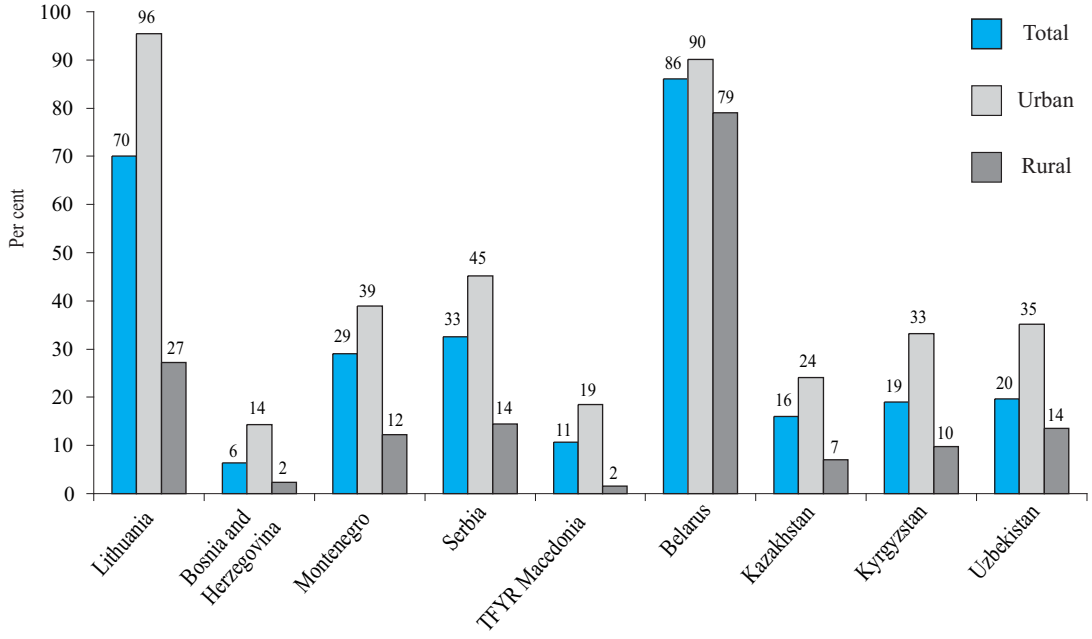
Source: TransMONEE data.

Many initiatives are part of donor-funded projects, and not yet fully integrated into national policy to improve the coverage and quality of early childhood services in general.[65] While Central Europe and Baltic States may be influenced by the EU policies and programmes, there are still signs of ambiguous approaches among policy-makers in CIS countries to the new types of preschool services.[66] There is still a widespread expectation among the population and policy-makers that preschool should be centre-based, rather than family- or community-based. However, the exclusively centre-based model is by its nature expensive to provide (long hours, sleeping facilities, etc.) and may provide limited opportunities for the expansion of regulated but less formal and less costly services to children, particularly in rural or remote areas.

Equity concerns

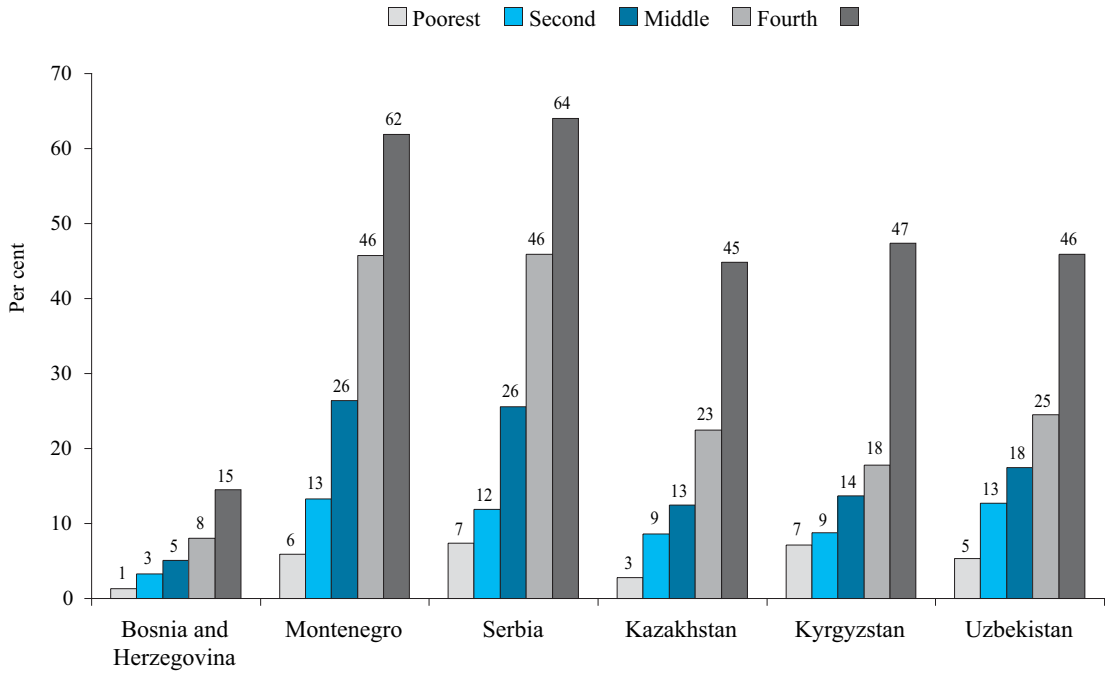
Children living in rural areas are still less likely to benefit from ECEC, even in countries where preschool enrolment rates have increased considerably in recent years. Figure 4.10 illustrates the difference in enrolment rates for children aged 3–5 living in urban areas, compared to those in rural areas for selected countries. At the one extreme, Lithuania registers

Figure 4.10 Children aged 3–5 attending early childhood education programmes, by urban/rural residence, 2005–2006



Source: Data for Lithuania are from the National Statistical Office database. Data for the other countries are derived from MICS.

Figure 4.11 Children aged 3–5 attending early childhood education programmes, by wealth quintile, 2005–2006



Source: Data are derived from MICS.

almost 70 per cent difference in enrolment rates between children living in urban and rural areas in 2005/06, although the country has managed to achieve considerable increases since the mid-1990s. Belarus on the other hand, shows far less evidence of rural disadvantage.

The available data also point to persistent inequalities in access by household socio-economic status. Figure 4.11 provides the enrolment rates for children aged 3–5 by wealth quintiles for three countries. In 2006, almost half of the children belonging to the 'richest' quintile in Kazakhstan were enrolled, compared to less than 5 per cent in the 'poorest' quintile. Though not always this striking, other countries show substantial disparities.[67] In all countries, there is a sizeable increase in enrolment rates between the fourth and fifth quintiles, suggesting much greater access for children from richer households.

Table 4.9 uses MICS data to look at access by ethnic group to preschool. The available data confirm that Roma children are less likely to have access, although they would benefit from the advantages of preschool both to integrate and overcome disadvantage compared to their peers before starting school. In Kyrgyzstan, the data confirm that preschool access is still skewed towards the urban population, where most of the Russian/Slav population is based.

To summarize, while there is little evidence of gender disparities in access to preschool in the region, data suggest that children living in rural and/or less affluent areas of the country, or in poor households, or from some ethnic groups, are less likely to attend.[68] Uneven

Table 4.9 Enrolment rates for children aged 3–5 years attending any form of preschool by ethnicity of child or head of household, 2005/06 (percentage of children enrolled), Serbia, the former Yugoslav Republic of Macedonia and Kyrgyzstan

Serbia	Enrolment rate
by ethnicity of the child:	
Serbian	35.6
Hungarian*	26.8
Bosnian	14.9
Roma	2.8
Other	26.2
TFYR Macedonia	
by ethnicity of household head:	
Macedonian	16.9
Albanian	1.5
Roma	3.5
Other	25.0
Kyrgyzstan	
by ethnicity/language:	
Kyrgyz	17.3
Russian	42.9
Uzbek	14.9
Other	13.5

Source: Data are derived from MICS.
Note: * The figure for Hungarian children in Serbia is based on less than 50 unweighted cases.

Box 4.1

Republic of Moldova: Supporting a holistic approach to preschool service delivery

In 2006 the Republic of Moldova joined the Education for All – Fast Track Initiative (FTI), a global partnership between industrialized and developing countries to ensure accelerated progress towards the Millennium Development Goal of universal primary education by 2015. Joining the FTI has several potential benefits. One of these is a grant that countries receive, which can be used to provide transitional funding to help close the financing gap, while trying to lever more sustainable support through regular bilateral and multilateral channels.

In the Republic of Moldova, overall preschool net enrolment rates increased from around 38 per cent in 2000 to 68 per cent in 2006. In the same period, the number of preschool institutions increased from 1,135 to 1,305. And while enrolments have increased slightly more in rural areas, in urban areas there are 85 children per 100 available places against 65 in rural areas.[69]

The Republic of Moldova developed a comprehensive plan of action to scale up early childhood services, which includes targeting the disadvantaged. It includes a wide range of activities designed not only to support and facilitate the physical, cognitive, linguistic, emotional and social development of the child, but also to focus on creating conditions for expanding and improving services in a sustainable manner. The Consolidated Action Plan for the Education Sector 2006–2008 included the following targets and activities:

- Increasing participation to 100 per cent for 6–7-year-olds and 75 per cent for 3–5-year-olds, as well as reducing by 5 per cent the disparity between enrolments in rural and urban areas, and between disadvantaged groups and the general population
- Development of educational standards for families
- Developing curricula and learning strategies focusing on the development of life skills
- Creating a range of services to satisfy the needs of the rural population
- Training teachers, health care and social assistance personnel
- Increasing the salaries of preschool staff by 15 per cent
- Providing health-care offices and institutions with equipment and medicine
- Developing and consolidating social partnerships for the benefit of the child through a multisector and multidisciplinary approach.

Source: Government of the Republic of Moldova (2005).

Note: For more information on the Fast Track Initiative and the Moldovan Action Plan, see <www.education-fast-track.org>.

access is not solely a matter of supply, it can also be partly explained by the low demand caused by lack of awareness of the benefits of preschool education among some sections of the population. It should also be noted that inequalities in access were also present in the pre-transition years, and supply and demand was always lower in Central Asia and the Caucasus.

Challenges and the way forward

Once an ECD strategy is developed, and the role of preschool services within this identified, mechanisms for monitoring improvements in coverage, quality and equity have to be put in place; disaggregated data are needed for monitoring targeted actions to improve coverage for certain age groups, geographical areas, or vulnerable groups.

To give more concrete examples, the analysis above shows how a lack of disaggregated administrative data makes it difficult, for instance, to ascertain whether 6-year-olds attending pre-primary classes attached to a primary school are classified as being enrolled in the primary or preschool level. There are also large differences in enrolment rates within the 3–6 year age group, due to the priority placed on pre-primary for 6-year-olds. For example, the enrolment rate for children aged 3–6 years in Poland is 59 per cent, but coverage for 6-year-olds is close to universal, due to the introduction of the compulsory preparatory class for 6-year-olds, and only 56 per cent for 5-year-olds.

Moreover, enrolments in many of the new small, low-cost or non-public preschool modalities are not captured by administrative data. For all age groups there is a need for both quantitative and qualitative data on the types and length of the services that are being provided and used. Chapter 3 has shown that it is difficult to disentangle public expenditure data to identify the shares being spent by central and local governments on preschool and those spent on primary levels.

Improved enrolment rates provide little information about differences in the quality of the education and care provided in preschools. While quality is notoriously difficult to monitor, proxy indicators – such as the level of qualification, training and remuneration of early childhood professionals – could be used more systematically.[70] It will be important to carry out monitoring of differences in quality in parallel with monitoring of enrolments, since an increase in enrolments among disadvantaged children will not lead to greater equity and inclusion if the disadvantaged are concentrated in preschools which provide low-quality services. Overcoming disparities in quality may be as important as overcoming disparities in access.

Further research is needed to evaluate the quality and outcomes, cost-effectiveness and sustainability of the differing preschool modalities that have emerged since the transition. Finally, decentralization coupled with uneven economic development, uneven levels of tax revenue, and lack of sufficient compensatory interregional transfers has contributed to some of the spatial inequalities in access to preschool services within individual countries. The impact of reforms or partial reforms in budget processes on inequalities in access and quality of preschool services should also be monitored.

4.5 Conclusions

This chapter has discussed the situation of two sections of the child population in the region which are particularly vulnerable and at risk of marginalization, namely Roma children and the children of migrant workers. These two groups are not found – at least in significant numbers – in all countries of the region, but represent a large share of the vulnerable children in some countries. The types of deprivation suffered by the two groups differ, but they require specific policy responses and monitoring efforts within countries, and could benefit from cross-country comparisons between countries with similar problems. The chapter has also looked at the unequal opportunities which the first transition generation has experienced, and which influence the ease with which they are able to make their transition into adulthood, as well as their future capacity as parents and citizens. Not all young people have gained, and there is a need to better monitor the risks and causes of marginalization for those who experience difficulties in their transition to adulthood. These children, young people, and their families require strategic support and investment on the part of governments, including through greater attention to services to support early childhood development, which are designed to ensure that all children get an equal start. The sections above have highlighted the shortcomings of existing data collection systems to consistently monitor the situation of groups of children at risk of marginalization, which cannot be captured by national average indicators and which require a mix of quantitative and qualitative methods to understand the cause and effects of their marginalization.

