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Report on the effectiveness of child benefits in the EU

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Report on the effectiveness of child benefits in the EU

Final Report

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Contents

Executive summary **16**

1. Introduction **25**

1.1. Background to the study 25

1.2. Study objectives and tasks 26

1.3. Study scope 29

2. Child benefit policies in EU Member States: a descriptive overview **31**

2.1. In-cash child benefits in EU Member States 32

2.1.1. Child allowances 32
2.1.2. Benefits relating to childbirth, adoption and parental leave 36
2.1.3. Tax reliefs targeted at households with children 39
2.1.4. Other in-cash child benefits 39

2.2. In-kind child benefits in EU Member States 40

2.2.1. ECEC 41
2.2.2. Education-related benefits 44
2.2.3. Healthcare and nutrition 46
2.2.4. Housing support and other in-kind benefits 47

3. Adequacy, targeting and take-up of child benefit policies in EU Member States **49**

3.1. Estimated monetary value of child benefits 49

3.1.1. Monetary value of in-cash child benefits 49
3.1.2. Monetary value of in-kind child benefits 53

3.2. Targeting of child benefits 58

3.3. Non-take-up of child benefits 60

4. The impact of child benefit policies on poverty, inequality and material deprivation **67**

4.1. Poverty alleviation achieved by child benefit policies: key findings from the literature 67

4.2. Estimated impact of child benefit policies on poverty, inequality and material deprivation 77

4.2.1. Impact on child poverty and the poverty gap 77
4.2.2. Impact on income inequality 82
4.2.3. Child AROP rate, poverty gap and Gini coefficient: 2011-2024 83
4.2.4. Impact on material deprivation for children 84

4.3. Policy swaps: exploring the potential impact of policy reform on child poverty 87

4.3.1. Swapping in-cash child benefits: child poverty reduction and fiscal impact 87
4.3.2. Swapping childcare and preschool services: child poverty reduction and fiscal impact 91

4.4. Looking to the future: the cost of lifting all children out of poverty 93

4.4.1. Evidence on the cost of child poverty 93
4.4.2. The cost of child socio-economic disadvantage in the EU 98
4.4.3. The cost of lifting all children in the EU above the monetary poverty threshold 100

5. Social and economic returns associated with child benefit policies in EU Member States and OECD countries 102

5.1. Social returns associated with in-cash child benefits 102

5.1.1. Cash benefits and allowances 102
5.1.2. Tax credits 104

5.2. Social returns associated with in-kind child benefits 106

5.2.1. ECEC 106
5.2.2. Education-related benefits, including school meals 114
5.2.3. Other in-kind child benefits 117

5.3. Meta-analysis of benefit-to-cost ratios (BCRs) of child benefits in EU Member States and OECD countries 119

5.3.1. Economic returns generated by in-cash child benefits: a descriptive overview 119
5.3.2. Economic returns generated by in-kind child benefits: a meta-analysis. 121

6. Childcare participation and parents' employment in EU Member States 133

6.1. The impact of child benefits on parents' employment: key findings from the literature 133

6.2. Incentives for parents to undertake paid work in EU Member States 136

6.3. Social, economic and budgetary impact of lowering childcare fees ... 141

6.3.1. Predicted labour participation effects 142
6.3.2. Predicted formal childcare effects 144
6.3.3. Predicted poverty effects accounting for parental fees 144
6.3.4. Predicted budgetary effects 145

6.4. Social, economic and budgetary impact of increasing childcare participation 147

6.4.1. Predicted labour participation effects 149
6.4.2. Predicted poverty effects 150
6.4.3. Predicted budgetary effects 151

7. Annex 1 – Technical annex 152

8. Annex 2 – Country profiles 153

List of tables

Table 1 - Study objectives, research questions and tasks 27

Table 2 - Overview of the main in-cash child benefits in the EU-27 35

Table 3 - Guaranteed ECEC in the EU-27, 2024/2025 42

Table 4 - Free access to school materials in the EU-27 45

Table 5 - Decomposition of the average net monthly childcare subsidy for childcare users (EUR per month) in 12 EU Member States, 2021 55

Table 6 - Decomposition of the net monthly pre-primary subsidy of preschool users (EUR per month) in 12 EU Member States, 2021 56

Table 7 - Decomposition of the in-kind benefit recipients derive from ECEC as a share of national median income in 12 EU Member States, 2021 57

Table 8 - Evidence on non-take-up rates for in-cash child benefits in EU Member States 62

Table 9 - Evidence on non-take-up rates for in-kind child benefits in EU Member States 65

Table 10 - Net fiscal costs of policy swaps by reform type and recipient country (% of GDP) in five EU Member States, 2024 90

Table 11 - Cost per 1 pp of child poverty reduction (% of GDP) in five EU Member States, 2024 91

Table 12 - List of in-cash benefit studies 120

Table 13 - List of in-kind benefit studies included in the main meta-analysis . 124

Table 14 - Recommended items for conducting and reporting economic evaluations of child benefit interventions 131

Table 15 - Childcare costs for children aged under 3 in six EU Member States, 2021 142

Table 16 - Predicted budgetary costs (behavioural) by child benefit reform scenarios in six EU Member States, 2021 146

Table 17 - Effects of childcare fees and child benefit reforms in NL, 2021 147

Table 18 - Observed childcare participation and childcare targets in six EU Member States, 2021 148

Table 19 - Predicted budget costs (behavioural) of new childcare targets as a per cent of GDP for six EU Member States, 2021 151

List of figures

Figure 1 - Expenditure on in-cash child benefits (% of GDP) in the EU-27, 2021 32

Figure 2 - Expenditure on in-kind child benefits (% of GDP) in the EU-27, 2021 41

Figure 3 - Average in-cash child benefits per child per year (PPP-adjusted EUR) in the EU-27, 2024 51

Figure 4 - Average in-cash child benefits per child, by age group (% of GDP per capita) in the EU-27, 2024 53

Figure 5 - In-cash child benefits as a proportion of disposable income of households with children by country and AROP status (%) in the EU-27, 202258

Figure 6 - Average in-cash child benefits per child, country and AROP status in the EU-27 (% of GDP per capita), 2024 59

Figure 7 - In-kind child benefits as a proportion of disposable income of households with children, by country and AROP status (%) in the EU-27, 2021 60

Figure 8 - Effects of in-cash child benefits on the child AROP rate (pp) in the EU-27, 2022 79

Figure 9 - Components of in-cash child benefits that decrease the child AROP rate (pp) in the EU-27, 2022 80

Figure 10 - Effect of in-cash child benefits on the child poverty gap (pp) in the EU-27, 2022 81

Figure 11 - The effect of in-kind child benefits on the child AROP rate (pp) in 12 EU Member States, 2021 82

Figure 12 - Effect of in-cash child benefits on income poverty and inequality over time (pp) in the EU-27, 2011-2024 84

Figure 13 - Effect of in-cash child benefits on child-specific deprivation (pp) in the EU-27, 2021 85

Figure 14 - Effect of in-kind childcare and preschool benefits on child-specific deprivation (pp) in 12 EU Member States, 2021 86

Figure 15 - Impact of policy swap reforms on child AROP rate (pp) in selected EU Member States, 2024 88

Figure 16 - Impact of childcare subsidy policy swaps on the AROP rate for children aged 0-6 (pp) in three EU Member States, 2021 92

Figure 17 - Value of lost employment, earnings and health due to childhood disadvantage (% of GDP) in 25 EU Member States, 2019 99

Figure 18 - Estimated cost of lifting all children above the monetary poverty threshold (% of GDP) in the EU-27, 2024 101

Figure 19 - Forest plot of BCRs of in-kind child benefits from studies included in the meta-analysis 127

Figure 20 - Forest plot of pooled BCRs of in-kind child benefits, by sub-group of intervention types 128

Figure 21 - Mean METR for two-adult families with children, with and without child-contingent support (%) in the EU-27, 2022 139

Figure 22 - Mean METR for families with children, bottom and top quintile groups (%) in the EU-27, 2022 140

Figure 23 - METR decomposition for families with children (%) in the EU-27, 2022 141

List of boxes

Box 1 - Methodology for the policy mapping 31

Box 2 - Methodology for estimating the monetary value of in-cash and in-kind child benefits 50

Box 3 - Methodology for the literature review 68

Box 4 - Methodology for estimating the impact of child benefits on child poverty, inequality and material deprivation 78

Box 5 - Methodology for the policy swaps 87

Box 6 - Methodology for estimating the cost of lifting all children in the EU above the monetary poverty threshold 100

Box 7 - Case study estimating the long-term impact of the introduction of in-cash child benefits in SE 103

Box 8 - Case study estimating the impact of free preschool in IE (introduced in 2010) on children's educational and behavioural outcomes 109

Box 9 - Methodology for the meta-analysis 119

Box 10 - Methodology for estimating the impact of child-contingent cash support on parents' employment 137

Abbreviations

AIC	Akaike Information Criterion
AROP	At Risk of Poverty
AROPE	At Risk of Poverty or Social Exclusion
BCR	Benefit-Cost Ratio
BIC	Bayesian Information Criterion
BMI	Body Mass Index
CCTB	Canada Child Tax Benefit
CHEERS	Consolidated Health Economic Evaluation Reporting Standards
CI	Confidence Interval
CPC	Child-Parent Centre
CTC	Child Tax Credit
DEIS	Delivering Equality of Opportunity In Schools
ECCE	Early Childhood Care and Education (Programme)
ECEC	Early Childhood Education and Care
EITC	Earned Income Tax Credit
EMA	Education Maintenance Allowance
EPSR	European Pillar of Social Rights
ESF+	European Social Fund Plus
ESSPROS	European System of Integrated Social Protection Statistics
EU	European Union
EUROMOD	Tax-benefit Microsimulation Model for the European Union
EU-SILC	EU Statistics on Income and Living Conditions
FEAD	Fund for European Aid to the Most Deprived
FGT	Foster-Greer-Thorbecke Indices
FTE	Full-Time Equivalent
GDP	Gross Domestic Product
GP	General Practitioner
GUI	Growing Up in Ireland
ICSES	Index of Childhood Socio-Economic Status
ILO	International Labour Organization
JRC	Joint Research Centre
METR	Marginal Effective Tax Rate
OECD	Organisation for Economic Co-operation and Development
PCG	Primary Caregiver
PISA	Programme for International Student Assessment
pp	Percentage Points
PPP	Purchasing Power Parity
PPS	Purchasing Power Standards
PRISMA	Preferred Reporting Items for Systematic Reviews and Meta-Analyses

QED	Quasi-Experimental Design
RCT	Randomised Controlled Trial
RDD	Regression Discontinuity Design
RSV	Respiratory Syncytial Virus
SDQ	Strength and Difficulties Questionnaire
SHARE	The Survey of Health, Ageing and Retirement in Europe
SIC	Social Insurance Contributions

Member State abbreviations

Country code	Country
BE	Belgium
BG	Bulgaria
CZ	Czechia
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
HR	Croatia
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden

Abstract

This study provides a comparative overview of child benefit policies across the 27 Member States of the European Union (EU), focusing on their design, effectiveness and efficiency in reducing child poverty and promoting social inclusion. Drawing on desk research conducted by national experts, the report maps the diverse landscape of in-cash and in-kind child benefits, highlighting variations in adequacy, targeting and policy characteristics. Microsimulation analysis is used to estimate the impact of current policies and potential policy reforms on child poverty, inequality and material deprivation, as well as on female/maternal employment. A literature review, meta-analysis and two in-depth case studies (Ireland (IE) and Sweden (SE)), also examine broader social and economic returns to investing in child benefits.

Findings from this study show that in-cash child benefits play a critical role in reducing child poverty and material deprivation, lowering the child at-risk-of-poverty (AROP) rate by an average of 10.6 percentage points (pp) across the EU-27. The largest reduction is observed in Austria (AT) (16.6 pp), and the smallest in Spain (ES) (4.6 pp). The study also finds that child benefits are associated with long-term gains for children, families and economies. A meta-analysis of international studies on in-kind child benefit interventions reveals that, on average, each euro invested yields over five euros in return (pooled benefit-cost ratio (BCR) = 5.26), with education-focused interventions delivering the highest returns (pooled BCR = 6.86). The study confirms that, if well-designed, child benefits are efficient and impactful tools for reducing child poverty and fostering social inclusion across the EU.

Executive summary

The study provides an overview of the design and efficiency of child benefit policies in the European Union (EU) Member States. It has four specific objectives:

1. to map the features of the child benefit policies throughout the 27 Member States;
2. to assess the impact of child benefits on the reduction of child poverty, as well as on other relevant variables;
3. to compare the efficiency of various child benefits and explore the effects of possible reforms;
4. to estimate the monetary returns generated by child benefits.

Child benefits are defined in this study as social protection benefits to households given in cash or in kind to help them rear their children (aged 0-17). They refer to all benefits that households with dependent children are eligible for, minus those that households without any dependent children are also eligible for. A distinction between in-cash and in-kind benefits is maintained throughout the study, recognising the importance of both and their complementarity. The study combines desk research and a literature review with qualitative and quantitative analysis, including microsimulation modelling, policy swap exercises, case studies and work-incentive analysis, to assess the design, impacts and costs of child benefit policies across EU Member States.

In-cash child benefits play a crucial role in lifting children out of poverty and material deprivation

In all Member States, child poverty would be more prevalent and more severe if in-cash child benefits were not available to households with children. A microsimulation analysis using the EU tax-benefit microsimulation model (EUROMOD) was used to estimate the marginal effect of child benefits on poverty, inequality and material deprivation. Across the EU-27, in-cash child benefits are estimated to reduce the child poverty rate (AROP) by 10.6 percentage points (pp) and the child poverty gap (which measures how far below the poverty line incomes of children in poverty fall) by 5.7 pp. Similar results are observed for child material deprivation, albeit with a smaller impact than for monetary poverty (averaging 3 pp across the EU-27 for being deprived of at least one item).

There are large variations in the impact of in-cash child benefits on child poverty and material deprivation, highlighting significant scope for upward social convergence across the EU. The estimated reduction in the child at-risk-of-poverty (AROP) rate associated with in-cash benefits ranges from 4.6 pp in Spain (ES) to 16.6 pp in Austria (AT). Country-specific estimates

for the reduction in child material deprivation associated with in-cash child benefits range from 0.7 pp in Malta (MT) to 5.9 pp in Belgium (BE). Variation across Member States reflects differences in child poverty and material deprivation before social transfers, as well as in the adequacy and targeting of in-cash child benefits.