5 THE EVOLVING MONITORING CHALLENGES: DATA AND RESEARCH GAPS

Over the years of transition, there have been many efforts to improve the availability and quality of data in the CEE/CIS region. In most countries there has also been increased access to, and use of, data, leading to more and better analysis of the impact of socio-economic policies on the realization of children's rights. This has had positive effects, since it is through broadening data access and encouraging the use of data for analysis that gaps in availability and quality can be identified and addressed. However, use of the available statistics in the previous chapters has also shown that there are still gaps and limitations in the availability and quality of the data, and that – as with the policy challenges – the monitoring challenges in the region are by no means uniform.

The availability and use of data for analysing and monitoring children's living conditions in the CEE/CIS region reflect to a large extent the different socio-economic context in the single countries and the different priorities for improving the situation of children. The Central European countries are those with the highest levels of GDP per capita in the region and have a more developed system of routine statistics collection, which is supported by Eurostat and integrated into the EU monitoring frameworks.[1] On the other hand, the countries of Central Asia are among those with the lowest levels of GDP per capita, and those which face difficulties in maintaining the quality of data used for routine monitoring purposes. Yet in these latter countries, data availability for some indicators of extreme child deprivation – for example, malnutrition – is often better than in rich countries, since they are derived from demographic and health surveys which are, in general, donor-financed and donor-driven and not usually carried out in the richer countries.

Understanding child well-being and vulnerability requires a solid system of data collection, as well as regular reporting and use of the data for research and analysis. Statistical information is needed to evaluate child outcomes, but also to understand how different aspects of the child's environment affect these outcomes. Reliable data collection provides the basis for research on the impact of social and economic policies on the realization of children's rights. Indicators based on definitions and methods of calculation which are similar across countries have the additional merit of allowing one country to be compared with others. In sum, data and evidence-based analysis are crucial for policy-making and provide the basis for evaluating the impact of previous or current policies on children and other groups of the population.

This publication has used various sources of quantitative data to analyse and discuss different aspects of child well-being, namely administrative statistics, national survey data and data derived from surveys carried out with the help of international organizations or as part of international comparative studies. It has not used or discussed qualitative survey results although these can be extremely useful, particularly in introducing the voice of children in the evaluation of their well-being, to complement quantitative analysis

and help interpret quantitative results. However, qualitative surveys which allow cross-country comparison in the region are few and far between: UNICEF's 2001 *Young Voices Survey* provides a good example of such a survey, but was a one-off initiative.

While there is now a considerable amount and diversity of data available, different types of problems are also encountered in their use. Following the tradition of previous UNICEF studies on children in the region, the main focus in this report has been on analysis of indicators which allow cross-country comparison, but it has also emphasized that the indicators used in such studies represent averages and are not sufficient to capture the inequalities and differences in child experiences within individual countries, or to capture the situation of specific groups of the population, including ethnic minorities. Country-level research and analysis, using greater disaggregation in both administrative and survey data, as well as complementary qualitative sources, are necessary to capture the situation of the most vulnerable children.

Regarding cross-country comparisons, chapter 1 looked at a range of indicators of child well-being, using data from administrative and survey sources, and sometimes combining them. The chapter showed that the choice of dimensions and indicators which can be used for comparative purposes is constrained by differences in the availability and quality of country-level data, and do not allow a comparison of all countries of the region for all indicators. The same is true of the discussion in chapters 2 and 3. For example, indicators of income inequality can only be derived from surveys, but the availability and quality of, as well as access to, household budget survey data vary greatly across the CEE/CIS, making it difficult to obtain indicators of similar quality, using similar definitions and methods of calculation. Chapter 3 also illustrates that the availability of and access to public budget data are mixed, and that data gaps or insufficient disaggregation pose a constraint to child-centred budget analysis.

The analyses in chapter 4 pointed to the need for improvements in both administrative data and survey (qualitative and quantitative) data and the combinations of these for analyses of specific child issues. For example, the administrative data on preschool attendance should be complemented by survey information on length of attendance in order to get a better understanding of coverage by age group and children from different population groups; understanding the situation of youth better would require the combined use of administrative and survey statistics on educational achievements and labour market status, as well as of qualitative data on their aspirations and their social and political participation. Understanding the disadvantages faced by children from ethnic minorities in Central Europe and the Balkans requires far greater disaggregation in administrative and survey data, and in some cases over-sampling in the latter, to allow analysis of the extent and nature of disparities and the effectiveness of social policies in reducing poverty and deprivation.

In short, in order to improve the ability to monitor the extent and evolving nature of child vulnerability in the region, there is a need to fill some data gaps, to improve the quality of some of the existing indicators, to use and combine a greater variety of monitoring tools and methods of data collection, to increase the degree of disaggregation used to report administrative and survey data, and to improve access to existing data sources. Cross-country comparisons across all indicators and all countries of the region have become progressively less and less meaningful or feasible, due to the diversity of policy challenges, and the disparities in monitoring capabilities and monitoring tools used in different countries. Despite this, comparisons across smaller groups of countries with similar transition experiences are still important and necessary, and feasible for some indicators, partly due to international support which has been provided for various forms of new data collection efforts.

This concluding chapter considers the challenges which the countries of the region have faced in adjusting their methods of data collection and use, and then goes on to indicate how existing data sources could be better used, strengthened and made to complement each other in order to improve both country-level and international comparative analysis of child well-being. It also signals the need for greater dialogue between data providers and users within the individual countries, and for coordination and openness in the use of data by national and international users.

5.1 Social statistics in the CEE/CIS: increasing their potential for assessing child well-being

Before the transition, the majority of the countries in the region had well-developed networks of statistical offices and data systems, but ones which were based largely on administrative data. Given the extent of state ownership and control under central planning, data could be collected through the obligatory reporting duties of all state entities. The use of statistics under central planning was mainly directed at monitoring and checking the matching of inputs and planned outputs. Statistical offices supplied government offices and ministries with a standard set of tables on a regular basis, but were otherwise looked on as 'guardians' of the country's statistics, rather than serving the needs and requests of research and policy analysts. While research institutes did exist, access to raw data was limited and surveys were few. Most

countries carried out family budget surveys, but the data tended to be made available only in standardized tables, used to monitor wage differentials and standards of living between workers in different branches of the economy. The main aim was to ensure that they did not deviate from planned limits and that household income did not exceed planned consumption levels.

From the 1970s onwards, several countries started to give more prominence to social statistics,[2] but always in strict connection with central planning needs and the need to conform to ideological constraints. During the 1980s some Central European countries also promoted bilateral or multilateral comparisons of social statistics.[3]

With the transition, in the early 1990s, the statistical capacity in many countries was negatively affected by the collapse of the centrally planned regimes and the mushrooming of new independent states. In particular, most of the new states which emerged from the collapse of the Soviet Union found themselves with little capacity or funds to take on independent planning and management of data collection and analysis.[4] Furthermore, the social and economic changes made some statistical techniques, practices and indicators obsolete for the monitoring needs of the transition period. For example, employment data derived from administrative sources were complete and of reasonable quality in the pre-transition environment, when all economic and social institutions were state-run, and there was a constitutional right and duty to work. However, with the emergence of the private sector, and particularly the informal sector, as well as greater labour turnover and unemployment, administrative data continued to be collected, but were incomplete, and unsuitable for monitoring employment structures and labour force participation.[5] In general, all the countries in the region have had to make the transition from data collection and use which was geared primarily to the reporting needs of the centrally planned economies, to those of market economies, in a rapidly changing social and economic context.

Since the mid-1990s, the capacity of the CEE/CIS countries to produce and release good quality, comparable and up-to-date social statistics relevant to children has improved notably and is now based on a mix of administrative statistics as well as data from routine household budget surveys, labour force surveys and, in the case of the countries which are part of the EU, the Statistics on Income and Living Conditions survey (EU-SILC, operational since 2005). However, while there is now a far greater availability of data in the region, the extent to which they can be accessed and used varies considerably, partly due to a slow acceptance of their relevance and usefulness for policy-making and policy-related analyses, leading to a lack of demand and capacity for country-level research and analysis.

The international support and national efforts to improve single aspects of data collection have often taken place without an overall strategy to improve data availability. This involves not only changes in definitions and methods of calculation, but greater use of information technology and ways of disseminating data. In the poorer countries there is still a tendency among providers and users to look at data as necessary for reporting, rather than for policy analysis. There is also evidence of a lack of dialogue between providers and users of data. For example, a qualitative survey on the quality and relevance of statistics available in Uzbekistan carried out in 2004/05 found that although the national statistical office routinely produced circa 12,000 indicators annually, only 74 per cent of users – including government officials, business leaders, representatives of international organizations, civil society, researchers and academia – thought that official statistics were relevant to their work.[6] In fact, in several CEE/CIS countries, many indicators continue to be calculated for formal reporting purposes, although they are not relevant to users. In some cases there is a large amount of data available, some of which is no longer relevant, coexisting with gaps in the availability and quality of policy-relevant statistics.[7]

The following sections look in more detail at the availability and quality of child-relevant data derived from administrative sources, national surveys, and international comparative surveys.

Child-relevant data from administrative sources

Social statistics derived from administrative sources are a by-product of the normal work of public administration bodies. For example, registrations in public registries occur – or should occur – when the relevant demographic events occur (births, deaths, marriages, migration); public agencies such as schools, the courts, child protection officers, social security offices all keep administrative records, and the use of public resources is recorded by those responsible for implementing policies for which the resources have been allocated. These registrations and reporting exercises are usually regulated by national legislation.

These administrative data represent a potentially rich source of information for some key indicators for assessing and understanding the situation of children and families. They provide, for example, the bulk of the data included in the UNICEF TransMONEE database – the size and the age structure of the population, family formation and break-up, birth and death rates, health status and coverage of health interventions, educational enrolment at various levels, level and structure of public social expenditure, and children deprived of parental care and juvenile justice indicators.

In the CEE/CIS countries, the availability of these indicators derived from the administrative registers is good, but the quality and comparability of data for the

various dimensions is mixed. In some countries, for example, under-registration or mis-registration of vital events (deaths and births) negatively affect the reliability of demographic data, and the use of different definitions or methodologies for calculating these indicators has an impact on their suitability for international comparative studies.

Quality of registrations, non-registration of vital events and definitions

Full and complete registration is a pre-condition for good quality social indicators from administrative sources. Basic statistics on the size and structure of the population – apart from being indicators in their own right – are also essential for the calculation of other indicators, for example birth rates, mortality rates, or enrolment rates: i.e. the reliability of several key child-relevant indicators depends on the accuracy of basic population data.

Births, deaths and migration are components of demographic change, and their registration in civic registers is required by law. Registration, in turn, depends on compliance by health personnel and/or family members in the case of births and deaths, or individual migrants in the case of migration, as well as the civil servants responsible for registration. Non-registration or mis-registration of such events can be caused by several factors, including the direct or indirect costs of registration or disincentives, lack of knowledge of the legal obligations regarding registration, etc.

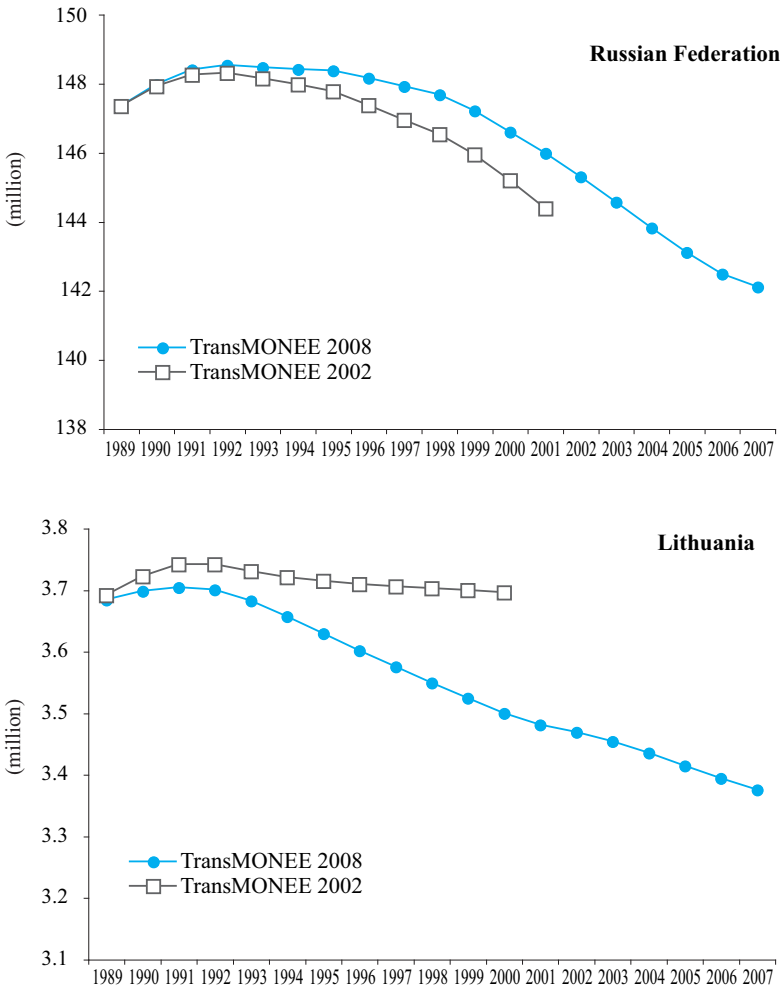
The extent of under-registration of vital events can only be evaluated through the use of other complementary data sources, such as surveys and censuses. Figure 5.1 illustrates how the population data for the Russian Federation and Lithuania were adjusted after the censuses carried out by the respective national statistical offices. In the former, the 2002 census led to an upward correction of the total population estimations of around 1.5 million, largely due to the need to adjust the official population statistics to account for unregistered immigration. In Lithuania the opposite occurred: official statistics were not capturing the full impact of emigration flows, and the 2001 census data showed a discrepancy (overestimation) in official population statistics of around 200,000 units, or more than 5 per cent of the total population.