There is wide variation across the EU in the level of investment in cash child benefits and the adequacy of these benefits. All EU Member States provide in-cash child benefits. However, there is variation in the level of investment, with the proportion of in-cash child benefits in gross domestic product (GDP) in 2021 ranging from 0.45% in MT to 2.6% in Poland (PL) (EU-27 average = 1.5%). The estimated monetary value of in-cash child benefits per child in EU Member States, expressed as annual purchasing power parities (PPPs)-adjusted EUR, is highest in Austria (AT) (EUR 5 827) and lowest in Greece (EL) (EUR 1 017). Expressed as a share of national median equivalised disposable income (per capita and for all households), in-cash child benefits per child range from 41.3% in PL to 9.3% in ES.

The potential of in-cash child benefits to reduce poverty and material deprivation is constrained when, among other things, eligible families do not claim the support they are eligible for. Non-take-up can result from a range of factors, including lack of awareness or information, complex eligibility criteria or application processes, stigma associated with benefit receipt, and administrative errors.[1] While limited, available evidence suggests that non-take-up rates can be high, particularly for targeted benefits. For example, estimates of the *Working Family Payment* in Ireland (IE) range from 47% to 85-87%, depending on the data and methodology used. In contrast, universal benefits such as PL's *Rodzina 800+* show near-universal take-up. These findings highlight the importance of simplifying access and ensuring adequate benefit levels to maximise outreach and the impact of child benefit policies.

The effectiveness of in-cash child benefits in reducing child poverty has not improved over the past decades, and even declined according to some estimates. Recent evidence from both the literature and microsimulation analysis confirms this trend and links it to a combination of structural and policy factors, including higher parental unemployment, socio-economic pressures on families, constraints on public spending, lower benefit take-up and reductions in the adequacy and coverage of child benefits.[2] The microsimulation analysis

[1] Van Lancker, Wim., Joris Ghysels & Bea Cantillon. 2015. 'The impact of child benefits on single mother poverty: Exploring the role of targeting in 15 European countries'. *International Journal of Social Welfare*, 24(3), 2015, pp. 210-222. As of 24 July 2026: https://onlinelibrary.wiley.com/doi/full/10.1111/ijsw.12140

[2] Diris, Ron, Frank Vandenbroucke & Gerlinde Verbist. 2014. '*Child poverty: what can social spending explain in Europe?'.* KU Leuven Discussion Paper Series DPS14.20. As of 24 July 2026: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2509248

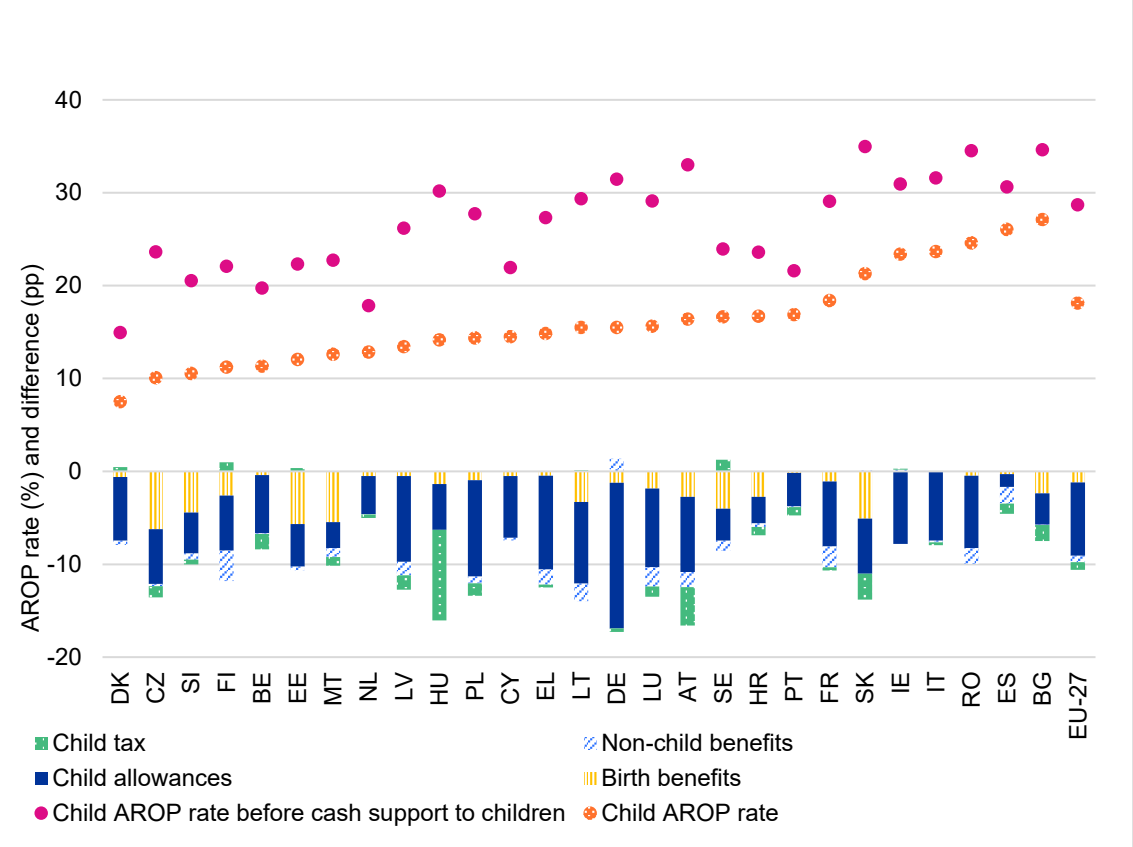
highlights a modest decline in the effectiveness of in-cash child benefits in lowering both child AROP rates and poverty gaps over the period 2011-2024. However, the decline remains relatively small on average – less than 1 pp for the child AROP rate and 0.5 pp for the child poverty gap on average – and varies across countries.

In most Member States, child allowances play a larger role in reducing child poverty and material deprivation than birth benefits or child tax reliefs

Typically, child allowances (universal and means-tested cash payments to families with children) reduce child poverty and material deprivation more than other types of cash benefits such as birth benefits or child tax credits (see figure below). On average across the EU, child allowances account for 74.8% of the effect of in-cash child benefits on the child poverty rate and 66.9% of the effect on child material deprivation. All EU Member States provide child allowances, although there is considerable variation in targeting and adequacy. Child allowances are the most significant form of in-cash support in most EU Member States. Support levels vary widely, ranging from 33.7% of per capita median disposable income in PL to 2.4% in ES.

In certain Member States, other categories of in-cash child benefits, such as birth benefits and tax reliefs, are associated with a sizable reduction in child poverty. In-cash benefits associated with childbirth or adoption (available in 24 Member States) and tax reliefs for families with children (available in 22 EU Member States) play, on average, a smaller role in reducing the child poverty rate than child allowances, accounting for 11.0% and 7.7% of the total effect, respectively. However, in some countries, they play a bigger role. For instance, in Slovakia (SK), birth benefits reduce the child AROP rate by 5.1 pp, and in Hungary (HU), the reduction associated with tax reliefs is 9.7 pp.

Components of in-cash child benefits that decrease the child AROP rate (in pp) in the EU-27, 2022



Note: countries are ordered by the child poverty rate. Income is equivalised using the modified Organisation for Economic Co-operation and Development (OECD) equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations using EUROMOD 2022 policies linked to 2022 EU statistics on income and living conditions (EU-SILC) data.

Most Member States combine universal allowances with targeted measures

In all EU Member States, the level of in-cash child benefits as a proportion of disposable income is higher for AROP households than for non-AROP households. However, this does not necessarily mean that AROP households receive more in absolute terms than non-AROP households, as Bornukova et al. (2024) also highlight.[3]

Around half of the EU Member States (n=13) combine universal child allowances with targeted measures for vulnerable groups such as low-income families, single parents, and children with disabilities. A further six EU Member States provide universal child allowances only, available to all families with children, while the remaining eight do not have a universal element of the

[3] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality'*. Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms No 2/2024.

cash child benefit systems. While universal child cash allowances provide broad coverage, adding means-tested supplements enhances targeting without strong increases in fiscal costs.[4] In addition to income-based targeting, many Member States (n=16) apply age-related eligibility rules, with benefits typically covering children up to and including age 17, often with extensions for children in education or with disabilities. Three Member States and one region apply higher age limits, while eight countries have lower general age limits but allow extensions for continued education or special needs.

'Policy swaps' show that universal systems are effective in reducing child poverty due to their broad coverage, and adding a targeted component increases cost efficiency. This approach involves transposing the child benefit system of a 'donor' country (one with a demonstrably effective child support system) into a 'recipient' country to estimate the potential impact on child poverty. Five recipient countries (BG, ES, Italy (IT), HU and Romania (RO)) were selected based on their relatively high child poverty rates. In contrast, donor countries (PL, AT and DE) were chosen for their effective in-cash child support systems and variety of instruments used. In-cash child benefits in PL and DE both include universal child allowances (*500+/800+* programme in PL and *Kindergeld* in DE). They are estimated to generate significant reductions in child poverty in recipient countries (BG, ES, IT, HU and RO), although a relatively small effect is observed in IT. Furthermore, a hybrid system like in DE (where *Kindergeld* is combined with means-tested supplements, *Kinderzuschlag*) is found to be more cost-effective in terms of the investment required to achieve a reduction in child poverty.

Early childhood education and care (ECEC) provision and subsidies also play an important role in reducing child poverty

All EU Member States support families' access to ECEC, and most (n=18) have made attendance compulsory for some children, most commonly for the last year before starting school. Only six Member States (Denmark (DK), DE, Estonia (EE), Slovenia (SI), Finland (FI) and SE) guarantee a place in ECEC immediately after the end of well-paid childcare leave. The average childcare gap (the gap between the maximum length of well-paid leave and the earliest start of a universal guaranteed ECEC or compulsory primary education) across the other 21 Member States is 3 years, ranging from 1 year in HU to 5.6 years in IT. Most countries (23 Member States) offer some ECEC provision free of charge for children in certain age groups. However, eligibility often does not begin immediately after the end of well-paid childcare leave.

[4] Mechelen, N. V., & Bradshaw, J. 2012. '*GINI DP 50: Child Poverty as a Government Priority: Child Benefit Packages for Working Families*, 1992-2009'. No. 50, 2012 AIAS, Amsterdam Institute for Advanced Labour Studies.

The estimated monetary value households derive from using ECEC services varies considerably across the 12 EU Member States analysed (BE, DE, ES, FI, France (FR), Croatia (HR), Lithuania (LT), NL, PL, Portugal (PT), RO and SE). This estimated monetary value reflects the monetary benefit to families from publicly supported ECEC provision, expressed as the amount parents would otherwise have had to pay out of pocket for equivalent childcare or preschool services in the absence of public provision. The average in-kind benefit for ECEC varies across countries, ranging from EUR 900 per month in SE to EUR 124 per month in RO. As a proportion of median disposable household income, the benefit of accessing ECEC is greatest in FI (44.8%) and SE (38.3%) and lowest in ES (11.8%) among the 12 countries analysed.

In-kind child benefits reduce child poverty in all 12 Member States included in the analysis. Across the 12 countries, the average reduction in the child AROP rate associated with ECEC (including both childcare and pre-primary education subsidies) is 5.0 pp, ranging from 3.0 pp in HR and RO to 9.0 pp in ES and SE. On average, pre-primary education in-kind benefits (typically for children aged 3 to compulsory school age) have a more substantial effect on the child AROP rate than childcare subsidies (typically for children aged under 3), with exceptions in FI and SE. This effect likely reflects broader coverage and more universal provision of pre-primary education across countries, as well as higher take-up rates among low-income families. In contrast, childcare subsidies are often less targeted and more unevenly distributed, resulting in a more varied poverty-reducing impact across Member States.

ECEC reforms could bring social and economic benefits to Member States

Reducing childcare fees is predicted to increase participation, particularly in countries where parental fees are high. Estimates for six EU Member States (DE, FR, HR, LT, NL and PL) suggest that eliminating childcare fees for all families with children under the age of three (Reform 1) could lead to an increase in formal childcare use of up to 14.4 pp in NL. Alternatively, reducing fees by 50% (Reform 2) is associated with a more modest increase in participation. A third scenario, in which existing cash benefits are increased to a level equivalent to a 50% fee reduction (Reform 3), has a smaller effect than the corresponding fee reform. Overall, fee reforms tend to be most impactful in countries with high childcare costs.

Childcare fee reforms would also increase maternal employment at both the extensive (entry into employment) and intensive (hours worked) margins. Under Reform 1 (full fee elimination), maternal labour market participation is estimated to rise by 3.1 pp in NL, while no change is expected in DE, where childcare fees are already minimal. Reform 2 (50% fee reduction) yields smaller increases, roughly half the size of those under Reform 1, while Reform 3 (increased cash benefits equivalent to a 50% fee reduction) has a more limited effect. Similar patterns are observed for working hours (under

Reform 1, average weekly hours increase by 2.8 pp in NL and 2.3 pp in FR). The magnitude of these effects varies significantly across countries, reflecting the complexity of labour supply decisions.

Increasing total formal childcare participation rates – with fees remaining unchanged – is also associated with higher maternal employment in the six Member States analysed, particularly in countries where current participation in formal childcare is low. Targeting the expansion of childcare slots for AROP children, also with unchanged fees, can help close the childcare participation gap with the non-AROP children. This approach is cost-effective in addressing equity, efficiency and fiscal sustainability. Higher participation in quality childcare also has a long-term positive impact on future social inclusion.

These reforms would entail relatively modest fiscal costs and help reduce poverty rates, particularly in countries with high childcare costs and low childcare participation**.** The estimated budgetary impact of fully eliminating childcare fees – the most expensive scenario – remains relatively limited, ranging from just 0.004% of GDP in DE to 0.6% of GDP in NL**.** Targeted expansions to close the childcare participation gap between AROP and non-AROP children are particularly cost-effective, with estimated costs below 0.01% of GDP in most countries. The model captures the potential immediate impact of increased maternal employment on tax revenues. However, it does not estimate the full range of long-term social returns, such as improved child development and economic returns from higher future employment and tax revenues – which add weight to the argument for sustained investment.

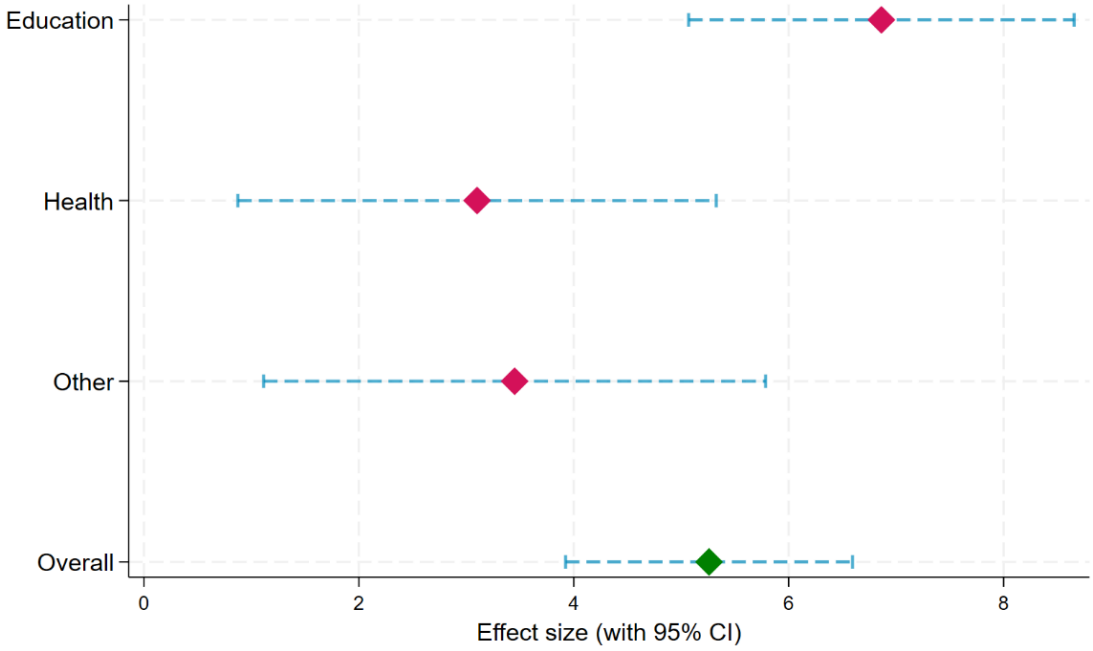
Positive returns associated with investing in children

Child benefit policies are associated with long-term benefits for children, families and the economy. The literature review found that the evidence base is most developed for in-kind child benefits, particularly education-focused interventions, and that there are fewer studies on EU Member States than on other high-income countries, particularly the United States of America (USA). Nonetheless, studies show that investing in children, particularly in early years programmes, can pay dividends over the long run, with benefits to education, employment, earnings, health outcomes and criminal justice involvement

observed well into adulthood, with implications for tax revenue and benefit expenditure.[5] [6] [7]

A meta-analysis of existing studies from the literature that include a benefit-to-cost ratio (BCR) for child benefit policies (in-kind benefits) found that, on average, each unit of investment yields over 5 units in return (pooled BCR = 5.3). Education-focused interventions demonstrated somewhat higher economic returns (pooled BCR = 6.9) than health-related interventions (pooled BCR = 3.1) or other interventions (pooled BCR = 3.4). While these findings point to strong returns, the analysis also highlights the need for greater alignment in the metrics and methodologies used across studies to ensure more robust and comparable BCR estimates.

Pooled BCRs of in-kind child benefits for sub-groups of intervention types



Source: calculation based on published studies providing BCR estimations for in-kind benefits in EU Member States and OECD countries.

[5] Penn, Helen, Veronica Burton, E. Lloyd-Reichling, Miranda Mugford, Sylvia Potter, Zahirun Sayeed, Early Years Review Group. 2006. *What is known about the long-term economic impact of centre-based early childhood interventions?* EPPI-Centre, Social Science Research Unit, Institute of Education, University of London.

[6] Bartik, Timothy, William Gormley & Shirley Adelstein. 2012. 'Earnings Benefits of Tulsa's Pre-K Program for Different Income Groups'. *Economics of Education Review* 31, no. 6, 2012, 1143–61. As of 24 July 2026: https://doi.org/10.1016/j.econedurev.2012.07.016

[7] Havnes, Tarjei & Magne Mogstad. 2011. 'No Child Left Behind: Subsidized Child Care and Children's Long-Run Outcomes'. *American Economic Journal: Economic Policy* 3, no. 2, pp. 97-129. As of 24 July 2026: https://doi.org/10.1257/pol.3.2.97

The average estimated cost of child socio-economic disadvantage ranges from 1.4% to 6.1% of GDP across the EU-27

The cost of investing in child benefits can be weighed up against the cost of inaction. OECD estimates of the long-term economic cost of childhood socio-economic disadvantage suggest that for EU Member States this amounts to around 3.4% of gross domestic product (GDP). The cost ranges from a low of 1.4% of GDP in FI to a high of 6.1% in LT, and includes the cost of lost earnings, reduced employment and poorer health outcomes in adulthood.[8] [9] [10]

The cost of moving all children above the 60% poverty line is estimated at 0.4% of GDP on average across the EU, ranging from 0.1% in DK to 1% in ES. The differences between countries can primarily be attributed to differences in child poverty rates, with the countries with the highest rates (BG, ES and RO) also facing the highest cost of lifting all children above the poverty line. Note that these estimates represent a theoretical minimum based on a simulated top-up benefit that is perfectly targeted to households with children at risk of poverty, with no leakage to non-poor households and no administrative costs. Policy swap simulations suggest that reforms can require higher investment. For example, the cost of lifting all children above the poverty line in RO is estimated at 0.8% of GDP, while applying a policy mix with similar efficiency to DE's model would require around 3.3% of GDP. It is also important to underline that monetary poverty is only one dimension of child disadvantage, and that greater investment, particularly in services, would be needed to provide children in poverty with more equal opportunities.

[8] Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. OECD Papers on Well-being and Inequalities. Paris: OECD, 25 November 2022. As of 24 July 2026: https://doi.org/10.1787/8c0c66b9-en

[9] Blanden, Jo, Kirstine Hansen & Stephen Machin. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty', *Fiscal Studies* 31, no. 3, pp. 289-311. As of 24 July 2026: https://doi.org/10.1111/j.1475-5890.2010.00116.x

[10] Cantó, Olga. 2023. *'El Coste de La Pobreza Infantil En Espana'* [Report for the Alto Comisionado contra la Pobreza Infantil]. As of 24 July 2026: https://www.comisionadopobrezainfantil.gob.es/sites/default/files/2023-12/PDF_Final_Pobreza%20infantil_simples.pdf

1. Introduction

1.1. Background to the study

Supporting the fight against poverty and social exclusion and protecting the rights and well-being of children are key tenets of the European Union (EU). Principle 11 of the European Pillar of Social Rights (EPSR), adopted in 2017, states that children have the right to affordable, high-quality early childhood education and care (ECEC), protection from poverty, and specific measures ensuring equal opportunities for children from disadvantaged backgrounds.[11]

Published in 2021, the EPSR Action Plan sets ambitious targets for 2030, including a reduction in the number of people in the EU who are at risk of poverty or social exclusion (AROPE) by at least 15 million, with a sub-target to reduce the number of children AROPE by at least 5 million.[12] The 2013 Council Recommendation on *Investing in Children: Breaking the cycle of disadvantage*[13] set out an integrated approach to reducing child poverty and improving child well-being. The Recommendation is based on three pillars: (a) access to resources; (b) access to quality services; and (c) children's right to participate.

Building on the 2013 Recommendation and adopted by the EU Council in 2021, the Council Recommendation establishing a European Child Guarantee recommends that Member States guarantee that all children AROPE have 'effective and free access to high-quality ECEC, education and school-based activities, at least one healthy meal each school day and healthcare' as well as 'effective access to healthy nutrition and adequate housing'.[14]

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[11] European Commission. 2017. *The European Pillar of Social Rights*. Publications Office of the European Union, LU. As of 24 July 2026: https://commission.europa.eu/system/files/2017-11/social-summit-european-pillar-social-rights-booklet_en.pdf

[12] European Commission. 2021. *European Pillar of Social Rights Action Plan*. Publications Office of the European Union, LU. As of 24 July 2026: https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/

[13] European Commission. 2013. *Commission Recommendation 2013/112/EU of 20 February 2013 on Investing in children: breaking the cycle of disadvantage*. OJ L 59, 2 March 2013, pp. 5-16. As of 24 July 2026: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32013H0112

[14] European Union. 2021. *Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee*. As of 24 July 2026: http://data.europa.eu/eli/reco/2021/1004/oj

1.2. Study objectives and tasks

The study aims to provide a thorough comparative overview of the design and efficiency of child benefits in the EU Member States. Table 1 outlines the specific objectives and research questions addressed by the study, along with corresponding study tasks and the location of findings in the report.

The study was a collaborative undertaking, with tasks conducted by the European Commission's Joint Research Centre (JRC), RAND Europe, the Economic and Social Research Institute (ESRI), Gerlinde Verbist (University of Antwerp), Francesco Figari (University of Eastern Piedmont) and Edlira Narazani (independent consultant), as outlined in the table below.

Table 1 - Study objectives, research questions and tasks

Study objective	Research question(s)	Study task(s)	Report section(s)
Objective 1: map the features of the child benefit policies implemented throughout the 27 Member States.	Research Question 1a: What kinds of child benefits are available in Member States? Research Question 1b: To what extent do their current features vary across Member States? Research Question 1c: To what extent have their features varied across time?	Policy mapping (RAND Europe, which coordinated a network of national experts covering the EU-27)	Section 2
Objective 2: assess the impact of child benefits on the reduction of child poverty, as well as on other relevant variables.	Research Question 2a: What are the impacts of the various benefit schemes implemented throughout the EU over time on child poverty and other relevant outcomes? Research Question 2b: How do different types of child benefits (e.g. in-cash and in-kind benefits) interact?	Literature review (RAND Europe). Estimating the impact of child benefits on child poverty, income inequality and material deprivation (EU JRC, ESRI), informed by estimates of the monetary value of in-cash and in-kind benefits (JRC, Gerlinde Verbist). Case studies estimating the impact of child benefits on children's educational outcomes and well-being (ESRI). Estimating work incentives associated with child benefits in EU Member States (Francesco Figari and Edlira Narazani).	Section 3 (3.1, 3.2) outlines findings on child poverty, inequality and material deprivation. Section 4 (4.1, 4.2) outlines findings on social returns, including education and health, and features two case studies. Section 5 (5.1) outlines findings relating to parents' employment.
Objective 3: compare the efficiency of various child benefits and explore the effects of possible reforms.	Research Question 3a: How do the various child benefits compare to each other? Research Question 3b: What effect would increasing the coverage and adequacy of child benefits have?	Policy swaps to explore the impact of policy reform (JRC) Estimating the cost of child poverty (ESRI) and the cost of eradicating child poverty (JRC).	Section 3 includes the policy swaps (3.3), the cost of child poverty (3.4) and the cost of eradicating child poverty (3.4). Section 5 includes findings related to estimating the labour market and

Study objective	Research question(s)	Study task(s)	Report section(s)
		Estimating the labour market and economic impact of child benefit reform and increasing childcare participation (Francesco Figari and Edlira Narazani).	economic impact of child benefit reform (5.2) and increasing childcare participation (5.3).
Objective 4: estimate the monetary returns generated by child benefits.	Research Question 4: What are the monetary returns generated by the child benefits, taking into account their short and long-term impacts?	Literature review and meta-analysis (RAND Europe).	Section 4 (4.3).

1.3. Study scope

For this study, **child benefits** are defined as social protection benefits to households – in cash or in kind – to help them rear their children. Child benefits refer to all benefits that households with dependent children are eligible for, minus those that households without any dependent children are also eligible for. Benefits targeted at expectant parents are considered to fall within this scope. For this study, children are defined as persons under the age of 18, in line with common definitions (see, for instance, Council Recommendation (EU) 2021/1004 establishing a European Child Guarantee (hereafter 'the European Child Guarantee').[15]

In accordance with the European system of integrated social protection statistics (ESSPROS), **in-cash child benefits** include both cash payments and tax credits, and **in-kind child benefits** refer to benefits granted in the form of goods and services,[16] such as ECEC. A further distinction is made between different sub-categories of in-cash and in-kind child benefits:

- For in-cash benefits, we distinguish between:
  - **Child allowances**: periodic cash transfers paid to families based on the presence of dependent children;[17]
  - **Birth benefits:** parental leave benefits and other birth-connected payments;
  - **Child-related tax reliefs:** tax benefit/credits contingent on having dependent children;
  - **Non-child benefits:** benefits that are not directly labelled as child/family benefits but which vary with the presence and/or number of children;

[15] European Union. 2021. *Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee.* As of 24 July 2026: http://data.europa.eu/eli/reco/2021/1004/oj

[16] European Commission: Eurostat. 2022. *European system of integrated social protection statistics – ESSPROS – Manual and user guidelines, 2022 edition*. Publications Office of the European Union, LU, pp. 42–45. As of 24 July 2026: https://op.europa.eu/en/publication-detail/-/publication/52815bb5-6951-11ed-b14f-01aa75ed71a1/language-en

[17] This is equivalent to the category "family or child allowance" in the ESSPROS classification, and to what some studies – including Bornukova et al. (2024) – refer to as "child benefits". In this report, "child benefits" is reserved for the broader, encompassing category of all cash transfers and tax credits targeted at families with children, of which child allowances are one component.

- For **ECEC** as a key type of in-kind child benefit, we distinguish between **childcare** (activities designed to support the care, development and learning of infants and young children, typically below the age of three) and **preschool** (activities designed to support development and learning for children from around age three to the start of compulsory primary schooling, focusing on children's preparation for formal education).

2. Child benefit policies in EU Member States: a descriptive overview

This section outlines key findings from the policy mapping (see Box 1). A more detailed description of child benefit policies in each Member State can be found in the country profiles (Annex 2).

Box 1 - Methodology for the policy mapping

Mapping child benefit policies and recent policy changes across the EU Member States was based on an analysis of harmonised data and desk research.