It should also be noted that Uzbekistan and Bosnia and Herzegovina have not carried out a census since the beginning of the transition. This is a major gap, since it means that the quality of many other administrative data cannot be checked, and it also means that there is no complete reliable and up-to-date enumeration of the population which can be used as the basis for drawing up representative samples for sample surveys.

The main reason for the discrepancies illustrated in the examples above is the under-registration of international migration, but as discussed in chapter 1, in some countries, particularly the poorest ones, non-registration or late registration of births and deaths is another key factor affecting the reliability of routine administrative statistics.

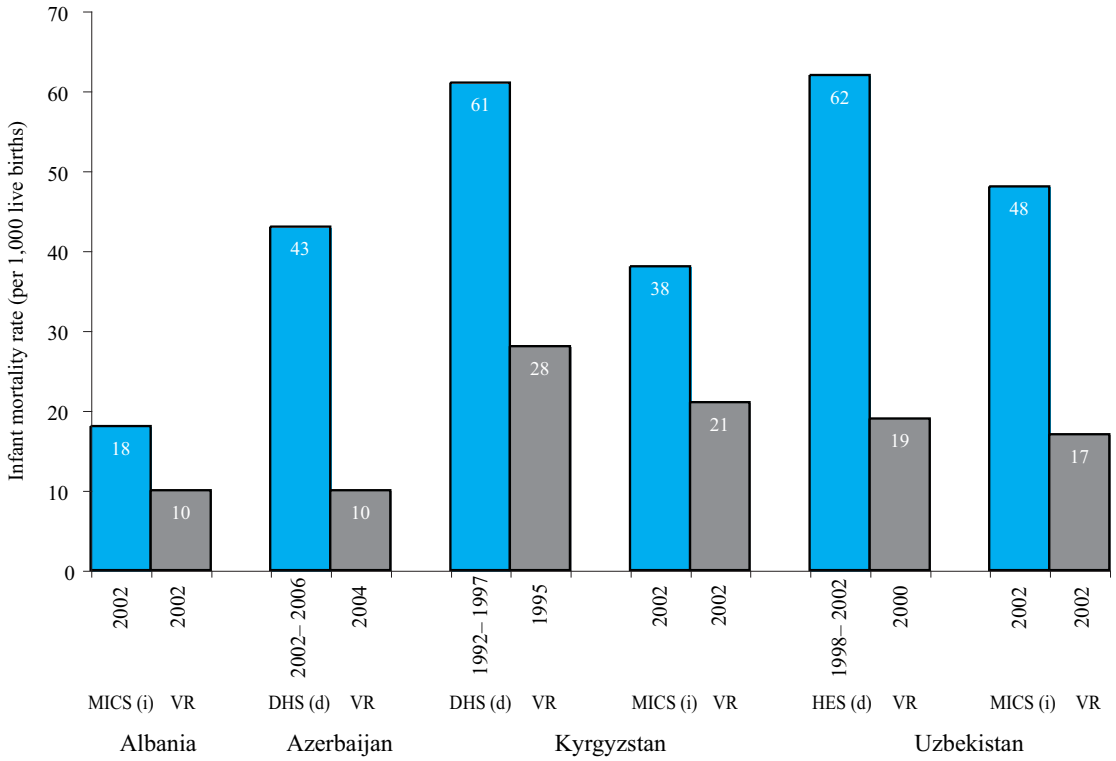
Under-reporting of infant mortality affects the quality of administrative data for this key child well-being indicator. The reliability of official statistics on infant

Figure 5.1 Adjustment of time series estimates on total population after censuses in the Russian Federation (2002) and in Lithuania (2001)



Source: TransMONEE Database 2008 and 2002.
Note: Mid-year populations.

Figure 5.2 Comparison of survey estimates and vital registration data on infant mortality



Source: Data from vital registration (VR) are from the TransMONEE 2008 Database, MICS data are from the respective country MICS reports <www.childinfo.org>, DHS and HES data are from the respective country DHS or HES reports <www.measuredhs.com>.
Notes: (i) indirect estimates obtained using the Brass method; (d) direct estimates.

mortality in most of the CIS countries, but also in some countries of South-Eastern Europe, is questionable, due to under-registration of the number of deaths. This is partly due to the use of a definition of live birth which does not comply with the standard WHO definition, leading to under-registration or mis-registration of births and infant deaths. In particular, use of the previous Soviet definition of live birth not only leads to under-counting of infant deaths occurring in the first seven days of life, but also creates a series of disincentives for health personnel to intensify efforts to care for pre-term or low-weight infants, and allows for a certain amount of arbitrariness in the registration of live births.[8]

Again, the quality of the vital registration data can be investigated by comparing them with estimates based on data from sample surveys for infant and child mortality rates. Figure 5.2 illustrates the striking differences between estimates of infant mortality derived from administrative and survey data for four countries. While it is not expected that the estimates derived from the two different sources should be identical, in countries where the quality of the data from the vital registration system is better, the differences are not marked.

Kyrgyzstan is one of the countries where the difference between estimates from survey and administrative data were large in 2002. However, since then considerable progress has been made in adopting and implementing the standard WHO definition of live births, and this needs to be taken into account when using and interpreting the more recent data. Kyrgyzstan started to implement the WHO definition in 2004, and figure 5.3 shows that this was immediately followed by an increase in the officially recorded number and rates of early neonatal deaths, and in a higher total infant mortality rate. This increase almost certainly reflects the introduction of the new live birth definition, and not a deterioration in the survival chances of newborn infants.[9]

While considerable progress in adopting the standard international criteria for live births has been made in Kyrgyzstan and several other countries, full implementation remains problematic in some cases, partly due to the need to tackle disincentives and other factors leading to the under- and mis-registration of births and deaths: these include the fact that, in some countries, deaths occurring in hospitals may be investigated by the judiciary as criminal acts; the risk of punitive action if too many deaths are registered; lack of training and protocols for medical staff to improve the accuracy of their reporting; lack of training in intensive therapy measures for newborns as well as lack of

equipment to deliver intensive care.[10] Another problem is the fact that the country-level data collection systems are not fully integrated, resulting in different estimates for the same indicators being produced by different national agencies (in this case by the Ministry of Health and the National Statistical Office). Moreover, primary data, i.e. those collected during the civic registration process, are not always transmitted to the statistical office,[11] and comparability across countries is not always possible – or correct – due to differences in the mathematical formulas used to compute infant mortality rates by the National Statistical Offices.[12]

Further problems with administrative sources

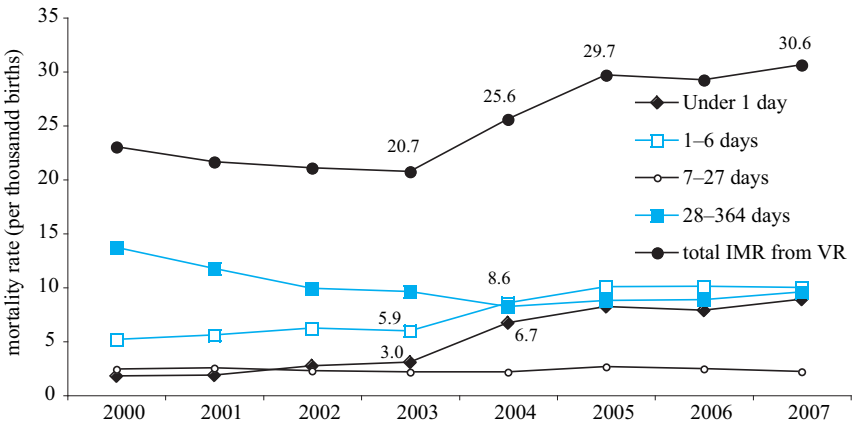
There are several other examples of problems encountered in the use of administrative data, including cases when the data reporting system is fragmented, due to the fact that different agencies report on the same indicator, but use different definitions or types of disaggregation. This is the case with child protection data. In other cases, sectoral reforms, or changes in definitions to reflect market economy conditions and needs, or to meet the requirements of international comparability (as with definitions of live births above) can lead to lack of comparability with data from previous years, and therefore a break in the statistics' time series. In other cases, the type of disaggregation used for official reporting may not be suitable for international comparison, as is the case with the education data discussed below.

The quality of administrative data on *child protection* is often difficult to evaluate due to the fact that different ministries have responsibilities for different institutions in the child protection system: the system of data collection remains fragmented, and levels of disaggregation and definitions are not standard across countries, or even across the different ministries within one country. The fragmentary nature of these data are also due to the fact that child protection statistics were not a separate statistical reporting item in the system of official statistics, i.e. only enrolments for different age groups in different institutions under different agencies were calculated and not aggregate statistics on children in formal care. In recent years, UNICEF has supported efforts to achieve more standardization in child protection indicators from administrative sources, both within and across countries, but significant problems remain, especially regarding the monitoring of flows of children in and out of institutions, domestic adoption and inter-country adoption, and the ethnicity of children in institutions.[13]

For *education* statistics, international comparisons of enrolment data remain problematic. Although education systems in the different countries have undergone various reforms, many still do not fit easily with the international classification of the education systems (currently ISCED 97),[14] and defining the correspondence with the ISCED levels is still under discussion in several countries. Moreover many countries are also in the process of implementing further major reforms to their school systems, such as introducing an extra year at the beginning of primary school, extending obligatory schooling to 12 years (Uzbekistan), or shortening it to 9 years (Azerbaijan), and as a result there are often parallel systems in place while the new system gradually takes over from the old one. This means that it is difficult to calculate indicators which allow comparability of data over time and between countries, or to estimate the share of total education expenditure going on different education levels. Again, care is required in the use and the interpretation of the data, also because the transition to new school systems does not always proceed in parallel with the changes in data collection and reporting (see, for example, the case reported in box 1.2, chapter 1).

To summarize, there is a strong tradition and a high degree of availability of social statistics derived from administrative sources, also in disaggregated form and even in the poorer parts of the region – by subnational geographical levels, age group and gender[15] – but there are still challenges regarding the quality and comparability of administrative data. This is due to under-registration of life events, non-comparability of definitions or incomplete processes of introducing standard international definitions, the difficulty of carrying out routine data collection in unresolved conflict situations, and the lack of importance attached to monitoring certain aspects of child well-being.

Figure 5.3 Infant mortality rates for Kyrgyzstan, 2000–2007, disaggregated by age of infant (in days) at death



Source: TransMONEE data.

Further efforts are needed to ensure the adoption – and implementation – of definitions corresponding to international standards, while ensuring that policy-makers and other users understand the implications of introducing new standards when interpreting data and time series.

5.2 Child-relevant data from routine national surveys

There are two types of sample surveys which are usually carried out on a regular basis and which are necessary for child-centred analyses, namely household budget surveys (HBS) and labour force surveys (LFS). The former provides information on the living standards of the population, as well as data for the calculation of consumer price indices, and for the computation of the consumption share in national accounts. The latter monitors trends in employment, unemployment, labour force participation and the structure of the labour force and employment. It can also be useful in identifying the existence or extent of child labour.

While HBS (or the Family Budget Survey in the USSR) were routinely carried out under central planning in most countries, they were not usually based on geographically representative samples. Under central planning, sampling by economic branch was more common in order to check differentials in income and expenditure for families of workers in different sectors of the economy.[16] Since the early 1990s there have been efforts to reform the former surveys by drawing up new geographically representative samples, and revising survey instruments. This process has been actively supported by international organizations, and sometimes the routine HBS has been carried out parallel to other more complex surveys such as the Living Standards Measurement Surveys (LSMS) supported by the World Bank.

Labour force surveys were not carried out under central planning, since employment data could be satisfactorily obtained from administrative reporting. LFS were gradually introduced in most countries in the 1990s usually with support from international organizations, although they are still not carried out regularly in all countries, and some still use administrative statistics as the main sources of employment data.