The following harmonised indicators were included in the country profiles, with country-level metrics compared to the EU-27 where possible:

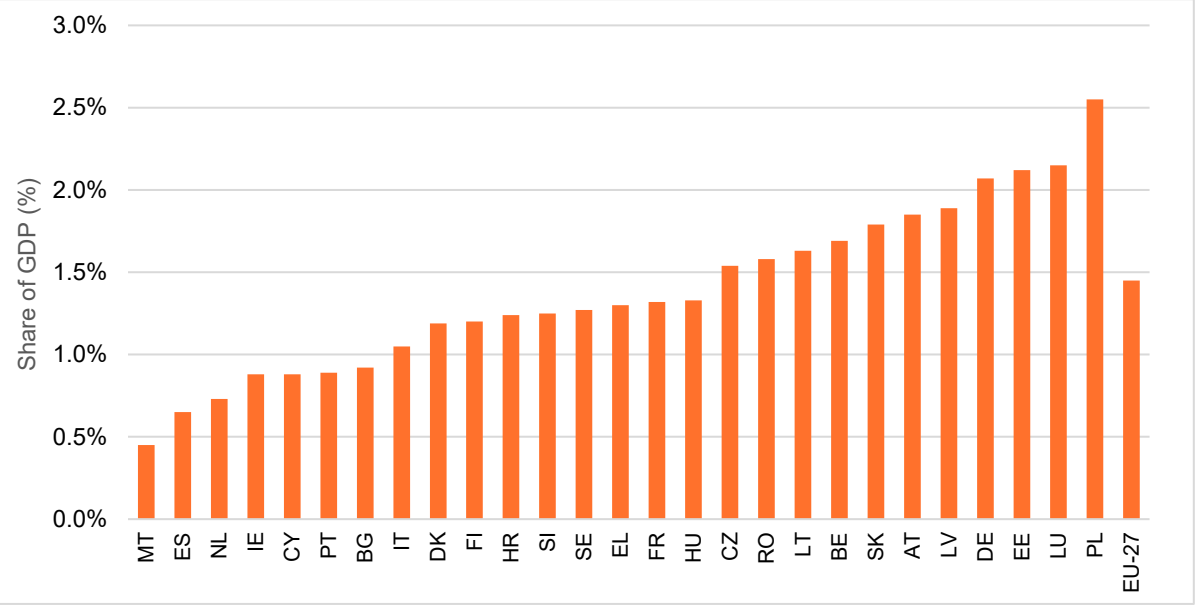
- Proportion of children AROPE [*Eurostat source tepsr_lm412];*
- Poverty threshold: 60% of median equivalised household net income (Euro (EUR) and purchasing power standards (PPS)) [*Eurostat source: ilc_di03*];
- Children aged 0-17 years as a share of the total population [*Eurostat source demo_pjanedu];*
- Child benefits as a share of total expenditure on social benefits [*Eurostat source tps00106*];
- Public expenditure on child benefits as a proportion of Gross Domestic Product (GDP) [*Eurostat source: spr_exp_ffa*] – overall and separately for in-cash and in-kind;
- Public expenditure on child benefits per child (EUR and PPS) [*Eurostat source: spr_exp_ffa and demo_pjanedu*] – overall and separately for in-cash and in-kind;
- Proportion of public expenditure on child benefits accounted for by means-tested benefits [*Eurostat source: spr_exp_ffa*] – overall and separately for in-cash and in-kind.

Desk research to describe relevant policies and policy reform in the Member State was conducted by a network of national experts. A data extraction template and guidance document were developed to structure the desk research and ensure consistency of outputs.

2.1. In-cash child benefits in EU Member States

In-cash benefits for children and families constitute a fundamental component of national social protection systems in the EU, with all Member States offering some form of in-cash financial support to families with children. However, **there are marked differences in the level of expenditure on these in-cash benefits between Member States**. When considered as a proportion of GDP, Poland (PL) leads with expenditure at 2.5%, followed closely by Luxembourg (LU) (2.2%) and Estonia (EE) (2.1%), all of which significantly exceed the EU-27 average of 1.5% of GDP (see Figure 1). In contrast, seven EU Member States – Bulgaria (BG), Ireland (IE), Spain (ES), Cyprus (CY), Malta (MT), the Netherlands (NL) and Portugal (PT) – allocate less than 1% of GDP to in-cash child benefits, reflecting a more modest investment in this area of social policy.

Figure 1 - Expenditure on in-cash child benefits (% of GDP) in the EU-27, 2021



Source: Eurostat spr_exp_ffa.

2.1.1. Child allowances

At the heart of child benefit systems are periodic child allowances, designed to offer families consistent financial support as they raise children. The delivery of this support is shaped by a nuanced combination of national priorities, fiscal capacities, and social policy traditions, resulting in varied approaches across the EU. These benefits are summarised in Table 2 and further detailed in Annex 1 (Section 1).

All EU Member States provide cash support to families with children to help offset the cost of raising children, with 23 of 27 Member States offering

regular monthly payments.[18] The structure of these benefits varies significantly across Member States, as they may take into account factors such as the number of children, their ages, any health needs of the children, and/or parental income. Thirteen EU Member States – Belgium (BE), Germany (DE), IE, Italy (IT), (Lithuania) LT, LU, MT, NL, Poland (PL), Romania (RO), Sweden (SE), Slovenia (SI) and Slovakia (SK) – operate mixed systems that combine universal provisions with additional targeted top-up benefits or supplements for low-income and/or vulnerable families. Examples include PL, where the universal benefit *Rodzina 800+* provides a flat-rate benefit for all children aged 0-17 and is supplemented by a family allowance for lower-income households, and BE, where regions provide extra allowances for low-income families alongside the universal benefit.

Six Member States – Denmark (DK), EE, Latvia (LV), Hungary (HU), Austria (AT) and Finland (FI) – provide universal child allowances only, which are available to all families with children regardless of income. For example, DK's Universal Child Benefit is paid quarterly to all children, with the amount varying by age and reduced for higher-income families. Seven Member States – BG, Czechia (CZ), Greece (EL), ES, Croatia (HR), CY and PT – provide means-tested child allowances, targeting support only to lower-income households. For instance, HR sets the eligibility threshold at a monthly income of EUR 618.02 per household member (60% of the median income), while BG sets a maximum limit of BGN 760 per person (117% of the median income).[19]

Finally, France (FR) applies a mixed approach, but only for families with two or more children: family allowances (*Allocations familiales*) are universally available once a household has at least two children, while the benefit level varies with

[18] Exceptions include EL, which pays its child benefit (*Επίδομα Παιδιού*) bimonthly; DK and NL, where universal child allowances are distributed quarterly; and ES, where the means-tested child benefit (*Prestaciones por hijo a cargo*) follows a semi-annual approach. CY adopts a varied system, paying its main means-tested child allowance (*Επίδομα τέκνου*) annually to families with one or two dependent children, while families with three or more children receive monthly payments.

[19] Eurostat data on median annual equivalised net income (ilc_di04) in 2024, divided by twelve to reach an estimate of the median monthly equivalised income per Member State. Throughout the report, comparison with the median income is presented in parentheses. Equivalised median monthly (or annual) household income is referred to as 'median income' and adjusted according to the relevant timeframe (i.e. monthly or annual).

household income. A means-tested supplement (*Complément familial*) is also available for lower-income families with at least three children.[20] [21]

Recent reforms to child allowances illustrate evolving approaches. For example, in 2022, IT consolidated its benefits into a single universal allowance, known as the single and universal allowance for dependent children (*Assegno unico e universale per i figli a carico*). PL has also made significant changes through a series of reforms in 2016, 2019 and 2024. The *Rodzina 500+* scheme, initially offering PLN 500 (approximately EUR 117) per month universally for the second and subsequent children under 18 and means-tested for the first child, was transformed into the unconditional and universal *Rodzina 800+*[22] (PLN 800 per month – approximately EUR 176, or 18% of median income). This expansion has significantly reduced child poverty but also reduced maternal employment rates.[23] Meanwhile, FR's shift since 2015 to income-adjusted family allowances has contributed to an average reduction in child poverty by 7.2 percentage points (pp), with even greater improvements observed among large and single-parent families.[24]

Eligibility for child allowances is also determined by the child's age. Sixteen EU Member States – BE (except Wallonia), CZ, DK, DE, EL, ES, IT, CY, LT, LU, NL, AT, PL, RO, SI and SK – provide such benefits up to age 17, often with extensions for children in education or with disabilities.[25] Four Member States/regions apply higher age limits. Wallonia (BE), BG and FR cover children aged 0-19, while EE covers those aged 0-18. In contrast, eight countries (IE, HR, LV, HU, MT, PT, FI, and SE) have lower general age limits but allow extensions for continued education or special needs.

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[20] Caisse d'Allocations familiales (CAF). 2024. 'Les allocations familiales (AF)'. Information on family benefits in FR. As of 24 July 2026: https://www.caf.fr/allocataires/aides-et-demarches/droits-et-prestations/vie-personnelle/les-allocations-familiales-af

[21] Service Public. 2024. 'Famille de 3 enfants et plus : complément familial'. Official French government information on means-tested family supplements. As of 24 July 2026: https://www.service-public.fr/particuliers/vosdroits/F13214

[22] Magda, Iga, Aneta Kiełczewskam & Nicola Brandt. 2018. *The "Family 500+" child allowance and female labour supply in Poland*. IBS Working Paper, Warsow. As of 24 July 2026: https://ibs.org.pl/app/uploads/2018/03/IBS_Working_Paper_01_2018.pdf

[23] Gromadzki, Jan. 2024. 'Labor supply effects of a universal cash transfer'. *Journal of Public Economics*, 239, 105248. As of 24 July 2026: https://doi.org/10.1016/j.jpubeco.2024.105248

[24] Rapport d'évaluation des politiques de sécurité sociale (REPSS). 2024. 'Impact des prestations sur le taux de la pauvreté monétaire des enfants'. As of 24 July 2026: https://evaluation.securite-sociale.fr/home/famille/232-impact-des-prestations-sur-l.html

[25] DK, NL and PL are the only Member States in this group that do not provide extensions to the upper age limit under specific conditions, such as when the child is in education or vocational training, or has a disability.

Table 2 - Overview of the main in-cash child benefits in the EU-27

	Cash allowance – universal	Cash allowance – means-tested	Birth benefit	Paid parental leave	Tax reliefs
BE	✓	✓	✓	✓	✓
BG	×	✓	✓	✓	✓
CZ	×	✓	✓	✓	✓
DK	✓	~	~	✓	×
DE	✓	✓	~	✓	✓
EE	✓	×	✓	✓	×
IE	✓	✓	✓	✓	✓
EL	×	✓	✓	✓	✓
ES	×	✓	~	✓	✓
FR	~	✓	✓	✓	✓
HR	×	✓	✓	✓	✓
IT	✓	✓	×	✓	✓
CY	×	✓	✓	✓	×
LV	✓	×	✓	✓	✓
LT	✓	✓	✓	✓	✓
LU	✓	✓	✓	✓	✓
HU	✓	×	✓	✓	✓
MT	✓	✓	✓	✓	✓
NL	✓	✓	×	✓	✓
AT	✓	×	×	✓	✓
PL	✓	✓	✓	✓	✓
PT	×	✓	✓	✓	✓
RO	✓	✓	✓	✓	✓
SI	✓	✓	✓	✓	✓
SK	✓	✓	✓	✓	✓
FI	✓	×	✓	✓	~
SE	✓	✓	~	✓	×

Note: Green (✓) indicates the presence of a specific type of benefit; red (×) indicates its absence; and yellow (~) reflects significant limitations or restrictions (e.g. no childbirth grant but an adoption-only grant).

2.1.2. Benefits relating to childbirth, adoption and parental leave

In addition to child allowances, **24 EU Member States offer in-cash benefits specifically related to childbirth or adoption** (see Table 2 for a summary and Annex 1, Section 1 for a more detailed overview).[26] These payments aim to help families cover the immediate costs of a new child's arrival. IT, NL and AT are the only countries that do not offer these childbirth or adoption benefits.

A total of 12 EU Member States (BE, EE, IE, HR, CY, LV, LT, LU, HU, SI, SK and FI) provide one-off non-means-tested cash payments following childbirth or adoption. The benefit level varies widely across these countries, from the lowest at EUR 160.48 in HU (23% of median income) to the highest at EUR 1,740.09 in LU (41% of median income). In six EU Member States (CZ, EL, FR, MT, PL, and RO), childbirth benefits comprise one-off means-tested payments. BG is unique in combining universal one-off payments with means-tested supplements for households with an average monthly income per member over the past 12 months below BGN 860 (approximately EUR 440 or 68% of median income). PT offers a means-tested prenatal family allowance (*Abono de família Pré-Natal*), a benefit provided for six months to pregnant women whose income is equal to or less than EUR 18 287.50 in 2025 (145% of median income). SE does not provide a cash childbirth grant but offers an adoption allowance (*Adoptionsbidrag*) to help cover the costs of international adoption.

Additionally, at least six EU Member States (BG, DK, DE, EL, ES and CY)[27] provide birth or adoption benefits based on household composition, often targeting large families or single-parent households. For instance, ES grants a EUR 1 000 one-off payment to large, single-parent families or to families where a parent has a disability (equal to 62% of median income).

In DE, although there is no dedicated federal benefit, certain federal states provide one-off payments for multiple births, such as EUR 1 000 per child in North Rhine-Westphalia (43% of median income) and EUR 1 700 in Baden-Württemberg (74% of median income).

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[26] At least nine EU Member States (CZ, EE, IE, EL, ES, CY, LT, HU, SK and SE) provide some form of additional or enhanced benefit for multiple births or adoptions on the same date.

[27] In CY, the Childbirth Allowance (*Βοήθημα τοκετού*) is a contributory benefit paid after the birth of each child, provided that the mother or her partner meets the required social insurance contribution conditions. A Special Childbirth Allowance for Single Mothers (*Ειδικό Βοήθημα Τοκετού σε Άγαμες Μητέρες*) is also available for mothers who do not qualify for the standard allowance due to insufficient contributions. Both are paid as a lump sum of EUR 628.92 per child.

Parental leave benefits represent another important form of in-cash support. **While all EU countries provide some form of paid maternity, paternity or parental leave, there are considerable differences in eligibility conditions, duration and payment rates** (see Annex 1, Section 1 for a more detailed overview). Statutory maternity-leave entitlements vary widely, although 18 Member States cluster around a standard length of 14-20 weeks. This group includes BE, DK, DE, EE, EL, ES, FR, IT, LV, LT, LU, MT, NL, AT, PL, PT, RO and SI. Longer leaves exceeding 20 weeks are available in seven Member States: BG (58 weeks), CZ (30 weeks), IE (26 weeks), HR (28 weeks), CY (22 weeks), HU (24 weeks) and SK (34 weeks). FI and SE have transitioned to parental-leave systems with flexible entitlements that can be shared among parents. In FI, the person giving birth is entitled to 40 days before childbirth and a further 320 days, which can be divided between parents, while in SE, 480 days of paid leave per child are available for allocation between parents.

Maternity-leave payment levels also differ across the EU. A total of 14 EU Member States (DK, DE, EE, EL, ES, FR, HR, LU, HU, NL, AT, PL, PT and SI)[28] provide benefits replacing nearly 100% of previous earnings for insured mothers, whereas 11 Member States (BE, BG, CZ, IT, CY, LV, LT, RO, SK, FI and SE) offer earnings replacement between 70 and 90%. IE and MT rely on flat-rate payments.

The EU Directive 2019/1158 on work-life balance for parents and carers, which required Member States to transpose its principles into national law by August 2022, focused on equalising leave entitlements for mothers and fathers, promoting gender equality and shared caregiving responsibilities.[29] This directive has led to several legal reforms in EU Member States, resulting in

[28] In DE, up to EUR 13 per day is paid from statutory health insurance, with additional employer contributions to match the parent's full salary. DK and NL, in turn, provide 100% earnings replacement, but subject to a wage ceiling.

[29] European Union. 2019. 'Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers'. *Official Journal of the European Union*. OJ L 188, 12.7.2019, pp. 79–93, ELI. As of 24 July 2026: https://eur-lex.europa.eu/eli/dir/2019/1158/oj/eng

increased uptake of paternity leave and a potential gradual shift in caregiving roles in countries such as ES, IT and LU. [30] [31] [32]

Paternity leave, which can be taken by fathers upon the birth of a child (and in some cases extended to non-birthing parents), is available in 26 EU Member States, in line with EU legislation requiring at least 2 weeks of leave.[33] The only exception is DE, where fathers can instead claim parental leave benefits.[34] In terms of length, 16 Member States offer 2 weeks of paternity leave, eight Member States offer 4-6 weeks, whereas ES provides 16 weeks of leave to each parent. Notably, reforms in countries such as HR and LV have expanded both the duration and uptake of paternity leave, reflecting a broader EU trend toward supporting shared caregiving responsibilities.

Payment levels generally mirror those of maternity leave, with a few distinctive features. Fourteen Member States (DK, EE, EL, ES, FR, HR, IT, LU, MT, NL, PL, PT, RO and SI) provide nearly 100% earnings replacement for the entire statutory paternity leave period. BE compensates 100% of earnings for the first three days and 82% thereafter, whereas HU compensates 100% for the first five days and 40% thereafter. Eight Member States (BG, CY, CZ, FI, LV, LT, SK and SE) offer earnings replacement rates between 70% and 90%. IE and MT offer flat-rate paternity payments.

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[30] Uzunalioglu, Merve. 2023. *First-time fathers' parental leave take-up in Luxembourg: a policy evaluation.* Doctoral thesis (Ph.D), UCL (University College London). As of 24 July 2026: https://discovery.ucl.ac.uk/id/eprint/10165133/

[31] Farré, Lidia, Libertad González, Claudia Hupkau & Jenifer Ruiz-Valenzuela. 2024. '¿Qué sabemos sobre el uso de los permisos de paternidad en España?' ESADE EcPol Policy Brief, No. 46, ESADE EcPol. As of 24 July 2026: https://www.esade.edu/ecpol/wp-content/uploads/2024/03/AAFF_ESP_EsadeEcPol_Brief_46_Paternidad_mar24-final.pdf.

[32] Istituto Nazionale Previdenza Sociale (INPS). 2023. *XXII Rapporto annuale*. Istituto Nazionale Previdenza Sociale, Rome. As of 24 July 2026: https://www.inps.it/it/it/dati-e-bilanci/rapporti-annuali/xxii-rapporto-annuale.html

[33] Kern, Verena & Marie Lecerf. 2025. 'MATERNITY AND PATERNITY LEAVE IN THE EU'. *Infographic produced for the European Parliament based on analysis of comparative data (MISSOC) and national websites and reports*. European Parliamentary Research Service (EPRS). As of 24 July 2026: https://www.europarl.europa.eu/RegData/etudes/ATAG/2025/769505/EPRS_ATA(2025)769505_EN.pdf

[34] European Commission. 2025. 'Mutual Information System on Social Protection'. 1 January 2025. As of 24 July 2026: https://www.missoc.org/missoc-database/

2.1.3. Tax reliefs targeted at households with children

Tax reliefs for families with children are another common feature of in-cash support systems (see Table 2). These can take the form of tax allowances, credits or deductions, and are often designed to complement direct cash benefits.[35] **Twenty-two EU Member States provide some form of tax benefit for families with children**, whereas no child-related tax benefits are available in DK, EE, CY and SE. In FI, a marginal adjustment of EUR 50 per child under 18 (2% of median income) or EUR 100 for single parents (4% of median income) is made to the employment income tax credit (*Työtulovähennys*).

A total of 15 EU Member States (BE, CZ, DE, EL, HR, IT, HU, LV, NL, AT, PL, PT, RO, SI and SK) provide universal child-related tax benefits that apply to all families with children. For example, DE offers a child tax allowance as an alternative to the universal child benefit, which is automatically applied if the tax relief exceeds the value of the cash benefit a household would have otherwise received. HU offers the most extensive set of tax reliefs for families with children in the EU, combining income tax reductions, exemptions and financial incentives to support families at different life stages. The Family Tax Break, available to all parents, provides monthly tax reductions that increase with the number of children, with unused amounts applicable to pension and healthcare contributions.

At least four EU Member States (IE, IT, NL and AT) offer tax benefits linked to household income to ensure that those with lower incomes receive greater support. Additionally, at least 11 EU Member States (BG, CZ, DE, IE, ES, FR, IT, HU, AT, LV and LT) offer specific tax benefits based on household composition to support large families in particular situations. For instance, FR's family quotient system reduces taxable income based on the number of children, benefiting larger families.

2.1.4. Other in-cash child benefits

Many EU Member States provide additional in-cash supports to address a variety of family circumstances and promote participation in key activities such as education, housing and social inclusion. For instance, at least four EU Member States (CZ, EE, HR and RO) provide additional paid leave options and/or specific in-cash allowances to support parents in raising and caring for young children with disabilities and attending to a child's medical needs.

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[35] Tax allowances, deductions and credits are distinct instruments used to adjust individual tax liabilities. A *tax allowance* excludes a specified amount of income from taxation, thereby reducing the taxable base. A *tax deduction* permits certain qualifying expenses to be subtracted from gross income before tax is calculated. A *tax credit* directly reduces the calculated tax liability on a euro-for-euro basis and may be either refundable, generating a payment where the credit exceeds the liability, or non-refundable, limited to the amount of tax due.

Support for foster families is available in at least 10 EU Member States, including BG, EE, EL, LV, LT, LU, HU, MT, NL and RO. In addition, at least 16 Member States provide housing-related cash benefits to help families with children obtain suitable accommodation, delivered either through national or regional schemes.[36] Furthermore, several Member States offer child-related supplements to unemployment, sickness, and invalidity benefits, ensuring additional support for families facing periods of income loss or hardship.[37]

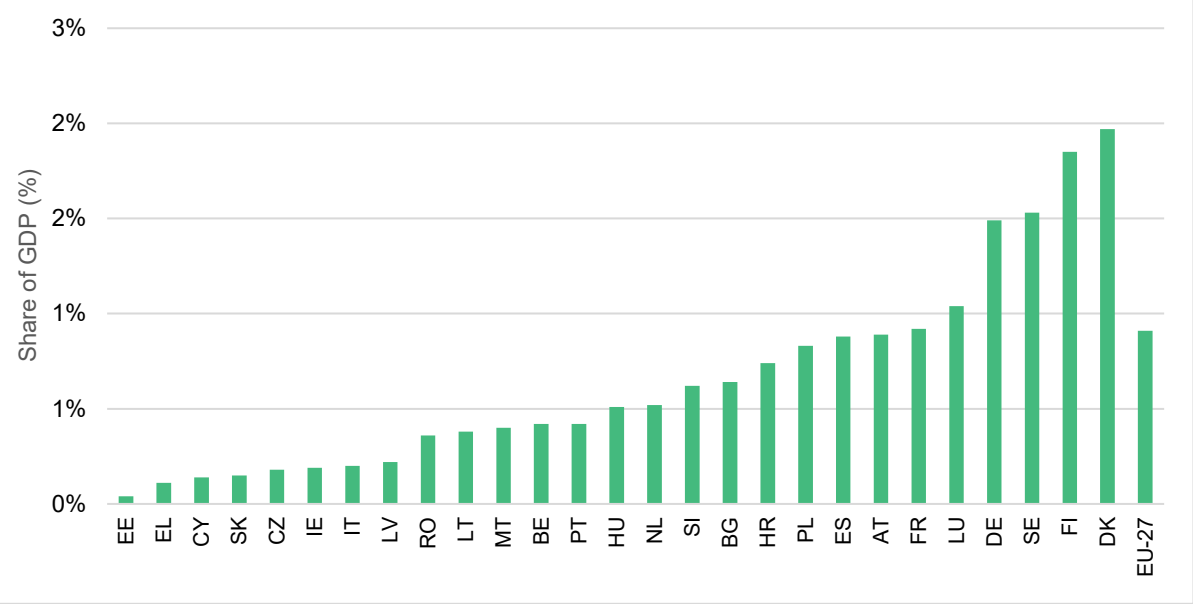
2.2. In-kind child benefits in EU Member States

In-kind benefits for children and families play a vital, albeit sometimes less visible, role in the social protection systems of EU Member States. Unlike cash transfers, which provide families with direct financial resources, in-kind benefits deliver goods, services or access to public provisions that support children's well-being and development. As with in-cash benefits, the scope, quality and targeting of these benefits vary widely across the EU, reflecting different welfare traditions, policy priorities and fiscal capacities. **As a proportion of GDP, expenditure on in-kind child benefits ranges from 0.04% in EE to 1.97% in DK** (Figure 2).

[36] These include AT, CY, CZ, DE, DK, EE, FI, FR, HR, HU, IE, LT, LU, MT, NL and SE.

[37] Unemployment benefits are increased for households with dependent children in 11 EU Member States: AT, BE, CY, DE, EL, ES, FI, IE, LU, MT, and PT. In SE, the duration of these benefits is extended for households with dependent children. Additionally, six EU Member States – AT, BE, CY, EL, IE, and PT – enhance the level of sickness benefits for households with dependent children. The level of invalidity benefits is also increased in five EU Member States: AT, BE, CY, FI and IE.

Figure 2 - Expenditure on in-kind child benefits (% of GDP) in the EU-27, 2021



Source: Eurostat spr_exp_ffa.

2.2.1. ECEC

As shown in Table 3, compulsory ECEC (18 Member States) is slightly more common across the EU than providing a legal entitlement to ECEC that parents can choose not to take up (15 Member States). Nine EU Member States combine the two, with a legal entitlement to ECEC and compulsory ECEC beyond a certain age (BE, CZ, LV, LT, LU, PL, SK, FI and SE). On the other hand, IE, IT and MT have no legal framework to ensure a place in ECEC.[38]

Only six EU Member States (DK, DE, EE, SI, FI and SE) guarantee a place in ECEC immediately after the end of well-paid[39] childcare leave.[40] The

[38] European Commission: European Education and Culture Executive Agency, Motiejūnaitė-Schulmeister, A., De Coster, I. & Noorani, S. 2025. *Key data on early childhood education and care in Europe 2025 – Eurydice report*. Birch, P. (ed.), Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2797/66224

[39] Well-paid childcare leave is defined as an earnings-related payment of 66% of earnings or more.

[40] European Commission: European Education and Culture Executive Agency, Motiejūnaitė-Schulmeister, A., De Coster, I. & Noorani, S. 2025. *Key data on early childhood education and care in Europe 2025 – Eurydice report*. Birch, P. (ed.), Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2797/66224

average childcare gap[41] across the other 21 Member States is 3 years, ranging from 1 year in HU to 5.6 years in IT.[42]

The affordability of ECEC is important in enabling all families to access and benefit from early education. **In 23 EU Member States, ECEC is offered free of charge to all families, although this is often limited to certain age groups or a specific number of hours**. The exceptions are DK, DE, EE and SI, which do not provide universally free ECEC (although some regions in DE have introduced it).

Table 3 - Guaranteed ECEC in the EU-27, 2024/2025

	Legal entitlement to ECEC		Compulsory ECEC		Age of compulsory schooling
	Age (years)	Weekly hours	Age (years)	Weekly hours	
BE[43]	2.5	23	5	23	6
BG	-	-	4	4-8.5	7
CZ	3	Full day	5	20	6
DK	0.5	-	-	-	6
DE	1	-	-	-	6
EE	1.5	Full day	-	-	7
IE	-	-	-	-	6
EL	-	-	4	25	6
ES	3	25	-	-	6
FR	-	-	3	24	6
HR	-	-	6	4-7	7
IT	-	-	-	-	6
CY	-	-	4.5	26	6
LV	1.5	-	5	-	7

[41] The childcare gap is the difference between the maximum length of well-paid leave and the earliest start of a universal ECEC place guarantee or compulsory primary education.

[42] Authors' own calculations based on the Eurydice report (2025).

[43] Applies to Dutch, French and German-speaking communities.