Survey data potentially increase the scope for child-centred analysis, and indeed have permitted calculation of, for example, child poverty rates, and analysis of factors influencing child poverty, including through multivariate analysis. However, the lack of tradition in using survey data, lack of understanding of the potential of sample surveys compared to complete enumeration (overestimating or underestimating its potential), lack of specific capacity in government agencies, and lack of incentives to use survey data for policy analysis, have all meant that the data are often underused at the national level. This situation is gradually changing in many countries, as independent research institutes are established, gain more access to data and increase their analytical capacity and experience.

But even when survey data are available and can be accessed there are improvements which could be made to promote the use of the data for child-centred analysis, starting with the roster where basic information on the composition and members of the household is collected. For example, several surveys do not have an explicit question which allows the data-user to identify the parents – if present – or the main person caring for children in households, which is especially important in countries where multi-generational households with extended families are common. To take another example, the incidence of child labour could be better estimated if there were no age limits placed on the questions relating to employment and work, but most surveys carried out in the region collect information on employment activities for household members over the age of 15 years. HBS are also an important source of information on housing conditions, connection to a piped water network, and the type of fuel used for heating. Access to micro data from HBS is also crucial for evaluating the impact of specific policies on children, for example, the degree of targeting achieved through social assistance schemes, and the effect of social assistance benefits in reducing child poverty levels. Regarding the latter, many surveys lack details on the receipt of the different categories of social transfers and also on a series of household background data needed to evaluate the quality of targeting,[17] thus limiting analysis on receipt and impact of child allowances.

Many of these problems are being addressed as use of the data increases, and the importance of understanding the impact of policies on children is better appreciated. Such appreciation is most evident when joint international and national efforts to improve data availability are accompanied by concrete analysis of the data and research. Before the transition, HBS data were considered as purely concerned with household and per capita levels of income and expenditure: the potential of survey data for other monitoring and evaluation purposes was not fully understood. Now, however, there is a need to achieve a balance: as the understanding of the potential uses of HBS data increases, there may be excessive demand for additional modules or questions. Coordination between survey designers, data collectors, and users, including analysts, is important: there is no point in collecting data which will not be used, since – as in every survey – over-heavy questionnaires are expensive to field and can lead to higher rates of error and non-response, which can in turn negatively affect the quality of the data collected.

There have also been attempts to harmonize household surveys across groups of countries. The most

obvious example here is the SILC survey: a household survey conducted annually in all EU countries which represents a key source of statistics on income, poverty and social exclusion. The EU-SILC initiative was launched in 2003 (replacing the European Community Household Panel) with the aim of providing key comparable social indicators, including some of the common indicators on poverty and social exclusion agreed on and approved at the European Council in Laeken in 2001. The Eastern European countries which joined the EU between 2004 and 2007 are now part of Eurostat and most of them have participated in the SILC survey since 2005. There are also proposals to pilot this survey programme in other SEE countries, such as Croatia and the former Yugoslav Republic of Macedonia. The survey provides comparable cross-sectional and longitudinal microdata on different aspects of well-being. The core tool of the survey is the income module where detailed information on income are collected from household members aged 16 and over (income rather than expenditure levels are used as the main indicator for calculating comparative indicators on poverty and living standards). Information on housing conditions and material deprivation is collected at the household level. SILC-type surveys are an important statistical tool for obtaining up-to-date and comparable information on the living standards of populations and, in particular with new specific questions being implemented in 2009, of children. However, their reliance on income data to assess household living conditions limits the potential of its extension to poorer countries in the region, where large informal sectors and reliance on subsistence agriculture mean that income data from survey are not a suitable indicator to reflect the economic well-being of households.

5.3 International and comparative surveys

A significant number of countries in the region have also joined international comparative surveys, such as PISA, TIMSS, and PIRLS for comparison of educational achievements, or the HBSC on health behaviour,

Table 5.1 Major international survey programmes implemented in CEE/CIS countries, early- and mid-2000s

	PISA		TIMSS		PIRLS		HBSC		MICS		DHS
	2000	2006	1995	2007	2001	2006	1993–1994	2005–2006	2000	2005–2006	years
Czech Republic	●	●	●	●	●		●	●			
Hungary	●	●	●	●	●	●	●	●			
Poland	●	●				●	●	●			
Slovakia		●	●	●	●	●	●	●			
Slovenia		●	●	●	●	●		●			
Estonia		●					●	●			
Latvia	●	●	●	●	●	●	●	●			
Lithuania		●			●	●	●	●			
Bulgaria	●	●	●	●	●	●		●			
Romania	●	●	●	●	●	●		●			
Albania	●								●	●	2008
Bosnia and Herzegovina									●	●	
Croatia		●						●			
Montenegro		●							●	●	
Serbia		●		●					●	●	
TFYR Macedonia	●				●	●		●		●	
Belarus										●	
Republic of Moldova					●	●			●		2005
Russian Federation	●	●	●	●	●	●	●	●			
Ukraine				●				●	●	●	2007
Armenia				●							2000, 2005
Azerbaijan		●							●		2006
Georgia				●		●			●	●	
Kazakhstan										●	1995, 1999
Kyrgyzstan		●								●	1997
Tajikistan									●	●	
Turkmenistan										●	2000
Uzbekistan									●	●	1996, 2002

Note: For a summary description of the survey programmes see 'A UNICEF IRC/OECD compendium of basic information on child or family-focused cross-national surveys' at <www.unicef-irc.org/datasets/data_sets_int.html>.

or have implemented internationally standardized household surveys such as the Living Standards Measurement Surveys (LSMS), the Demographic and Health Surveys[18] (DHS) or the Multiple Indicators Cluster Surveys (MICS).[19]

The latter is a UNICEF initiative to assist countries in filling data gaps for monitoring the situation of children and women. The third round of MICS (fielded in 2005/06) was also specifically designed to provide an additional monitoring tool for the Millennium Declaration and the MDGs (see box 5.1). As indicated in table 5.1, in 2005/06, MICS were carried out in 13 countries of the CEE/CIS, all of them in South-Eastern Europe and the CIS. In this period, other countries in these subregions carried out a DHS.

While the implementation of MICS and DHS is more common in the poorest countries of the region, those which also have more problems in guaranteeing the quality of both routine statistics (and where child survival and malnutrition are arguably among the priority policy challenges), the richer countries of the region are more likely to participate with other industrialized countries in international comparative studies of education attainment or health behaviour. In fact, in 2005/06 all the CEE countries which are now members of the EU participated in the OECD's PISA survey and also in the WHO-sponsored HBSC, with an increase in participation compared with earlier rounds of these surveys. On the other hand, apart from the Russian Federation, only a few countries in the CIS have taken part in such international comparative studies.

While participation in international surveys can provide the single countries with more and better data on specific topics collected in accordance with internationally agreed standards, the impact on the statistical capacity of the country to produce routine and up-to-date statistics on children is not always immediate or significant. This is partly due to the lack of tradition in using survey methods, the slow reform of the official statistical system and statistical reporting, and the lack of integration of international survey programmes with national systems of routine data collection and, as a result, lack of national ownership of the results. It is important that international efforts to improve data availability are accompanied by longer-term efforts to promote use of the data and to encourage the ownership and institutionalization of new data collection methods which have been piloted with their support.

5.4 Conclusions

The previous chapters in this report have pointed to the need to use different combinations of sources and different levels of disaggregation of data when analysing child well-being. They have shown that greater use of the available data, especially at the

Box 5.1

Monitoring the Millennium Development Goals in CEE/CIS

All the countries of the region signed the Millennium Declaration in 2000 and most have participated in the international MDG process and debate through setting national goals, baselines and targets, writing national MDG reports and reporting on progress in meeting the global targets. These activities have drawn the attention of both analysts and policymakers to the merits and shortcomings of existing data, and in many cases have served to promote the debate on the quality and relevance of some indicators. While there is a relatively high degree of data availability for most MDGs, this availability is not homogeneous across MDGs and across countries. However, the MDG debate has drawn attention to the issue of data quality and in some cases to the lack of suitability for international comparison.

An assessment made by UNECE, UNICEF and UNDP[20] summarized the availability of data for monitoring the MDGs in SEE and CIS countries in 2005–2006, and concluded that 50–60 per cent of the 48 global MDG indicators were available on average for the 16 countries which replied to the questionnaire. The availability of statistics was highest for MDG4 (reduce child mortality), and MDG5 (improve maternal health), and the lowest for MDG1 (eradicate extreme poverty), and MDG6 (combat HIV/AIDS, malaria and other diseases). In the case of the latter, the lower availability can be partly explained by the fact that part of the global indicators are not relevant for the national context. However, in the case of MDG1, the lower availability of data reflects the lack of tradition of using statistics from surveys. Indicators for which administrative data are available tend to have more consistent and longer time series.

The MDG exercise has also highlighted some of the limitations of traditional administrative data. For example, many countries questioned the relevance of global MDG2 (achieve universal primary education), since enrolment rates for all compulsory schooling levels were almost 100 per cent, but had difficulty in formulating a target which would reflect the need to improve the quality of compulsory education, and access to equal quality. This is difficult to monitor, partly because it depends on many factors and inputs, and partly due to lack of consistent data on learning achievements. And while administrative data are generally available for MDG 4 and reducing child and maternal mortality rates, it has already been shown that the quality of the registration data are such that they usually underestimate the real situation. If these underestimates are used to set targets in line with the global ones, for example, reducing infant mortality by two-thirds, this can mean that targets which are too low to achieve with the resources available to lower-income countries; or they could, on the other hand, lead to complacency that targets can be easily met and divert resources and policy attention to other goals and targets.

Box 5.2

The MONEE project and the TransMONEE database

Many of the statistics presented in this report are taken directly from TransMONEE, the database of the UNICEF's MONEE project, which has been gathering, sharing and analysing data relevant to the situation of children in the countries of CEE/CIS since 1992. At that time the overwhelming focus of most international organizations was on economic reform and economic policies, while less attention was paid to monitoring or addressing the social costs of these reforms.[21] With its main focus on social indicators, the MONEE project was in many ways a pioneer, paving the way for other organizations to devote more attention to the human costs of the transition.

Data collected by MONEE

The MONEE project and its database were designed to allow the construction of time series for key indicators, and also to allow comparison across countries. This was possible due to the high degree of standardization of variables, definitions and methodologies in most countries of the region. Most of the data collected were derived from the administrative statistics collected on a regular basis by the National Statistical Offices (NSO) in the countries of the region.

The database was originally organized around three sets of variables to monitor the effects of transition on children and families. These were: (i) indicators that could be used to monitor the effects of policy changes on families with children, particularly those affecting access to basic social services, access to and size of cash benefits, changes in the labour market, fiscal policies and macroeconomic management; (ii) determinants of child well-being such as household incomes, social expenditure, and family structure and stability; and (iii) income and capabilities-based indicators of human well-being, including poverty rates, infant mortality rates, school enrolment.[22] Within these three sets of variables, monitoring was organized around a 'core' set of indicators. Thus, while the key analytical unit was the child, a considerable part of the data collected was intended to increase understanding of the child's environment: the household, school, community and society.

Initially coverage of the project was limited to nine countries but throughout the 1990s there was an increase in coverage, and by the end of the decade all countries in the CEE/CIS region were covered. The continual use of the database for analysis allowed the project staff to adapt and improve indicators, and to ensure that those included in the database were calculated in a standard way; this facilitated cross-country comparison and ongoing refinement of the data quality. Later the scope and potential of the database for child-centred monitoring was further improved by extending the collection of data on child protection, including for example children in public care and juvenile justice.

In 2008 the TransMONEE database included 164 tables with indicators for 28 countries, organized in 10 sections: demography, natality, child and maternal mortality, mortality and life expectancy, family formation, health, education, child protection, juvenile justice, and economic indicators. Most of the tables contain data series going back to 1989. With a few exceptions, the data are derived from the administrative data collection system, but some are based on survey results. For example, some of the statistics on unemployment which are calculated on the basis of Labour Force Survey data, and the data on income inequality are calculated from the summary information obtained from household budget surveys.

The NSOs are the key partners of the project. Every year they are asked to fill out a 'statistical template' and to write a report on a selected child-relevant policy area. The statistical templates were developed to ensure that the statistics provided by each country are standardized. In most cases the data requested are absolute values, rather than ready-calculated rates or indices. This allows the MONEE project to use standard methods to calculate aggregates, rates and ratios, and ensures greater quality control of the data. Through direct contact with the central statistical office in each country, the project gained access to large data sets which are often under-utilized, not published or published with a very limited circulation.

country level, is necessary to understand the situation of children, and that in some cases there are data and research gaps which need to be filled to improve this understanding. Throughout, the emphasis has been on understanding the situation of those children who benefit least from transition, and this requires more nuanced country-level analysis using disaggregated data from a variety of sources. On the other hand, the availability of standardized national indicators suitable for international comparison – that is, with standard definitions and methods of calculation – is also useful, since they allow the outcomes and policies of one country to be assessed and evaluated in comparison with those of other countries, thus allowing countries with similar problems to gain from 'best practices', as for example, in EU open methods of coordination (OMC) and OECD peer reviews.