	Legal entitlement to ECEC		Compulsory ECEC		Age of compulsory schooling
	Age (years)	Weekly hours	Age (years)	Weekly hours	
LT	3	Full day	4	20	7
LU	3	26	4	26	6
HU	-	-	3	20	6
MT	-	-	-	-	5
NL	-	-	5	-	6
AT	-	-	5	20	6
PL	3	25	6	25	7
PT	3	25	-	-	6
RO	-	-	4	25	6
SI	0.9	30-45	-	-	6
SK	4	Full day	5	20	6
FI	0.8	Full day	6	20	7
SE	1	15	6	15	7

Source: Eurydice (2025).[44]

Four EU Member States – BG, DK, LT and FI – offer free meals in preschool education for all children.[45] A further 18 EU Member States offer free meals in preschool for low-income children (CY, CZ, DE, EE, ES, HR, HU, LU, MT, PL, PT, SE, SI and SK) or children in preschool facilities in disadvantaged areas (BE, IE, LV and RO).[46] Only five EU Member States – EL,

[44] European Commission: European Education and Culture Executive Agency, Motiejūnaitė-Schulmeister, A., De Coster, I. & Noorani, S. 2025. *Key data on early childhood education and care in Europe 2025 – Eurydice report*. Birch, P. (ed.), Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2797/66224

[45] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

[46] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. and Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU*

FR, IT, NL and AT – do not have a national programme offering free school meals in preschool facilities.[47]

2.2.2. Education-related benefits

Beyond ECEC, in-kind benefits related to education are widespread across the EU. **In all EU Member States, compulsory education starts at age six or seven. The only exception is MT, where it begins at age five**.[48] Following the Recommendation establishing a European Child Guarantee, which recommends that EU Member States guarantee effective and free access for children in need to at least one healthy meal each school day,[49] **seven EU Member States (EE, HR, LV, LT, LU, FI and SE) offer universal access to free school meals for children in primary and/or secondary education**. Three additional EU Member States (IE, SI, SK) are currently transitioning towards a more universal school meal system, and 15 EU Member States (BE, CZ, DE, EL, ES, FR, IT, CY, HU, MT, NL, AT, PL, PT and RO) are focusing free school meal provision on low-income children or disadvantaged areas. Two EU Member States (BG and DK) have no free or subsidised provision of school meals in primary or secondary schools, although the latter is introducing a pilot to run in 2026-2028.[50] [51]

Member States, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

[47] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. and Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

[48] As recommended by: European Union. 2021. 'Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee'. *Official Journal of the European Union.* As of 24 July 2026: http://data.europa.eu/eli/reco/2021/1004/oj

[49] European Union. 2021. 'Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee'. *Official Journal of the European Union.* As of 24 July 2026: http://data.europa.eu/eli/reco/2021/1004/oj

[50]Directorate-General for Employment, Social Affairs and Inclusion. 2025. 'Insights from a new report on school meal programmes in the EU' As of 24 July 2026: https://employment-social-affairs.ec.europa.eu/news/insights-new-report-school-meal-programmes-eu-2025-03-13_en

[51] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 26 July 2026: https://data.europa.eu/doi/10.2767/45993

Regarding school materials, such as textbooks and notebooks, Table 4 shows how most EU Member States make them free for all children in primary (18 Member States) and/or secondary school (13 Member States). Moreover, one EU Member State (SI) provides free school materials only for low-income children, four Member States (DE, LT, HU and PT) provide most items free for low-income children, and four Member States do not provide school materials for free for any children (BE, CZ, ES and IT).[52] Many countries also provide assistance with school transport: it is provided free of charge for at least low-income children in eight EU Member States (DE, EE, IE, HR, LU, MT, AT and PT), and partially free in a further eight (BG, DK, CY, LT, PL, PT, RO, FI and SE).[53]

Table 4 - Free access to school materials in the EU-27

	Free for all children	Free only for low-income children	Most items free for low-income children	Not free for any children
Primary education	BG, DK, EE, IE EL, FR, HR, CY, LV, LU, MT, NL, AT, PL, RO, SK, FI, SE	SI	DE, LT, HU, PT	BE, CZ, ES, IT
Secondary education	DK, EE, EL, FR (lower secondary only), LV, LU, MT, NL, AT, RO, SK, FI, SE	DE, HR	LT, HU, PL, PT	BE, BG, CZ, IE, ES, FR, IT, CY, SI

Source: Baptista, Guio, Marlier and Perista (2023).[54]

[52] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

[53] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2024: https://data.europa.eu/doi/10.2767/45993

[54] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

2.2.3. Healthcare and nutrition

Healthcare and nutrition are other key domains where in-kind benefits make a difference. According to the Recommendation establishing a European Child Guarantee,[55] EU Member States are recommended to guarantee effective and free access for children in need of healthcare, and effective access to healthy nutrition. **A total of 24 EU Member States offer free access to GPs for all children**. The exceptions are BE, FR and AT, where they are free only for low-income children. In IE, access is free for all children aged under six and thereafter for children from low-income households.[56] Vaccinations are free for all children in 25 EU Member States, with the exceptions being AT and PT, where most vaccinations are free for children from low-income households.

Specialist healthcare (i.e. medical care provided by clinicians other than GPs) is free for children in 22 EU Member States. The exceptions are FR and IT, where specialist care is only free for children from low-income households, as well as BE, CY and AT, where access to specialist care is not free for children. There are also six EU Member States where dental care is not free for children: IE, EL, IT, CY and AT, where access to specialist care is not free for any children, and FR, where free dental care is only offered to children from low-income households. In eight Member States (BE, BG, CZ, EE, CY, LU, PL and PT), access to most prescription medicines is not free even for children from low-income households.

Some EU Member States have introduced initiatives designed to improve children's nutrition (separate from school meals, as discussed earlier). **A total of 22 EU Member States[57] distribute food to families as part of their welfare provision via food banks or social grocery stores**, often supported by EU Funds such as the Fund for European Aid to the Most Deprived (FEAD) (2014-2021), later integrated into the European Social Fund Plus (ESF+) (2021-

[55] European Union. 2021. *Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee*. *The Official Journal of the European Union*. As of 24 July 2026: http://data.europa.eu/eli/reco/2021/1004/oj

[56] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

[57] BE, BG, CZ, DK, EE, EL, ES, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, PL, PT, RO, SI and SK.

2027).[58] However, food distribution is often designed to meet basic needs rather than guaranteeing high-quality nutrition.[59]

2.2.4. Housing support and other in-kind benefits

Although less universally available, housing support represents another important form of in-kind assistance. **Households with children are prioritised for social housing in BE, BG, CZ, EE, HR, IT, HU, PT and RO**.[60] In countries such as ES, IT, CY and LT, the presence of children in the household affects the income threshold(s) for accessing social housing.[61] Provisions designed to prevent families being evicted from their homes include the *WOHNSCHIRM* programme in AT, which aims to prevent evictions by helping low-income households with rent and energy costs.[62] At least five EU Member States, including BE, DE, EL, HU and AT, have introduced provisions to support children experiencing or at risk of homelessness.

Other in-kind benefits address specific needs or vulnerabilities. **Many countries offer clothing grants, holiday camps or targeted support for children with disabilities**. BE, for instance, organises holiday camps for low-income children, while IE provides annual clothing and footwear allowances. A 2023 policy reform in BG introduced free travel on public transport for children aged 0-9 and

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[58] Kirov, V. & G. Yordanova. 2023. *Access for children in need to the key services covered by the European Child Guarantee – Belgium.* European Commission: European Social Policy Analysis Network, Brussels.

[59] Kirov, V. & G. Yordanova. 2023. *Access for children in need to the key services covered by the European Child Guarantee – Belgium.* European Commission: European Social Policy Analysis Network, Brussels.

[60] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

[61] European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Baptista, I., Guio, A., Marlier, E. & Perista, P. 2023. *Access for children in need to the key services covered by the European child guarantee – An analysis of policies in the 27 EU Member States*, Publications Office of the European Union. As of 24 July 2026: https://data.europa.eu/doi/10.2767/45993

[62] Federal Ministry of Social Affairs, Health, Care and Consumer Protection (Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz, BMSGPK). 2023. *European Child Guarantee. Austria's National Action Plan*. Ministry of Social Affairs, Health, Care and Consumer Protection, Vienna. As of 27 July 2026: *www.sozialministerium.gv.at%2Fdam%2Fjcr%3Abcd3ccf8-c190-4aad-8276-5d63016a4a2e%2FBMSGPK_Broschuere_NAP__EN-1.pdf&usg=AOvVaw0FbTv5owyUdRjmRs13OSrq&opi=89978449*

increased discounts (to 70%) for children aged 10-17.[63] CY offers an in-kind benefit, *dowry of the baby,* for low-income families who have a newborn child, which includes basic consumer goods such as equipment, linen, baby diapers and personal hygiene and baby care items, with a total value of EUR 1,649 (8% of annual median income).[64] A 2023 initiative in FR, the *Pacte pour les Premiers Pas* (First Steps Pact), also distributes personal care products including nappies and baby wipes to families in need via non-profit networks such as good banks.[65]

[63] Kirov, V. & Yordanova, G. 2023. *Access for children in need to the key services covered by the European Child Guarantee – Belgium.* European Commission: European Social Policy Analysis Network, Brussels.

[64] Brief team. 2022. 'Birth of a child: What the mother/father is entitled to (allowances-licences)'. Brief. As of 24 July 2026: https://www.brief.com.cy/oikonomia/kypros/goneis-ta-epidomata-poy-dikaioyste

[65] Ministère du Travail, de la Santé et des Solidarités. Direction générale de la cohésion sociale. Coordinateur national de la Garantie européenne pour l'enfance. 2024. *Rapport national de mise en œuvre de la garantie européenne pour l'enfance, 2022-2023*. Direction générale de la cohésion sociale, Lille. As of 24 July 2026: https://ec.europa.eu/social/BlobServlet?docId=27885&langId=en

3. Adequacy, targeting and take-up of child benefit policies in EU Member States

This section outlines findings relating to the estimated monetary value, targeting and take-up of in-cash and in-kind child benefits in the EU Member States.

3.1. Estimated monetary value of child benefits

3.1.1. Monetary value of in-cash child benefits

Figure 3 displays **substantial variation in the level of in-cash child benefits across EU Member States**. When measured in absolute terms (purchasing power parity (PPP)-adjusted EUR per year), AT (EUR 5 827.08), LU (EUR 4 785.86), and PL (EUR 4 537.16) provide the most substantial cash benefits across multiple categories, reflecting strong financial support for families with children. The lowest benefits are observed in EL (EUR 1 017.38), ES (EUR 1 237.79), and CY (EUR 1 333.11).

Child allowances are the most significant form of in-cash support in most Member States, with PL (EUR 3 697.79) and DE (EUR 3 609.39) offering the highest levels of support through this category. Negative values are reported in EE, DK, DE, CZ, LT, SE and FI for some benefit categories, indicating that child benefits are taxable and/or included in means tests for other benefits, reducing entitlement to certain forms of support.

Box 2 - Methodology for estimating the monetary value of in-cash and in-kind child benefits

The estimation of child-contingent cash payments follows the methodology developed by Corak et al. (2005)[66] and Figari et al. (2011)[67] utilising the EUROMOD microsimulation model. The approach closely follows the methodology in Bornukova, Hernández and Picos (2024).[68] EUROMOD calculates tax liabilities and benefit entitlements for all EU countries based on respective tax and benefit laws, using microdata from the EU Statistics on Income and Living Conditions (EU-SILC) dataset (Sutherland & Figari, 2013).[69] The approach involves removing children from the underlying EU-SILC datasets, running the model with these modified counterfactual datasets to deactivate simulations related to children, and comparing outcomes with baseline simulations that included children. The difference in each household's disposable income represents child-contingent payments, which are further decomposed into four categories: birth benefits, child allowances, non-child benefits and child-related tax reliefs/credits.

The estimation of the monetary value of in-kind benefits households derive from the use of ECEC services builds on the approach explained in Verbist et al. (2012). The estimation assumes that the transfer to the beneficiaries equals the average cost of producing or providing the service. Beneficiaries are households actually using ECEC. A distinction is made between childcare services and pre-primary education. Amounts are corrected in two ways. First, the average full-time equivalent (FTE) public expenditure on childcare and pre-primary education is adjusted for the actual proportion of FTE a child uses ECEC. Second, parental contributions for ECEC are simulated using EUROMOD (tax-benefit microsimulation model for the EU) and used to refine the amount of the ECEC in-kind benefit. This correction accounts for differential amounts households pay due to, for instance, income-related parental fees. The simulation also takes account of possible tax advantages for these fees.

Further information about the methodology and results can be found in Annex 1 (Section 2)

When using relative measures (i.e. child-contingent cash support as a share of GDP per capita), benefit adequacy also varies significantly

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[66] Corak, M. R., Lietz, C. & Sutherland, H. 2005. *The impact of tax and transfer systems on children in the European Union (No. EM4/05)*. EUROMOD Working Paper.

[67] Figari, F., Paulus, A., & Sutherland, H. 2011. 'Measuring the size and impact of public cash support for children in cross-national perspective'. *Social Science Computer Review*, 29(1), 85-102.

[68] Bornukova, K., Hernández, A. & Picos, F. 2024. *Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality*. Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms.

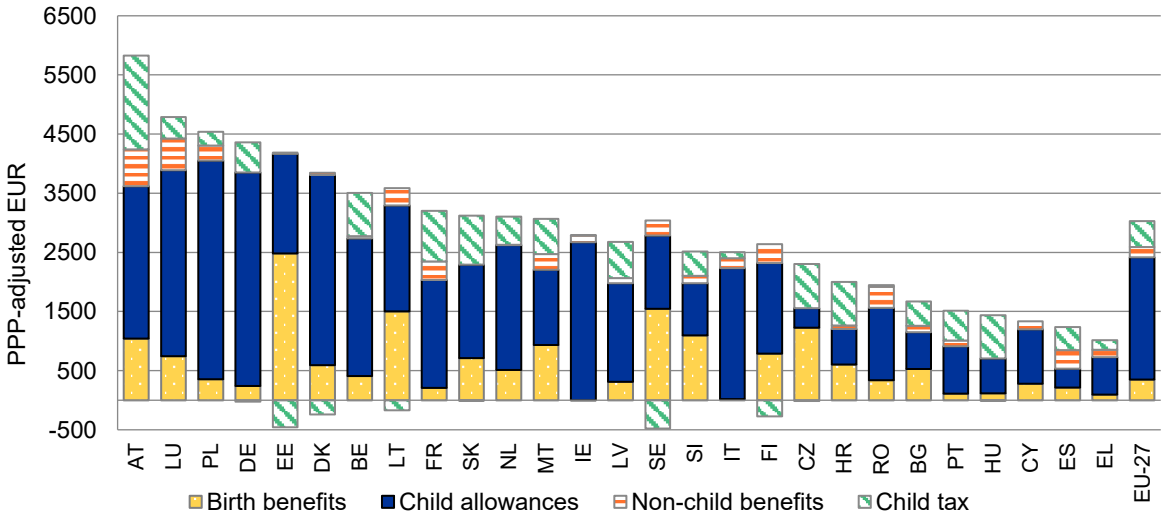
[69] Sutherland, H., & Figari, F. 2013. 'EUROMOD: the European Union tax-benefit microsimulation model'. *International Journal of Microsimulation*, 6(1), 4-26.

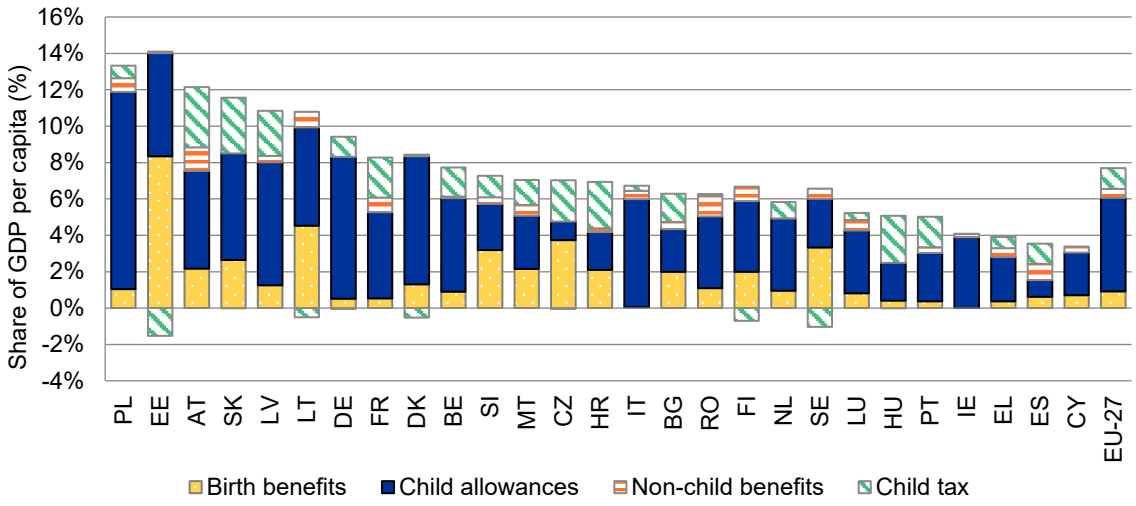
across Member States, ranging from 3.4% to 13.3% of GDP per capita. The highest levels of support are observed in PL (13.3%), EE (12.6%) and AT (12.1%). Conversely, CY (3.4%), ES (3.5%) and EL (3.9%) provide the lowest levels of support relative to GDP per capita.

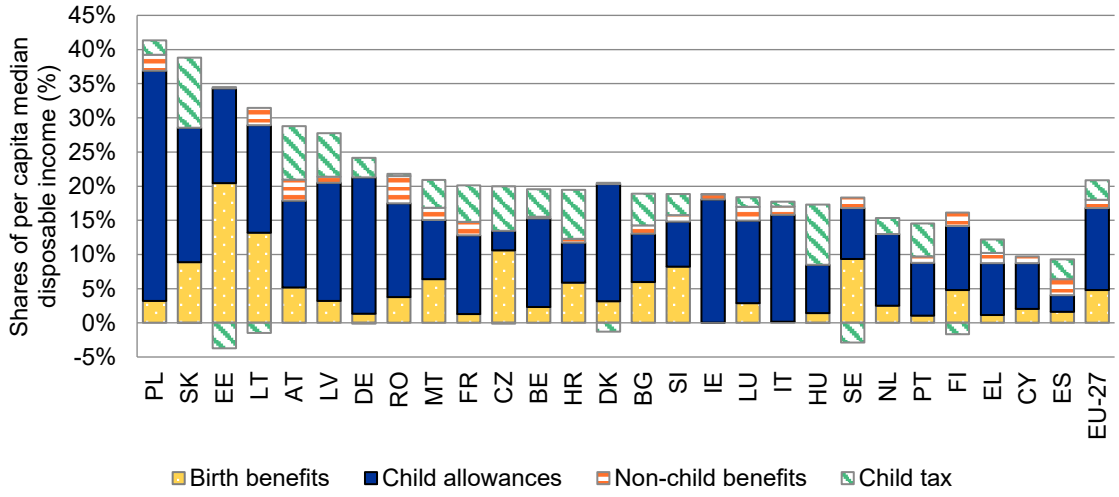
Relative to median disposable household per capita income, the highest in-cash benefits are found in PL, SK and EE (Figure 3), although there is considerable variation in the balance of different types of cash benefits. When it comes to child allowances, the highest level relative to median income is PL, where this benefit type corresponds to 33.7% of the country's median per capita income, followed by DE (20.0%) and SK (19.7%). The lowest amounts were found in ES (2.4% of median household per capita income) and CZ (2.9%).

In 17 out of 27 Member States, child allowances account for the largest share of in-cash support. Notable exceptions include EE, CZ and SE, where birth benefits represent the largest share, and HU, where support is primarily provided through child-related tax credits.

Figure 3 - Average in-cash child benefits per child per year (PPP-adjusted EUR) in the EU-27, 2024





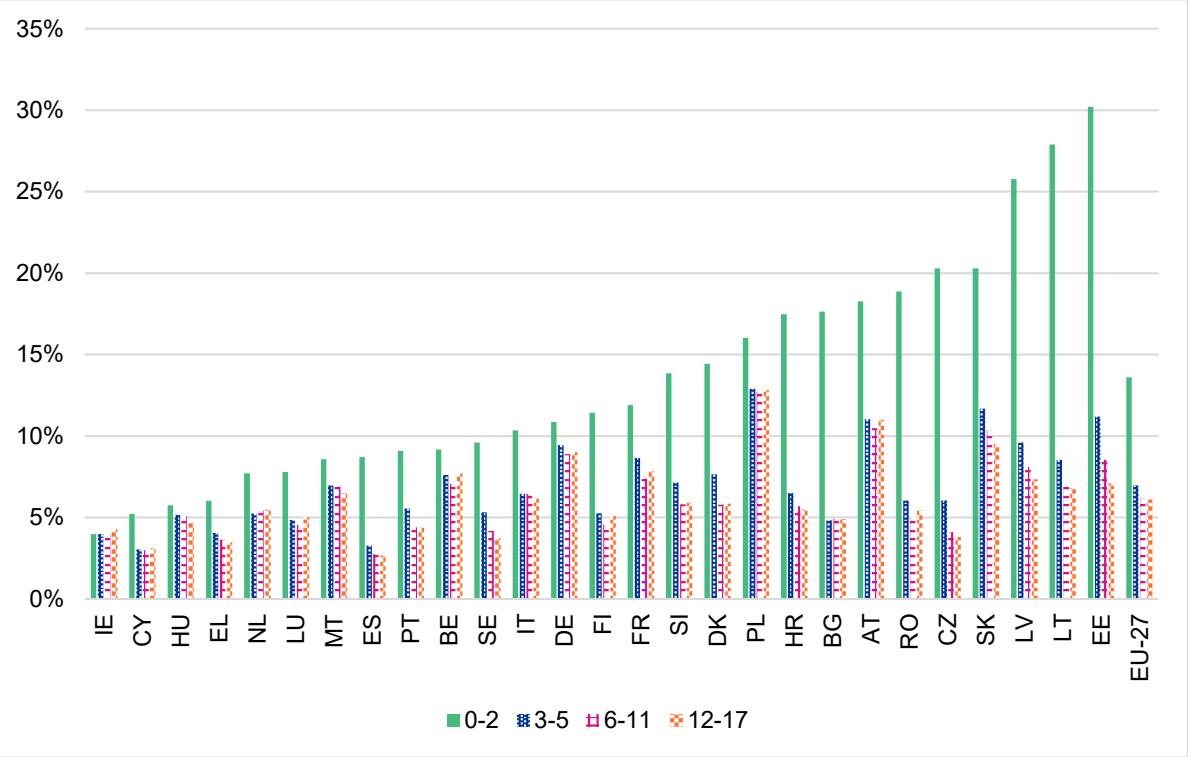


Source: calculations by JRC using EUROMOD 2024 policies linked to 2022 EU-SILC data.

Further analysis has been conducted to examine variations in in-cash child benefits by children's age groups (Error! Not a valid bookmark self-reference. – see also Annex 1, Section 2). **Support is highest for children aged 0-2 across the EU-27** (14% of GDP per capita), with the largest allocations observed in EE (30% of GDP per capita), LT (28%), LV (26%), SK (20%) and CZ (20%). BE, DE, HU and IE are exceptions, where in-cash benefits remain relatively stable across all age groups. Higher support for the youngest children is primarily driven by birth benefits, which account for a significant share of total in-cash support in EE (30%) and LT (25%). The other age groups have similar levels of support across the EU-27, with averages of 7.5% of GDP per capita for children aged 3-5, 6.9% for those aged 6-12 and 7% for those aged 12-17. Child allowances form the core of in-cash child support across most age groups. Unlike birth benefits, these remain relatively stable, except in DK, IT

and LV, where allocations are notably higher for children aged 0-2. Child-contingent non-child benefits, which constitute a smaller proportion of in-cash support, show limited variation by age. In some cases, support is slightly higher for older children, such as in AT (1% for ages 0-2 vs 2% for ages 12-17). Child-related tax credits remain relatively stable across age groups in AT, FR and SK (3-4%). In some countries, such as EE (-6%), SI (-4%), FI (-3%), SE (-3%) and LT (-3%), negative values for children aged 0-2 indicate that certain in-cash benefits are taxable or factored into means tests, reducing eligibility for other forms of support. While in-cash child benefits are more generous for children aged 0-2, the group aged 12-17 shows the highest at-risk-of-poverty (AROP) rates in the EU-27.

Figure 4 - Average in-cash child benefits per child, by age group (% of GDP per capita) in the EU-27, 2024



Source: calculations by JRC using EUROMOD 2024 policies linked to 2022 EU-SILC data.

3.1.2. Monetary value of in-kind child benefits

This section estimates the monetary value of in-kind benefits aimed at children. The focus is on ECEC support in 12 EU Member States. The twelve countries are BE, DE, ES, FI, FR, HR, LT, NL, PL, PT, RO and SE.

We discuss the average net childcare and pre-primary education subsidies per country. Furthermore, we decompose the average net subsidies into their

different components, namely the gross subsidy, the parental contribution[70] and the tax deduction. The descriptive statistics are conditional upon use: they focus on the actual users of childcare and pre-primary education. This approach circumvents the averages being affected by those not enrolled in formal centre-based childcare or preschool facilities.

Table 5 outlines the decomposition of the average net childcare subsidies of childcare users by country. **The average in-kind benefit for childcare strongly varies across the different countries**, ranging from EUR 900.45 per month in SE to EUR 123.68 per month in RO. The in-kind benefit is particularly high in the Nordic countries (SE and FI) and the West European countries (BE, DE, FR and NL), reflecting the higher cost of living in these countries, among other things.

When comparing the average parental contributions for childcare, we also find strong cross-country differences. In the countries analysed, the monthly parental contribution (in EUR) is on average highest in NL (EUR 671.17 – 25% of median income) and lowest in DE[71] (EUR 19.64 – less than 1% of median income). Average childcare fees are also relatively high in BE (EUR 381.45 – 15% of median income), FR (EUR 333.66 – 16% of median income) and PT (EUR 199.43 – 19% of median income). The parental contributions in the Nordic countries are relatively low, namely EUR 84.70 per month in SE (4% of median income) and EUR 99.18 in FI (4% of median income), especially when compared to the total cost. It is important to note that parental contributions can vary significantly among childcare users within a country. Most countries employ an income-tested parental contribution system and grant discounts to disadvantaged families (e.g. lone parents, social assistance recipients, etc.).

In BE, DE, FR and PT, parents with childcare expenses can file a proportion of their expenses on their tax declaration for a tax credit/tax deduction. In BE and FR, this tax credit approximates EUR 80 per month per childcare user (3% and 4% of median income, respectively). For DE, we were unable to simulate the tax credit. In PT, the tax credit is integrated into the education expenses. Consequently, we were unable to distinguish the proportion of the tax credit stemming from childcare expenses.

In sum, we notice that, **in all countries, families receive a substantial in-kind benefit for childcare on average, covering more than half of the total cost (in some countries even almost the total cost).** The situation in NL is

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[70] Parental contributions represent the portion of the total childcare cost paid directly by parents and are subtracted from the total cost to calculate the in-kind benefit received. In other words, the in-kind benefit reflects only the public subsidy component; that is, the share of the total cost not paid by parents.

[71] In DE, childcare arrangements vary strongly across regions. In our estimation, we assume that the legislation in Berlin applies to all German childcare users.

markedly different: the benefit parents receive from the state is not in-kind but in cash, and the state contribution is also substantial.

Table 5 - Decomposition of the average net monthly childcare subsidy for childcare users (EUR per month) in 12 EU Member States, 2021

	Total cost	Parental contribution	Tax advantage	In-kind benefit
BE	1 098.43	381.45	93.11	716.98
DE	664.60	19.61	N/A	644.98
ES	391.32	112.35	N/A	278.97
FR	795.92	333.66	87.01	462.26
HR	244.68	47.47	N/A	197.21
LT	380.54	57.34	N/A	323.20
NL	671.17	671.17	N/A	436.79
PL	253.83	46.84	N/A	206.98
PT	464.14	199.43	N/A	264.71
RO	165.72	42.04	N/A	123.68
FI	961.71	99.18	N/A	862.54
SE	985.14	84.70	N/A	900.45

Note: the duration of childcare varies between countries. While in most countries, children transition from childcare to preschool education at ages 2-3, children in SE, FI and HR stay (part-time) in childcare facilities up to the age of 6.

Source: calculations based on EUROMOD 2021.[72]

Table 6 presents the in-kind benefit for children in pre-primary education, as well as its components, in 12 European countries in 2021. It also shows substantial cross-country variation. DE has the highest average in-kind benefit per preschool user (EUR 579.50 per month – 25% of median income). In-kind benefits per preschool pupil in BE, SE, NL, FI and FR range between EUR 412.79 and EUR 532.07 per month. In RO, the average in-kind benefit is the lowest. In most countries, the average in-kind benefit per pupil for pre-primary education is lower than the average in-kind benefit for childcare. Vaalavuo (2011) has also observed lower spending on pre-primary education in several countries, which can be confirmed using the Eurostat database on full-time

[72] The decomposition can be expressed as $IKB_i = \overline{TC} * use_i - PAR_i$ where IKB is the in-kind benefit that households derive from the use of ECEC, TC is the full-time equivalent (FTE), average total cost is calculated as the sum of the average FTE parental contribution and the average FTE subsidy, and use_i is the share of FTE hours that child *i* spends in ECEC. The parental contributions parents pay for the ECEC of child *i* (PAR_i) is then deducted.

equivalent expenditure by education level.[73] [74] This finding is most evident in the Nordic countries, where pre-primary education is often supplemented by childcare services, which explains the significantly lower spending on pre-primary education.