The diverging transition experience of the countries in the region nevertheless makes cross-regional comparisons less meaningful in terms of sharing good practices, since policy priorities and resources now vary considerably in the different subregions. On a more practical note, the national statistical offices have cooperated with various international bodies to improve and change data collection and calculation of indicators, meaning also that the common statistical inheritance shared by the region in the early 1990s has been gradually eroded. But the discussion in this

publication has also shown that the participation of countries in various new international surveys and comparative studies is making new forms of comparative study possible for different dimensions of child well-being, and is still valuable for sharing experiences within subregions and comparing countries with similar policy challenges and data collection methods.

In the early years of transition, when the MONEE project was set up, most of the monitoring and comparison of child outcomes had to be done mainly on the basis of administrative data, whereas there is now a vast range of data from different sources, including the results of various types of quantitative and qualitative surveys. Countries are also participating in various international data collection exercises. However, it is not just the availability and quality of data which have to be improved, but also their use and accessibility. In this regard, internationally supported efforts to improve data availability may be useful for internationally funded studies, but will only have a sustainable effect on the quality of data used for assessing child well-being in individual countries if accompanied by longer-term efforts to build capacity, promote better understanding of the potential uses of the data for policy analyses, capacity-building in the NSO and promotion of dialogue between the NSO and relevant ministries, government agencies and research institutes. Data collection efforts by international organizations in the 1990s were often uncoordinated and undertaken to meet the data requirements of the organizations themselves, but there have since been greater efforts to involve national stakeholders in the design and fielding of the data collection efforts, as well as in the analysis of the results.[23] In the last decade, many improvements in data availability, quality and comparability have been obtained with the active assistance of international bodies – in particular the United Nations Economic Commission for Europe (UNECE) which is also monitoring the initiatives for statistics improvements in the region[24] – and the European Union, with Eurostat. However, in several cases, lack of open access to data remains a primary challenge, and can be seen as a form of data shortage.

This report reviews the 16 years of the UNICEF IRC research initiative within the framework of the MONEE project, to use available data to monitor the situation of children in the region, identify trends and assess the effect of policies on the realization of children's rights, and the promotion of child well-being. The aim of this report – as with past ones – is to stimulate the use of data, and to provide inputs to increase the visibility of children in the policy debate throughout the region. While the danger at the beginning of the transition period was that the focus on economic transition was leading to an underestimation and lack of focus on the social costs, the risk in the current phase of transition – in a period of economic contraction – is that the policy debate becomes focused again on traditional macroeconomic indicators, with less attention on social indicators and on the human and social impact of the economic downturn. In such phases it is critically important to have in place systems of data collection, analysis and dissemination that can allow the tracking of trends in social and economic indicators and to ensure that policy-makers are aware of the possible social impacts of different policy options, particularly on families with children and amongst those belonging to the most vulnerable groups in society. Moreover, the transparent dissemination of data and analyses has an important role in contributing to strengthening the democratic process and the capacity of citizens to influence the goals of the societies where they live and to increase the accountability of policy-makers.

In the years ahead, UNICEF will continue to work with both national partners and with other international organizations to improve the availability and use of data to monitor the effect of policies on child well-being in the CEE/CIS region, through comparative analysis across countries, and improved use of administrative, quantitative and qualitative sources for analysis within countries. UNICEF will also continue to support the dialogue between international sponsors of new data collection efforts and national users, and to promote the integration of child-relevant indicators derived from survey results into regular national statistical reporting and country development strategies. The challenges to the realization of child rights in the region are constantly evolving and stronger and better monitoring and evaluation systems – and related investments in data collection as well as coordination between national and international agencies – are a vital ingredient for effective policy responses.

NOTES

Chapter 1

1 See, for example, Gordon et al. (2003), Bradshaw et al. (2006) and Richardson et al. (2008). These vary in the choice and number of dimensions incorporated in the child well-being framework, and in the approach to defining them. There are also differences in the choice of indicators according to the region examined, and other differences in approaches, such as incorporating an explicitly children's rights-based approach, taking key articles of the CRC as the basis for defining components, or placing a particular emphasis on the need to consult children in the process of defining key elements influencing their well-being.

2 See recommendations reported in UNICEF (2005), p. 9.

3 There are exceptions, including the Republic of Moldova, which performs well in terms of child mortality rates relative to its per capita GDP level; and Kazakhstan and Azerbaijan which show higher rates of child mortality relative to other countries with similar levels of GDP per capita.

4 For example, assumptions regarding economies of scale and differences in the needs of different household members (e.g. children may be assumed to need either more or less expenditure than adults) are reflected in the choice of equivalence scale used, which can have a considerable influence on the final poverty estimates. Poverty estimates will also vary according to whether income or expenditure is chosen as the indicator to measure household resources, and according to decisions on what components to include in the total household income or expenditure aggregate. Finally, the choice of poverty line chosen to distinguish poor from non-poor households will have an obvious impact on the numbers which are categorised as living in poverty.

5 See UNICEF (2006a) and Menchini and Redmond (2009a) for examples in the CEE/CIS region.

6 For a summary description of poverty measurement techniques, see UNICEF (2006a), box 2.1. For a more detailed description of the methodology used by the World Bank, see Chen and Ravallion (2008). For the debate on the methods used to calculate global poverty rates, see Reddy (2008) for a criticism, and Ravallion (2008a) for arguments in support of the methodology.

7 World Bank (2005b) and World Bank (2008b) pp. 87–90.

8 See UNICEF (2006a), p. 31.

9 See also section on Roma children in chapter 4 of this publication.

10 European Commission (2008a), p. 15.

11 See also European Commission (2008a), pp. 13–15.

12 Tragakes et al. (2008, p. 25) highlight that in Latvia, the difference in infant mortality levels with best performing countries is mostly due to the higher rates of perinatal deaths.

13 In Bulgaria, the Sliven and Montana regions had infant mortality rates which were double that of the national average in 2005, see Georgieva et al. (2007).

14 Share of newborns weighing under 2,500 grams.

15 State Statistical Office of the Republic of Macedonia (2007).

16 National Bureau of Statistics of the Republic of Moldova (2008). The Republic of Moldova has a national average level of U5MR which is similar to that of countries in SEE and Western CIS with much higher levels of GDP.

17 Most countries are now gradually transferring to implementing the WHO definition of live birth (e.g. Armenia, Kyrgyzstan and Uzbekistan). See Menchini and Marnie (2007) for a discussion.

18 WHO (1995), p. 208.

19 State Statistical Committee of Azerbaijan and Macro International Inc. (2008), p. 170.

20 For example, in Kazakhstan children under 5 in the poorest wealth quintile were twice as likely to be stunted than children in the richest quintile. In this country the highest prevalence was registered in the regions of Kyzylorda and Aktobe (at around 30 per cent) both bordering the Aral Sea, while the lowest levels (less than 10 per cent) were found in the Akmola Oblast and in Almaty city. In Georgia, according to the MICS 3 results, the rate of moderate and severe stunting was 22 per cent for children in the poorest quintile, compared to 8 per cent for children in the richest quintile.

21 For data sources on wasting see table 1.8.

22 WHO (2008).

23 WHO database on iodine deficiencies disorders (accessed on December 2008) and WHO and UNICEF (2007).

24 UNICEF (2008c).

25 TransMONEE 2008 database. Data from MICS for 13 countries broadly confirm the official estimates, see UNICEF (2008b).

26 See UNICEF (2008b), pp. 37 and 77.

27 UNICEF and WHO (2008).

28 In 2006 the correlation between the indicators of the U5MR and the average country level of economic well-being, proxied by the level of GDP per capita PPP, was negative and strong (the value of the simple linear correlation index is -0.74). The negative correlation declines to -0.56 for mortality of children aged 5–14 and to a low – 0.07 for those aged 15–19.

29 In CIS countries high mortality rates are also found in the adult age groups. The average adult mortality rate for the CIS is higher than the world average and is lower only than that of Sub-Saharan Africa. Despite some decrease since the early part of this decade, adult mortality rates in Western CIS remain high and are often attributed to lifestyle factors, including high rates of alcohol consumption. See USAID (2007), pp. 11–16.

30 Marnie and Menchini (2007), p. 2.

31 UNICEF (2007b).

32 Here it should be noted that increased coverage of pre-primary education is only positive if the quality of education and care provided is adequate, otherwise it can damage rather than promote childhood development. See further discussion in chapter 4.

33 In other cases, there is quite simply a lack of demand for labour, due to capital-intensive forms of growth (see chapter 2), and this also influences young people's choice to remain in education.

34 Only Turkmenistan has a basic gross enrolment ratio below 90 per cent for the school year 2006/07.

35 On the other hand, a study based on TIMSS data reports statistics for 2003 on school headmasters' evaluation of attendance problems (including absenteeism, arriving late at school, skipping class) for 8th grade students. Problems of attendance were considered to be high in the Baltic States and Bulgaria (Mullis et al. 2004).

36 UNESCO (2008).

37 UNICEF (2007c), p. 19.

38 Partial data for Turkmenistan, referring solely to professional and vocational schools, suggest the existence of a strong gender imbalance for this country too.

39 State Committee of the Republic of Uzbekistan on Statistics (2007), p. 64–68.

40 National Bureau of Statistics of the Republic of Moldova (2008), p. 77.

41 The population sampled in the PISA surveys includes people between 15 years and 3 months and 16 years and 2 months. The average age of people surveyed is 15 years and 7 months. Young people enrolled at the 6th grade or lower are excluded.

42 OECD (2008c).

43 Kyrgyzstan shows the worst scores among the countries surveyed by PISA.

44 See Mullis, Martin and Foy (2008).

45 'Dirty fuels' include firewood, charcoal, crop waste, coal, whereas 'clean fuels' include liquid gas, natural gas or electricity, and tend to be associated with a greater incidence of respiratory infections among infants and children.

46 Krasheninnokov (2003).

47 All the estimates of IDPs are from the International Displacement Monitoring Center (www.internal-displacement.org , accessed in December 2008).

48 See UNECE (2007). In Georgia, for example, privatization of the housing stock progressed during the 1990s and early 2000s but without a clear direction and coherent institutional framework and there has been virtually no government housing policy since independence. The construction sector recovered only slightly after 2004.

49 Defined here as the percentage of people living in dwellings with less than 6 square metres space per person, or with more than 3 persons per room.

50 The highest levels of overcrowding, around 2003, are found in Tajikistan (with 37 per cent of individuals living in dwellings with more than 3 persons per room), Kyrgyzstan and Albania (both at 17 per cent).

51 Statistical evidence on access and quality of public utilities is poor in most of the region. The main sources of such information are household surveys which usually include questions about connections but not on actual service provision (e.g. regularity of supply, quality of water, etc).

52 DHS reports define improved sanitation as a flush toilet, a ventilated improved pit latrine and a latrine with a slab closure.

53 In the early 1970s several republics of the former Soviet Union (for example, the Russian Soviet Socialist Federative Republic or Estonian Soviet Socialist Republic) ranked among the countries in the world with the highest shares of children living in single-parent households, but during the following two decades they experienced only very slight changes, while countries like Sweden, the United Kingdom and the United States rapidly outpaced them. See Klugman and Motivans (2001, p. 10).

54 UNICEF (2006a), p. 34.

55 European Commission (2008a).

56 UNICEF (2008d).

57 UNICEF (2008d).

58 Mykytyn (2005).

59 European Roma Rights Centre (2006), p. 31.

Chapter 2

1 The effect of growth on public expenditure for social services and transfers is discussed in chapter 3.

2 See, for example, UNICEF (1993, 1995, 2001 and 2006a) and World Bank (2000).

3 Latvia's level of GDP per capita fell by 50 per cent between 1989 and 1993.

4 See World Bank (2005b).

5 Data from the Czech Statistical Office.

6 Data from the Central Statistical Office of Poland.

7 Data from the State Statistic Committee of Ukraine.

8 Statistical Agency of the Republic of Kazakhstan.

9 World Bank (2008a), p. 171.

10 Employment in agriculture grew substantially after the collapse of the centrally planned systems, especially in the lower-income countries, mainly because subsistence agriculture was a common strategy adopted by families in the period of transitional recession. Agricultural output recovery had started in all the CEE and CIS subregions by 2000. During the transition almost all the countries of the region carried out a land reform: nearly all countries decided to privatize land and implement farm reforms, but with different strategies and results (see Sedik and Lerman, 2008).

11 According to the World Bank (2006c, p. 73) the energy sector in the Russian Federation represented around 20 per cent of GDP in the early 2000s. The same study reports that the oil sector accounts for only 1 per cent of the total employment. In 2003 the oil and gas sector accounted for 55 per cent of the value of Russian exports. See World Bank (2005a), p. 29.

12 Bogetic, Ulatov, Emelyanova and Smits (2008), pp. 3–5, and International Monetary Fund (2008), p. 5.

13 See data from the web site of the State Statistical Committee of the Republic of Azerbaijan, www.azstat.org.

14 Estimations of remittances can vary significantly according to the definitions and the data sources used. For example, estimations of the amount of remittances for Tajikistan for 2004 vary from the official 12 per cent of GDP calculated on the basis of data from the National Bank of Tajikistan, to around 30 per cent based on a method which combines different sources, including data derived from household surveys. See World Bank (2006b).

15 Lucas (2005).

16 Cornia (2006).

17 In 2007 Hungary experienced a substantial slowdown of GDP growth due to a reduction in private consumption and public investment (OECD, 2008a).

18 EBRD (2007) and Bogetic, Ulatov, Emelyanova and Smits (2008).

19 See Rutkowski (2006) for a discussion of labour-market adjustments during the transition and Verme (2006) for a focus on CIS countries.

20 In some CEE/CIS countries, the quality of employment statistics derived from the LFS give only a partial picture due to the widespread informal sectors and the national criteria adopted to register subsistence agriculture and temporary jobs in the surveys. For a discussion on the impact of informality on statistics on employment and living standards in Western Balkans countries, see European Commission (2009), p. 7.

21 Verme (2006).

22 The employment elasticity to economic growth is a very crude measure of the correlation between labour-market outcomes and economic growth (the results should be interpreted simply as a correlation rather than a measure of the causality between economic growth and employment). Elasticity measures also reflect changes in labour productivity: when economic growth is positive and employment elasticity is lower than 100 (negative or ranging between 0 and 100) then labour productivity increases, while if economic growth is positive and employment elasticity is greater than one, labour productivity decreases. The opposite is true when economic growth is negative.

23 Aggregate data mask substantial differences within regions: elasticity in Central Europe ranged between a modest 5 per cent in the Czech Republic to 30 per cent in Slovenia; in SEE it ranged between -30 per cent in Romania and 19 per cent in Bulgaria; in Western CIS between -30 per cent in the Republic of Moldova to 16 per cent in the Russian Federation; in Central Asia between 22 per cent in Kazakhstan and 63 per cent in Kyrgyzstan; in the Caucasus between -14 per cent in Armenia and 4 per cent in Azerbaijan; in the Baltics between 4 per cent in Lithuania and 16 per cent in Latvia.

24 Government of the Republic of Uzbekistan (2007) reports that between 2002 and 2006 the share of workers in the informal sector increased by 10 per cent, representing 56 per cent of total employment in 2006..

25 OECD (2008b).

26 World Bank (2008b) and OECD (2008b). For Poland, two main barriers to improving labour-market outcomes are the low levels of labour mobility (due to housing shortages) and the shortage of skilled workers.

27 In Albania, the share of workers employed in agriculture fell from 72 per cent in 2000 to 58 per cent in 2005.

28 See European Commission (2008c, pp. 13, 24–25) for a discussion on the problems of agriculture in Albania and the impact of migration on the sector.

29 See, for example, Lücke, Mahmoud and Pinger (2007).

30 Faggio (2007) argues that the increase in inactivity rate is real and not due to the high share of older (55–64 years) workers taking early retirement. On average, the substantial increase in inactivity is mainly explained by the non-employment of those aged 25–54 years.

31 See ILO (2009).

32 Data from the Azerbaijan State Statistical Committee.

33 Data on wages by economic sectors for the Russian Federation and Ukraine are from the WIIW.

34 For a discussion of 'jobless growth' during the period of economic recovery in CEE and CIS, see World Bank (2005e).

35 See ILO and International Institute for Labour Studies (2008) for discussion of the potentially harmful effects of high levels of inequality.

36 The Gini coefficient is the most common measure of inequality in the distribution of income and earnings. If there are no differences in incomes (or earnings), the Gini co-efficient is 0, and 1 when the distribution is perfectly unequal (implying that one person has all income). Globally, the countries with the highest Gini index are mostly in Latin America and in Southern Africa, where Gini coefficients of 0.50–0.60 are recorded. The countries with the lowest levels of inequality, such as the Nordic European countries, have Ginis of around 0.25. Most OECD countries have Gini coefficients of around 0.30–0.35, and the Gini for the USA is slightly over 0.40.

37 Milanovic (1998).

38 Data available for Slovenia show that income inequality was at its highest level in 1991 and slowly decreased throughout most of the 1990s.

39 See ILO and International Institute for Labour Studies (2008), p. 25, for a more detailed discussion on how high levels of inequality can influence political decisions regarding public expenditure and other redistributive measures.

40 See, for example, Addison and Cornia (2001).

41 See World Bank (2000), chapter 4, pp. 152–160.

42 ILO and International Institute for Labour Studies (2008), pp. 6–7.

43 Hungary, Poland, Bulgaria and Slovenia are the countries for which data are available.

44 Milanovic (1999).

45 Lehman and Wadsworth (2001) analysed the extent of the impact of wage arrears on inequality in the Russian Federation and estimated that earnings dispersion would be 20–30 per cent lower in absence of arrears.

46 See Flemming and Micklewright (1999).

47 Mitra and Yemtsov (2006).

48 World Bank (2000), p. 149.

49 For a more detailed analysis, see Commander and Köllő (2008).

50 'Capital income' is defined as that part of total income derived from financial and non-financial assets. Since the national account figures do not single out each separate component, the capital share is often calculated as the complement of the labour share (as a residual component).

51 Milanovic (1999) points to much larger differences between subregions in the share of non-wage income in total household income, with the concentration coefficient remaining stable in the Central and Eastern European region, and increasing by 33 percentage points in the CIS (in the Russian Federation the increase was even more dramatic). Unfortunately, the contribution of capital income to overall inequality is always difficult to estimate, and for the post-1998 period there are no data which allow cross-country comparison.

52 World Bank (2000), pp. 154–156.

53 Ibid., pp. 158–160.

54 See, for example, World Bank (2000) which cites studies on the Russian Federation.

55 Market income includes earned income from wages, salaries and self-employment and other cash income from private sources. Disposable income is obtained from market income by deducting income taxes and social security contributions and adding public transfer payments.

56 See Kanbur and Tuomala (2006).

57 World Bank (2000, 2005b).

58 Milanovic (1999).

59 Garner and Terrell (1998) for Czech Republic and Slovakia; Milanovic (1999) for Latvia.

60 Milanovic (1999); Keane and Prasad (2002).

61 See Mitra and Yemtsov (2006).

62 There are some recent cases studies, see for example, Römisch (2003) for a study of nine CEE countries; Förster et al. (2003) for a study of the Czech Republic, Hungary, Poland and the Russian Federation; Yemtsov (2003), and Mitra and Yemstov (2006).

63 See discussion of migration from the Republic of Moldova in Lücke et al. (2007), where the most recent wave of migrants is composed of young people with higher levels of education, looking for better opportunities, and probably permanent migration.

64 Between 1993 and 2007 the total population of the Russian Federation decreased from 148.5 million to 142 million, while the child population decreased by approximately 12 million, from 39 million to 27 million.

65 In 2007, Uzbekistan had the fourth largest population and the second largest child population in the CEE/CIS. During the period under analysis, its total population grew continuously but at a decelerating pace since the mid-1990s: the child population declined from around 11 million in 1999 to 10.3 million in 2007. Over the same period, the population aged 18–59 grew from 11.7 million to 14.8 million, while the number of those aged 60 and over remained around 1.5 million.

66 In 2007, around 15 per cent of the population of these countries was aged 18–24 years.

67 The exceptions here are Estonia and Serbia: in 2006 these countries registered total fertility rates respectively of 1.55 and 1.45 children per woman.

68 Although birth rates are similar for this group of countries, the timing of the start of childbearing varies considerably: the average age at first birth is the highest in some Central Europe countries, at around 27 years, while in the Western CIS it is slightly less than 24 years, which is also close to the average for the Central Asian countries.

69 During the transition, Western CIS countries experienced what has been described as a mortality crisis: the social and economic transformations started in the early 1990s were accompanied by a sudden rise in adult mortality. There were some signs of improvement in the late 1990s, but this was reversed in the early 2000s. In 2005 the age-specific mortality rate for Russian men aged 40–59 was 2.2 per cent, three times the level observed in Czech Republic and more than 60 per cent higher than the level observed in the Russian Federation in 1989. For more details, see Shkolnikov et al. (2004).

70 World Bank (2006b).

71 Some of these flows may also consist of earlier emigrants returning, for example for retirement.

72 TransMONEE 2008 database.

73 ILO (2005), pp. 78–79.

74 World Bank (2006b), p. 49.

75 World Bank (2008b). More recently there has been a rise in the number of migrant workers from Uzbekistan working in the Russian Federation and Kazakhstan. According to data from the Russian state statistical committee, Uzbeks represented the largest contingent of migrants arriving in the country in 2007, see also www.gks.ru.

76 TransMONEE 2008 database.

77 See Blum and Lefèvre (2006) and World Bank (2005e), pp. 11–58.

78 In the case of Albania, for example, it has been estimated that between 1990 and 2005 around one fifth of the adult population moved within the country; and that two-thirds of the flows originated from rural areas, resulting in a reduction in the share of rural population from 56 per cent to 52 per cent, and an increase in Tirana's population by over 40 per cent in the 1990s; see World Bank (2007a), pp. 33–35.

79 See Bloom and Canning (2005) for a discussion of some of the mechanisms of interaction between demographic change and economic variables.

80 See Bloom and Williamson (1998).

81 The medium-variant population projections produced by the United Nations Population Division predict that the child dependency burden for Tajikistan will be below 50 per cent by 2025, while the old age dependency ratio will start to increase around 2010, but will change only slightly over time.

82 The President of the Russian Federation devoted much of his 2006 State of the Nation Address to highlighting the urgency of increasing the country's birth rate, as well as tackling the causes of high male adult mortality rates. The country's demographic situation was called "the most acute problem facing our country today", and low incomes, inadequate housing, poor-quality health care and inadequate educational opportunities for children were listed as the main factors discouraging couples to have more than one child. See Population and Development Review (2006), pp. 385–389.

Chapter 3

1 See, for example, UNICEF (1993, 1995, 2001 and 2006a) and World Bank (2000).

2 See Cornia (1997) for the example of Russia.

3 Deacon (2000), pp. 147–148.

4 Cheasty and Davis (1996).

5 Jablonska (2006).

6 See, for example, Azerbaijan Economists' Union and UNICEF (2008), pp. 4–5.

7 Falcetti, Sanfey and Taci (2003) estimated that by the end of the 1990s, the informal sector accounted for around one third of GNP in Albania, Bosnia and Herzegovina, Bulgaria, Croatia and Romania, and for approximately 45 per cent in the Republic of Moldova and the former Yugoslav Republic of Macedonia. These authors also provide estimates of the share of the informal economy in the

late 1990s for Central European countries, ranging from 20–25 per cent of GNP. European Commission (2008c) reports estimates of the informal economy in Albania ranging between 30 to 60 per cent of the nation's GDP.

8 Cheasty and Davis (1996, p. 8) estimate that the loss of inter-USSR transfers represented up to 20 per cent of GDP in the different Former Soviet Union republics.

9 For further discussion see Grabowski and Tomalak (2004).

10 Easter (2002) describes the two different paths taken by Poland and the Russian Federation in the early 1990s: both countries allocated a large role to indirect taxes, but they diverged in their strategy for direct taxation, with Poland building up personal income tax (shifting the burden of income taxes away from enterprises and onto households), and the Russian Federation retaining a strong reliance on taxation of enterprises. These different paths reflect in part the pace at which the two countries tackled institutional reforms related to revenue collection.

11 UNESCO (2007), p. 9.

12 World Bank (2006d), p. 17.

13 UNICEF (2007b), pp. 156–159.

14 In Tajikistan, private spending in 1999 was estimated to be roughly equivalent to public spending, and survey data has shown that public spending on upper secondary and higher education was largely biased in favour of the rich. See World Bank (2005d), pp. 49 and 54.

15 For example, World Bank (2007a) points out that in Albania demographic trends have led to an increase in the secondary school age cohorts relative to those in primary school age, and suggests that there should be a reallocation of spending to guarantee more adequate funding for secondary education.

16 In the mid-2000s, in Romania, for example, hospital care accounted for 53 per cent of the health budget, compared to an OECD average of 40 per cent (World Bank, 2006d).

17 Turkmenistan is an exception with a level of public expenditure on health at 3.2 per cent of GDP. The only other country with an expenditure level below 3 per cent of GDP in 2006 was Albania.

18 Suhrcke, Rocco and McKee (2007), p. 52.

19 In Kazakhstan public health expenditure increased from 2 per cent of GDP in 2000 to 2.4 per cent in 2006. For the same year, private expenditure on health was estimated at 1.3 per cent of GDP. The National Programme of Health Care Reform and Development for 2005–2010 plans an increase to 4 per cent of GDP by 2010. See Kulzhanov and Rechel (2007), pp. 36–37.

20 WHO standardized estimates on health expenditure are available from 1996.

21 Azerbaijan is a notable exception. Here private expenditure on health as a share of GDP decreased from around 5 per cent in 1995 to 2.5 per cent in 2006. However, public expenditure levels are also very low in Azerbaijan: in 1996 public expenditure on health represented 1.4 per cent of GDP; 0.8 per cent in 2002, and 1.1 per cent in 2006.

22 WHO Europe and Council of Europe Development Bank (2006), p. 67, and Kulzhanov and Rechel (2007).

23 Shishkin et al. (2008).

24 Standing (1996), pp. 228–230. See also Aidukaite (2004) for a discussion of the transition in the welfare systems in the Baltic States.

25 UNICEF (2006a).

26 Petrášová (2008, p. 7) indicates that in Romania overall expenditure on family and child benefits increased at a rate of 11 per cent per year between 2000 and 2005.

27 In the Russian Federation social assistance has been undergoing a reform process since 2006.

28 Stewart and Huerta (2006).

29 European Commission (2008b) shows that in EU countries – including those in CEE – child benefits have a greater impact than pensions in reducing rates of relative child poverty. This report shows that, on average, transfers (excluding pensions) reduce the risk of relative poverty for children by 44 per cent (38 per cent for the overall population), with the impact varying greatly by country.

30 In Albania, the economic assistance benefit is allocated to low-income families, but it is not specifically targeted on families with children.

31 World Bank (2007a).

32 Alexandrova et al. (2007).

33 Verme (2008).

34 Brownbridge and Canagarajah (2008) argue that in the case of Tajikistan, the overall tax burden is relatively moderate, and does not represent a major constraint to growth. It is the tax administration which is problematic, since it allows too much scope for discretionary decisions and predatory behaviour on the part of tax officials and tax police. The tax administration lacks specialist tax skills, but has close contact with taxpayers, resulting in corruption.

35 The World Bank (2007b) argues against increasing expenditure above a certain level if the appropriate institutions are not in place. See also the discussion in Dabla-Norris (2006) and Way (2002).

36 Brownbridge and Canagarajah (2008).

37 Trunin (2004).

38 Dabla-Norris (2006).

39 European Commission (2009), p. 37.

40 Dabla-Norris (2006).

41 The Russian Federation recently embarked on further reform of formula-based intergovernmental transfers.

42 Dabla-Norris (2006).

43 Way (2002) uses the example of Ukraine to illustrate the difficulties in carrying out reforms of intergovernmental fiscal relations, and how a lack of understanding of how past incentives structures worked in practice has meant that the introduction of decentralization measures actually increase, the discretion of both central and sub-national authorities to unilaterally ignore formal budgetary policies and regulations.

Chapter 4

1 The number of Roma in the region is subject to much speculation. Official data, in most cases derived from censuses, are considered to grossly underestimate the real size of the Roma population. This undercounting reflects, in part, the sensitivity of collecting ethnic disaggregated data as well as issues related to self-recognition as Roma, and self-declaration during the data collection process. UNDP (2006a) reports that an estimated 6.8 to 8.7 million Roma live in Europe and that 68 per cent live in Central Europe and the Balkans.

2 For example, the World Bank and Open Society Institute's 'Decade of Roma Inclusion' (2005–2015) with a focus on promoting policies to tackle the exclusion faced by Roma in employment, housing, health and education. At the end of 2008, eleven Central and South-Eastern European countries were participating in this initiative (Albania and Bosnia and Herzegovina joined the initiative in 2008). The European Commission has been actively promoting inclusion policies, and since 2003, Bulgaria, Romania and Croatia have drawn up National Action Plans to promote the integration of Roma.

3 UNDP (2002).

4 For a detailed study of the situation of Roma under central planning in Eastern Europe, see Barany (2000).

5 The Socialist Federal Republic of Yugoslavia generally had a more accommodating policy attitude.

6 UNDP (2002).

7 See, for example, the discussion in Simon (2007).

8 Authors' calculations based on the Bulgarian Integrated Household Survey 2001.

9 Authors' calculation based on data from the Bulgarian Integrated Household Survey 2001.

10 Zamfir et al. (2005).

11 Authors' calculation based on data from the UNDP survey of Roma carried out in 2004 across the countries of South-Eastern Europe. For a description of the survey, see UNDP (2006a).

12 World Bank (2006e), p. 30.

13 Zamfir et al. (2005).

14 WHO Europe and Council of Europe Development Bank (2006).

15 Statistical Office of the Republic of Serbia and Strategic Marketing Research Agency (2006).

16 State Statistical Office of the Republic of Macedonia (2007).

17 UNICEF (2006b), p.77.

18 In 2004 the national average infant mortality rate in Bulgaria was 11.6 per 1,000 live births, but it was as high as 27.5 and 23.2 infant deaths per 1,000 live births in the Sliven region and in the Montana region. See Georgieva et al. (2007).

19 See European Roma Rights Centre (2006).

20 See, for example, Čaněc (2001) who reports that after the 1979 school reform the number of Roma children in special schools for children with mental disabilities rapidly increased.

21 European Roma Right Centre (2005 and 2007), Open Society Institute (2007).

22 European Roma Rights Centre (2005).

23 European Roma Rights Centre (2005). See also Salner (2005), p. 9.

24 UNICEF (2007a), pp. 46–47.

25 UNICEF (2008b).

26 According to MICS data this is the case, for example, of around one third of children living in Roma settlements in Serbia and slightly more than one third of Roma children in the former Yugoslav Republic of Macedonia in 2005–2006.

27 UNICEF (2008b).

28 UNICEF (2007a).

29 UNICEF (2007a).

30 European Roma Rights Centre (2006).

31 UNICEF (2007a), pp. 27–28.

32 World Bank (2002), p. 15.

33 See, for example, Toth et al. (2008) for Romania and Lucke et al. (2007) for the Republic of Moldova.

34 Lack of parental supervision leads to a higher risk of poor school performance, and greater long-term risks of marginalization and juvenile delinquency. In extreme cases, children are more exposed to the risks of trafficking when parents are absent. See examples cited in Cortés (2007).

35 The effect of migration and remittances on national economies is discussed in chapter 2. There are other countries in the region which have large outflows of migrant workers, including, for example, Tajikistan, Georgia and Romania. The selection of Albania and the Republic of Moldova for this analysis was made not because they are more affected than others, but purely on considerations of data availability.

36 World Bank (2008c).

37 The share of children left behind due to their mother's migration is relatively low (0.2 per cent – 0.4 per cent, when only children living in non-nuclear households are examined).

38 There are gender differences in the length of time spent away from home by female and male parents: the average and median values of months spent away from home for migrant mothers is low – 3.1 and 1 respectively, compared to 7.6 and 8 for fathers.

39 Cortés (2007).

40 UNICEF Moldova (2007).

41 See the five transition frameworks proposed by World Bank (2006a).

42 The age group covered by compulsory schooling varies by country, but roughly comprises the 7–16 age cohort.

43 Marnie and Menchini (2007) and UNICEF (1998).

44 However, while the upper secondary enrolment rates suggest that access for young people in the countries of Central Europe and the Baltic States is almost universal, it may not be quite as high as suggested by the enrolment rates, since there were also high drop-out rates, especially among those in vocational secondary programmes. See ILO (2005), p. 45.

45 Particularly in the poorest countries where there is a large difference in access by household income levels, and where, in at least two countries – Tajikistan and Turkmenistan – there is evidence of gender differentials in access to upper secondary education.

46 The available comparable statistical evidence on quality of education is derived from international comparison survey programmes, such as PISA, TIMSS and PIRLS, which collect information on school inputs, and student's socio-economic background and learning achievements.

47 UNICEF (2006a), pp. 53–54.

48 See Marnie and Menchini (2007), p. 7.

49 With the exception of the Republic of Moldova, where according to labour force survey data, only 32 per cent of those aged 20–24 were in the labour force. More analysis is required to ascertain the reasons for this particularly low share.

50 See Marnie and Menchini (2007), p. 9.

51 See discussion in chapter 1 and La Cava et al. (2006).

52 See, for example, UNAIDS (2008).

53 UNAIDS (2008)

54 The Committee on the Rights of the Child has proposed a working definition of early childhood covering the period from 0 to 8 years, and in many countries there is a traditional division between 'care', for children under the age of three, and 'education' services, for those up to primary school age, although the services are not always part of an integrated ECD policy.

55 See, for example, the summary of relevant literature cited in McLean (2008), pp. 21–23.

56 UNICEF (2008a).

57 Stewart and Huerta (2006).

58 Nursery facilities for children under the age of three were also available, but were less widespread. Although female participation rates were high, maternity leave was quite generous and mothers did not run the risk of job loss when taking time out of work to care for children. See Stewart and Huerta (2006).

59 In the pre-transition phase, all preschool facilities were public, in that all enterprises were state-owned, and although collective farms were technically a different form of ownership, they were under state control.

60 For the EU member and accession states the pre-accession programmes and the Barcelona targets on childcare will have acted as incentives.

61 Asian Development Bank (2006) In Kyrgyzstan, the number of facilities has increased slightly since 2005.

62 MICS data suggests that in 2005–2006 over 90 per cent of 3–5 year olds in Bosnia-Herzegovina were not attending any form of EC programmes, over 75 per cent in Central Asia (excluding Turkmenistan) and the former Yugoslav Republic of Macedonia, and over 50 per cent in Georgia, Albania, Serbia and Montenegro. See UNICEF (2008b), p. 20.

63 MICS data for other countries in the region suggest that there are also large shares of children starting the first year of primary school without having had any formal early childhood education in Bosnia and Herzegovina (89 per cent) and in Uzbekistan and Tajikistan. See UNICEF (2008b), p. 21.

64 Zaveri (2006).

65 For example, in Uzbekistan the government stopped the experiment with community or *mahalla* kindergartens, since it constituted 'competition' with state kindergartens, which still had empty places.

66 For example in Kyrgyzstan, MacLean (2008) reports that the Ministry of Education's Standards for Preschool Education and childcare are such that in practice they exclude any other kinds of preschool provision apart from the conventional state preschools; applications for grants and donor support tend to be focused on restoring the old preschool facilities. However, national experts have recently drawn up a new concept for preschool education which envisages the creation of various alternative models of preschool provision as an urgent priority.

67 See also Stewart and Huerta (2006) for discussion of similar conclusions based on earlier household survey data from selected CEE/CIS countries.

68 See Stewart and Huerta (2006) for a discussion of early 2000s survey data results.

69 National Bureau of Statistics of the Republic of Moldova (2008), pp. 62–72.

70 The European Commission (2004) published the *Development of a Methodology for the Collection of Harmonized Statistics on Childcare* by Eurostat, which could serve as a good starting point to improve data collection. See also UNICEF (2008a).

Chapter 5

1 See European Commission (2008f) and, for an example, Bardone and Guio (2005).

2 Andorka (1984) reports that during the 1970s the Statistical Standing Committee of the Council of Mutual Economic Aid organized several meetings to develop methodological recommendations for creating a system of social indicators, allowing for flexibility in their use according to individual country needs and social conditions.

3 The first Czechoslovakian-Hungarian comparison dates back to 1983 and included five sub-systems of indicators, which became thirteen in the second part of the comparison in 1988. See Harcsa and Spéder (1999). The subsystems of indicators in 1983 were 'demographic processes, health status, social insurance, education and cultural activities'. In 1988 'labour and employment, income of the population, consumption, availability of housing, sport and tourism, utilization of time, public utility services and condition of work' were added.

4 This incapacity was in part fostered by the over-centralized organization of the Soviet statistical system. See Anderson, Katus and Silver (1994).

5 Belkindas, Dinc and Ivanova (1999).

6 UNDP (2006b).

7 Department of Statistics and Sociology of the Republic of Moldova (2003), see <www.parisi21.org>.

8 The main difference between the Soviet and WHO definitions is the definition of 'live' in the first six days after delivery of pre-term and very low birthweight children. According to the Soviet definition the presence of breathing is the only criteria which can be used to establish whether the infant is born alive or not; infants born before completion of 28 weeks of gestation, who weigh less than 1,000 grams or who are less than 35 cm in lengths are considered 'live foetuses' and only become 'live births' if they survive more than seven days. According to the WHO definition, a 'live birth' is when the new-born infant breathes or shows any other evidence of life, irrespective of the duration of pregnancy. Use of the Soviet definition leads to a lower number of deaths being registered due to the fact that a large share of the deaths occurring in the first seven days of life are not registered, since they were never recognized as live births in the first place. See Menchini and Marnie (2007).

9 Data from the Ministry of Health of Kyrgyzstan for the first half of 2006 show that slightly more than 15 per cent of all registered infant deaths are those of children with a weight at birth in the range of 500–999 grams (i.e. not counted as live births according to the Soviet definition), and that 98 per cent of the deaths of these very low

birthweight children occurred in the early-neonatal period (less than seven days of life). The oblast with the highest level of early neonatal mortality was the capital city Bishkek, which may reflect better implementation and registration rather than higher risks for new-borns than in other oblasts.

10 See Menchini and Marnie (2007).

11 In the case of the Republic of Moldova, a report of the Health Metrics Network (2007) points out that there is an overload of data at operational level and that data are often collected by institutions without appropriate analytical capacity in order to transform data into relevant and timely information for decision-making; moreover, much of the data collected is not used for analysis.

12 Meimanaliev and Prochorskas (2006), see p. 26 for the different formulas used in the CIS countries to compute infant mortality rates.

13 See discussion in UNICEF (2008d).

14 The International Standard Classification of Education (ISCED) was designed by UNESCO in the early 1970s as 'an instrument suitable for assembling, compiling and presenting statistics of education both within individual countries and internationally'.

15 It is important to note, however, that national statistics do not completely cover the entire territory in some countries due to conflict situations and disputed territories, as for example in Transdniestr or Abkhazia.

16 See Kordos (2005). The branch approach involved the selection of households of employees in selected enterprises in each branch of industry. The territorial approach to sample design was experimented in Poland from the 1960s onwards.

17 For a discussion see Ravallion (2008b).

18 See <www.measuredhs.com>.

19 See <www.childinfo.com>.

20 UNECE, UNICEF and UNDP (2008).

21 Fajth (2000).

22 UNICEF (1993), p. 2.

23 For an example of good practice, see the description of the process of ensuring national ownership of MICS carried out in 13 countries in the region, in Segone et al. (2009).

24 See the database of International Statistical Activities at <www.unece.unog.ch/disa>.

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MAIN DATA SOURCES USED IN THE INNOCENTI SOCIAL MONITOR 2009

DATABASES

TransMONEE database

European Bank for Reconstruction and Development, database

Eurostat, online database

OECD, Programme for International Student Assessment (PISA), database

The Vienna Institute for International Economic Studies (WIIW), database

U.S. Social Security Administration, Social Security Programs Throughout the World database

UNICEF, Child Info

United Nations Population Division, database

UNU – WIDER, World Income Inequality Database

World Bank, Eastern Europe and Central Asia Regional Databank

World Bank, World Development Indicators

World Health Organization, Global Database on Child Growth and Malnutrition

World Health Organization, Mortality Database

World Health Organization, National Health Account Database

MICRODATA FROM SURVEYS

Bulgarian Integrated Household Survey 2001

Multiple Indicators Cluster Surveys (MICS), round 3, 2005–06, for 11 CEE and CIS countries

Albanian Living Standard Measurement Survey 2005

Moldovan Household Budget Survey 2007

UNDP Vulnerable Group Survey, October 2004

GLOSSARY

births attended by skilled personnel Deliveries attended by personnel (including doctors, nurses and midwives) trained to provide the necessary care, supervision and advice to women.

birth-weight, infant with low Infants with a weight at birth of less than 2,500 grams.

children in residential care Children in a collective living arrangement where they are looked after by adults who are paid to undertake this function. Children in *public* institutional care refers to those children in the full-time care of the state either on a permanent or temporary basis. Children in *non-public* institutional care refers to children in NGOs-run services, financed in total or in part by non-state sources. Children who are not being cared for full-time (e.g. they attend boarding school on a week-day basis only) are not included in this category. Children in punitive institutions are normally excluded; definitions differ among countries.

children without parental care Children who are not living with or being cared for by either biological parent and who are registered as being without parental care according to decisions made by authorities based on either: a. family law, b. social/child protection law, or c. criminal law.
Children may be without parental care for the following reasons:

- Orphans: Children whose only parent or both parents are dead or missing.
- Children whose parents have been deprived of their parental rights by a court order.
- Abandonment or relinquishment by the parent(s) where the child is left by the parent(s) with no immediate provision of care and where the parent(s), at the time of leaving the child, do(es) not yet know if any other long-term supervision or care will be guaranteed for the child (abandonment), or situations where the parent(s) surrender(s) their parental rights voluntarily in the knowledge that supervision / care will be provided for the child immediately at the time of leaving the child (relinquishment).
- Parents temporarily unable or not in a position to care for the child due to social, economic, health/disability reasons, etc.

decile One of ten parts of a distribution of income (or expenditure, or wealth) that has been divided into tenths. The poorest decile is the 10 per cent of the population receiving the lowest per capita income (or expenditure, or wealth); the richest decile is the 10 per cent of the population at the top of the income (or expenditure or wealth) distribution.

dependency ratios

overall dependency ratio The ratio of the sum of the population aged 0–14 and 60 and over divided by the population aged 15–59.

child dependency ratio The ratio of the population aged 0–14 to the population aged 15–59.

elderly dependency ratio The ratio of the population aged 60 and over to the population aged 15–59.

education level Data on education levels are based on the International Standard Classification System of Education Levels (ISCED97, see below), although the situation may differ between countries.

- Pre-primary education (ISCED 0): children aged 3–5 or 3–6; excludes nursery provision for children aged 0–2.
- Basic education (ISCED 1/2): 'compulsory schooling' normally lasts from age 6/7 to age 14/15; often divided into primary (to age 10), and lower secondary levels.
- General secondary (ISCED 3A): general secondary schools (gymnasia/*lycées*) with 2–4 year programmes of academic study, often leading to higher education, with entry on a selective basis; in CIS countries, this level normally comprises the two or three upper classes of the comprehensive school, while in CEE countries it involves longer programmes at separate institutions; in a number of countries, the gymnasium streams begin in lower secondary grades.
- Vocational/technical education (ISCED 3B/3C): programmes preparing for entry into specific occupations or trades; they may or may not allow entry to higher education.
- Tertiary education (ISCED 5): tertiary programmes with a more advanced educational content than levels 3–4; entry requires successful completion of ISCED level 3A/3B or a similar qualification at ISCED level 4A or 4B. Programmes at level 5 must have a cumulative theoretical duration of at least 2 years from the beginning of level 5 and do not lead directly to the award of an advanced research qualification (those programmes are at level ISCED 6).

education/school enrolment rate/ratio Net enrolment *rate* is the ratio of the number of children of official school age (as defined by the national education system) who are enrolled in school to the population of the corresponding official school age. Gross enrolment *ratio* is the ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown.

employment ratio The share of the total number of employed as a percentage of the population aged

15–64. This differs from the employment rate, which only considers the labour force.

equivalence scale In calculations of income (or consumption) poverty and inequality, equivalence scales are used to compute comparable income (consumption) data, which take into account the demographic caracteristics of the households in order to reflect different needs and economies of scale. The factors commonly taken into account are the size of the household and the age of its members (for example, children, working-age adults, elderly).

formal care All care situations where the child's placement was made by order of a competent authority, includes children placed in all types of residential care establishments (both public and private), children placed in formal fostering or under guardianship. Children in informal kinship care would not be included in the definition of children in formal care.

foster care Provision of parental care to children not related through legal or blood ties. The term 'foster care' refers to formal, temporary placements made by the state with families that are trained and supervised by social services. Foster parents normally receive a special fee or allowance.

Gini coefficient A measure of the extent to which a distribution (for example, of income) among individuals or households deviates from a perfectly equal distribution. The Gini index ranges between 0 (perfect equality) to 1 (maximum inequality).

gross domestic product (GDP) A measure of the income generated in a country. It corresponds to the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

GDP per capita (US$) GDP (US$) divided by mid-year population.

**GDP per capita expressed in PPP$** GDP per capita of a country converted into US$ on the basis of the Purchasing Power Parity exchange rate. A $ converted into PPP rates should be able to buy the same amount of goods and services in different countries. PPPs are in effect both currency converters and price deflators. PPP rates allow a standard comparison of real price levels between countries, just as conventional price indices allow comparison of real values over time.

GDP per capita growth rate Annual percentage growth rate of GDP per capita at market prices based on constant local currency.

guardian care A guardian is a legally appointed adult representative for a child. In most cases guardians are relatives. However, the existence, process and duties associated with guardianship vary from case to case and from country to country. The decisions on guardianship are made by the 'family court', which is guided by the 'family law'. As the state has no duty to finance guardians, special fees or allowances are, in many cases, not available for guardians.

incomplete family A family in which children under 18 years of age live with one or both parents absent.

infant mortality rate (IMR) The number of infants dying before reaching one year of age, per 1,000 live births in a given year. See also *live births*.

Internally Displaced Persons (IDPs) People or groups of people who have been forced to leave their home or places of habitual residence, in particular as a result of, or in order to avoid, the effects of armed conflicts, situations of generalized violence, violations of human rights or natural or man-made disasters, and who have not crossed an internationally recognized state border.

labour force All individuals employed (those who, during the reference period, were in paid employment, at work, self-employed or attached to a job but not working) and unemployed (people who, during the reference period, were without work but currently available for work and seeking work).

live births According to the standard definition used by the World Health Organization, this includes all births, with the exception of stillbirths, regardless of the size, gestation age, or 'viability' of the newborn infant, and regardless of whether they die soon after birth or before the required birth-registration date. Some CEE countries used the WHO concept before the transition, but many used the 'Soviet concept' where infants who were not breathing when born were classified as 'stillbirths', and infants born before the end of the 28th week of pregnancy and weighing below 1,000 grams or measuring less than 35 cm and who died during the first seven days of life were classified as 'miscarriages'. Most countries examined have begun to adopt the WHO definition, and only a few still use the Soviet concept (for more details, see Menchini and Marnie 2007).

MONEE The terms 'MONEE project' and 'TransMONEE Database' mentioned in the main text and as a source for some tables, refer to data and written papers produced under the UNICEF Innocenti Research Centre's MONEE project, usually by central statistical offices. Note that the data are not necessarily consistent with those found in other UNICEF publications, which sometimes rely on different sources or use different methods of calculation.

nuclear household A household consisting of parent(s) (including step-parents) and their children, without anyone else. A 'non-nuclear' household can

include, apart from parents and their children, cousins, aunts, uncles, grandparents, grandchildren, foster children, and non-related members.

oblast The first level subnational administrative unit in the Russian Federation and some of the other CIS countries. Some oblasts in the Russian Federation are autonomous republics; large cities such as Moscow or Saint Petersburg also have the status of oblast. With the 2000 federal reform in the Russian Federation oblasts have *de facto* become the second level subnational administrative unit and are grouped under seven large federal districts.

population data Generally refer to the *de jure* population (all people resident in an area, including those who may be temporarily absent) as opposed to the *de facto* population (all people physically present in an area at the time of a population census or population estimate).

PPP Purchasing Power Parity rates allow standard comparison of monetary values (GPD, incomes etc.) between countries accounting for price differences across countries. At the PPP US$ rate (used in this report to compare poverty, levels of GDP and per capita levels of public expenditure in social services) PPP $1 should have the same purchasing power in each individual country as $1 in the United States.

public expenditure on education Includes both capital expenditure (spending on construction, renovation, major repairs, heavy equipment etc.) and current expenditures for the education system, such as staff salaries and benefits, materials, welfare services, furniture and equipment, minor repairs, fuel, insurance, rents, telecommunications and travel.

public expenditure on health Recurrent and capital spending from government (central and local) budgets, external borrowing and grants (including donations from international agencies and non-governmental organizations), and social (or compulsory) health insurance funds.

quintile One of five parts of a distribution of income (or expenditure, or wealth) that has been divided into fifths. The poorest quintile is the 20 per cent of the population receiving the lowest per capita income (or expenditure, or wealth); the richest quintile is the 20 per cent of the population at the top of the income (or expenditure or wealth) distribution.

real wage The money wage adjusted for inflation.

stunting A measure of chronic malnutrition. Prevalence of stunting is the percentage of children under five years of age whose height for age is less than minus two standard deviations from the median for the international reference population adopted by the WHO.

total fertility rate The number of children a woman would bear if she were to live to the end of her childbearing years and bear children in accordance with prevailing age-specific fertility rates.

under-five mortality rate (U5MR) The probability that a newborn child will die before the age of five. The probability is expressed as a rate per 1,000 live births. See also *live births*.

underweight A measure of malnutrition indicating low weight for age (reflecting both acute and chronic malnutrition). Prevalence of underweight children is the percentage of children under 5 whose weight for age is less than minus two standard deviations from the median for the international reference population adopted by the WHO.

unemployment rate Percentage of individuals in the labour force (above age 15) who are not in paid employment or self-employed, but are available for work and have taken specific steps to seek paid employment or self-employment.

wasting A measure of malnutrition, considered to reflect current (rather than chronic) malnutrition. Prevalence of wasting is the percentage of children under 5 whose weight for height is less than minus two standard deviations from the median for the international reference population adopted by the WHO.

Innocenti Social Monitor 2009

Child Well-Being at a Crossroads:
Evolving challenges in Central and Eastern Europe and the Commonwealth of Independent States

After almost two decades of transition, the CEE/CIS region continues to be a region in a state of change. Following a long period of steady economic growth and gradual improvements in average living standards, the global crisis is threatening to reverse some of these achievements and plunge the region into another period of uncertainty for the well-being of families and children.

The Innocenti Social Monitor 2009 uses available data to identify critical economic and social trends and assess the impact of policies on children in the period of growth immediately preceding the current crisis. It also looks at changes in the context in which children are growing up: the character of economic growth, widening inequalities, striking demographic trends, as well as public expenditure levels and structures, all of which influence policy choices that affect children.

While acknowledging the considerable benefits which this period brought to children in the region, the report also highlights persistent inequalities in the distribution of the benefits of growth and argues that children did not benefit as much as the rest of the population during this period. This was partly due to the failure of policy to reach out to those groups of the child population most at risk and to provide adequate policy support and resources to reduce inequalities and the risk of social exclusion.

By providing a comprehensive overview of the decade up to 2008, the report aims to help support and guide policy debate and decisions in a period of economic crisis and encourages policy makers to be more child-centred, to give greater consideration to identifying and supporting those children most in need, to promote social inclusion and to give each child the opportunity to develop to his or her full potential.

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