In most EU Member States, preschool (or pre-primary) education is free of charge. Hence, in these countries the in-kind benefit equals the total cost. In DE (EUR 19.65 – less than 1% of median income), LT (EUR 61.57 – 6% of median income), PL (EUR 56.37 – 6% of median income) and RO (EUR 23.02 – 4% of median income), parents have to pay a parental contribution for pre-primary education. The parental contribution in these countries, however, is primarily used to cover school meals and is comparable to the average parental contribution for childcare. Note that in the Nordic countries, however, pre-primary education is often still supplemented by formal (centre-based) care, of which the cost is modelled as a childcare expense.

Table 6 - Decomposition of the net monthly pre-primary subsidy of preschool users (EUR per month) in 12 EU Member States, 2021

	Total cost	Parental contribution	Tax advantage	In-kind benefit
BE	532.07	0.00	N/A	532.07
DE	599.15	19.65	N/A	579.50
ES	274.67	0.00	N/A	274.67
FR	412.79	0.00	N/A	412.79
HR	143.55	0.00	N/A	143.55
LT	394.57	61.57	N/A	333.00
NL	472.38	0.00	N/A	472.38
PL	247.88	56.37	N/A	191.51
PT	260.18	0.00	N/A	260.18
RO	112.19	23.02	N/A	89.17
FI	464.19	0.00	N/A	464.19
SE	516.72	0.00	N/A	516.72

[73] Vaalavuo, M. 2011. *Towards an improved measure of income inequality: the impact of public services on income distribution: an international comparison.* Doctoral dissertation, European University Institute.

[74] Eurostat. 2026. "Public expenditure on education per pupil/student based on FTE by education level and programme orientation". As of 24 July 2026: https://ec.europa.eu/eurostat/databrowser/view/EDUC_UOE_FINE09__custom_1644665/default/table?lang=en

Source: calculations based on EUROMOD 2021.

Instead of the in-kind benefit in absolute monetary terms (EUR per month per service user) portrayed in the above tables, Table 7 below shows the benefits households derive from ECEC in relative terms (as a share of national median disposable income), providing a measure of their adequacy across countries. As a proportion of median disposable household income, the benefit of ECEC for households accessing it is greatest in FI (44.83%) and SE (38.32%) among the 12 countries analysed (Table 7), predominantly due to benefits associated with childcare rather than preschool.

Table 7 - Decomposition of the in-kind benefit recipients derive from ECEC as a share of national median income in 12 EU Member States, 2021

	EUR per month				Ratio		
	Total in-kind benefit	In-kind benefit childcare	In-kind benefit preschool	Median disposable household income	In-kind benefit/median income	In-kind benefit childcare / median income	In-kind benefit preschool/median income
BE	697.46	181.29	516.17	2 948.77	23.65%	6.15%	17.50%
DE	710.61	264.64	445.97	2 734.34	25.99%	9.68%	16.31%
ES	257.88	115.54	142.34	2 177.53	11.84%	5.31%	6.54%
FR	503.82	166.44	337.38	2 703.41	18.64%	6.16%	12.48%
HR	213.50	172.30	41.20	1 224.25	17.44%	14.07%	3.37%
LT	358.18	59.51	298.67	1 169.96	30.61%	5.09%	25.53%
NL	589.36	338.51	250.85	3 060.30	19.26%	11.06%	8.20%
PL	229.90	33.55	196.35	1 234.23	18.63%	2.72%	15.91%
PT	285.09	100.41	184.68	1 610.88	17.70%	6.23%	11.46%
RO	99.85	18.99	80.85	672.30	14.85%	2.82%	12.03%
FI	1 197.36	1051.92	145.44	2 670.83	44.83%	39.39%	5.45%
SE	1 105.80	979.47	126.33	2 885.35	38.32%	33.95%	4.38%

Source: calculations based on EUROMOD 2021.

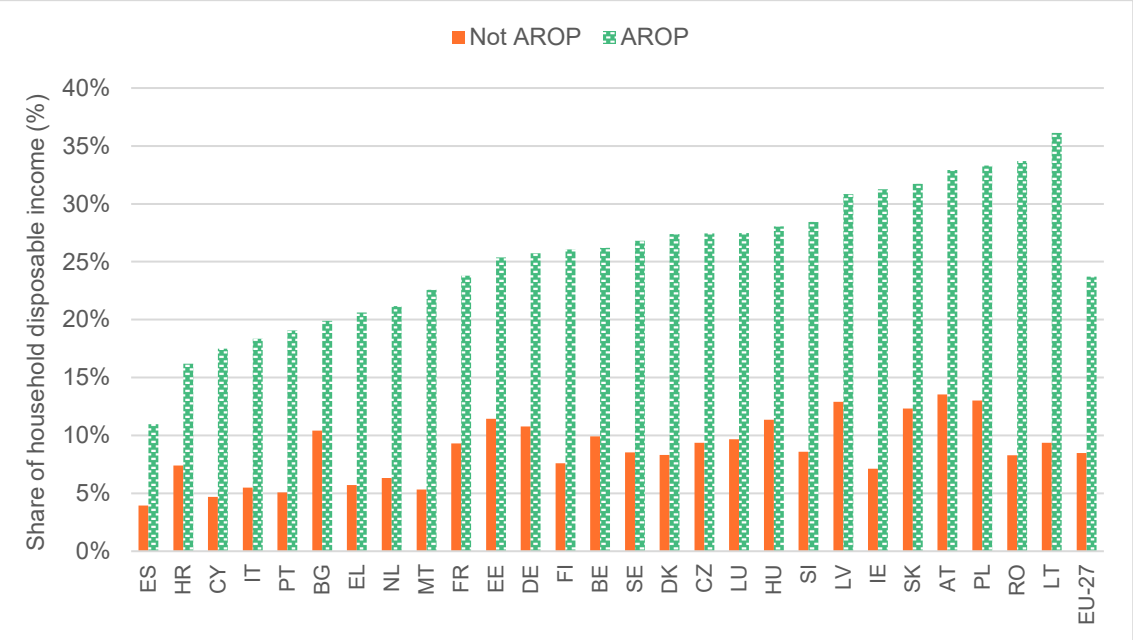
Note: the duration of childcare varies between countries. While in most countries, children transition from childcare to preschool education at ages 2-3, children in SE, FI and HR stay (part-time) in childcare facilities up to the age of 6. The median disposable household income is calculated before adding the in-kind benefits. The average in-kind benefit for childcare represents the average in-kind benefit for a household with at least one child in an ECEC service.

3.2. Targeting of child benefits

Figure 5**Error! Reference source not found.** illustrates the targeting of in-cash child benefits across EU Member States. **As a proportion of disposable income, the level of in-cash child benefits is higher for AROP households (24%) than for non-AROP households (9%) across the EU.** This finding does not necessarily mean that AROP households receive more in absolute terms than non-AROP households, a finding also highlighted by Bornukova et al (2024).[75] However, as a proportion of disposable income, the pattern of receipt is progressive.

There is variation in the relative importance of in-cash benefits for AROP and non-AROP households. In ES, HR, IT, CY and PT, in-cash child benefits represent 4-7% of income for non-AROP households, compared to 11-19% for AROP households. There is much higher variation between the relative level of in-cash child benefits for AROP vs non-AROP households in IE, LT, AT, PL, RO and SK, where in-cash benefits as a proportion of disposable income exceed 30% for AROP households and are under 14% for non-AROP households. These differences reflect the relative importance of targeted vs universal measures in each Member State.

Figure 5 - In-cash child benefits as a proportion of disposable income of households with children by country and AROP status (%) in the EU-27, 2022



Note: countries are ordered by the amount of in-cash child benefits as a proportion of disposable income for AROP households. Income and in-cash child benefits are equivalised using the modified Organisation

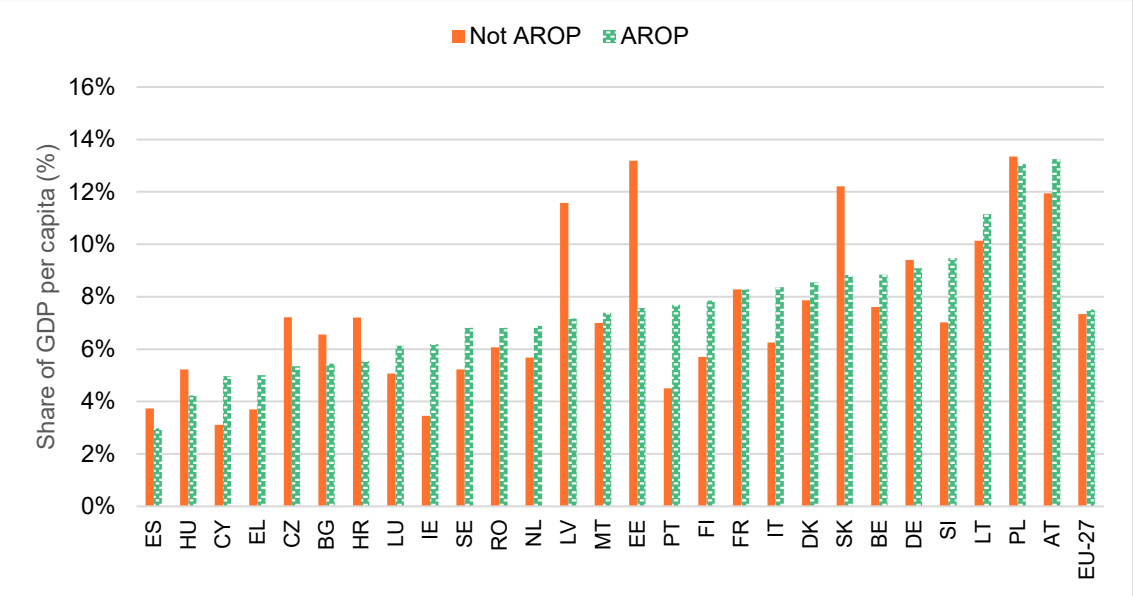
[75] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality.'* JRC Working Papers on Taxation and Structural Reforms No 2/2024, Joint Research Centre, 2024.

for Economic Co-operation and Development (OECD) equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations using EUROMOD 2022 policies linked to 2022 EU-SILC data.

Complementing Figure 5, Figure 6 shows the estimated value of in-cash child benefits in each Member State as a proportion of GDP per capita for AROP and non-AROP children. On average across the EU-27, the average value of in-cash child benefits (as a proportion of GDP per capita) is slightly higher for AROP children than non-AROP children. However, **in eight EU Member States (BG, CZ, EE, ES, HR, LV, HU and SK), the average value is greater for non-AROP than AROP children.**

Figure 6 - Average in-cash child benefits per child, country and AROP status in the EU-27 (% of GDP per capita), 2024



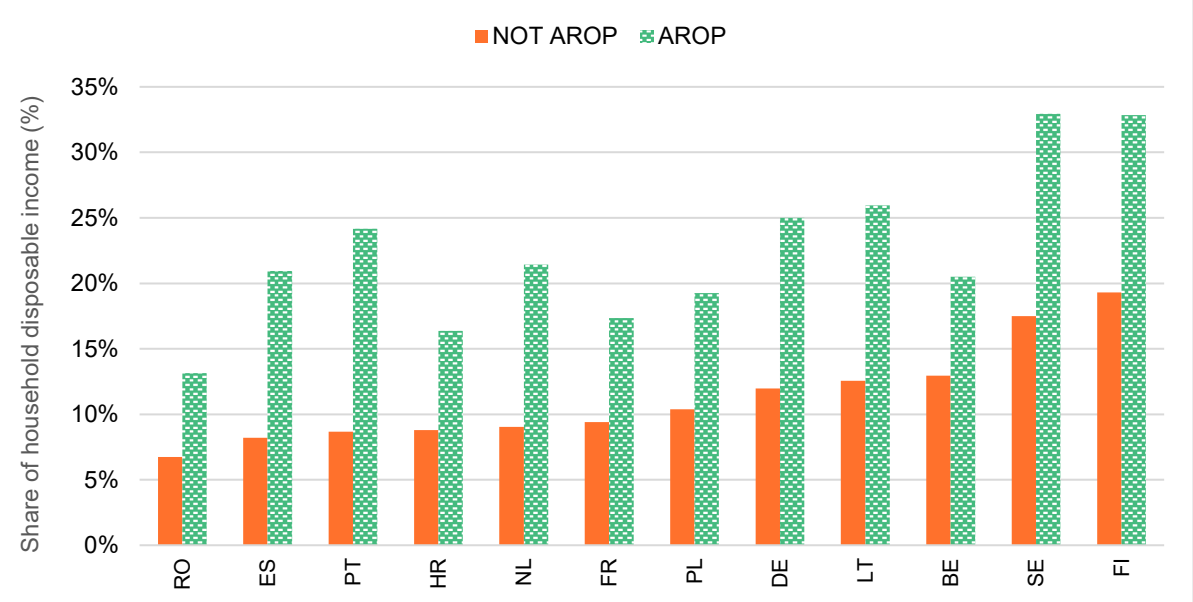
Note: countries are ordered by the average value for non-AROP children. Income and in-cash child benefits are equivalised using the modified OECD equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations using EUROMOD 2022 policies linked to 2022 EU-SILC data.

Figure 7 shows the value of in-kind benefits (preschool and childcare subsidies) as a proportion of equivalised household disposable income for households in receipt of in-kind child benefits that are AROP, compared to households in receipt of in-kind benefits that are not AROP for 12 EU Member States (BE, DE, ES, FR, HR, LT, NL, PL, PT, RO, FI and SE). **In each country, AROP households receive relatively more in in-kind child benefits than non-AROP households.** This characteristic is due both to their lower level of disposable income and the fact that some of these benefits are means-tested. However, the difference is not as large as it is for in-cash child benefits, displayed in Figure 5**Error! Reference source not found.**. Households not classified as AROP receive in-kind child benefits that range from an average of 7% of equivalised disposable income in RO to 19% of disposable income in FI.

AROP households receive in-kind child benefits that range in value from 13% of disposable income on average in RO to 33% of disposable income in FI.

Figure 7 - In-kind child benefits as a proportion of disposable income of households with children, by country and AROP status (%) in the EU-27, 2021



Note: countries are ordered by the ratio of in-kind child benefits to equivalised disposable income for non-AROP households. Income is equivalised using the modified OECD equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations using EUROMOD 2021 policies linked to 2021 EU-SILC data.

3.3. Non-take-up of child benefits

Non-take-up of benefits refers to benefits not accessed by individuals or households who are eligible for them. Non-take-up can result from a range of factors, including lack of awareness and information, complex procedures, shame or stigma associated with benefit receipt and administrative errors.[76] [77] Complex eligibility criteria or application processes can deter families from applying for the benefits to which they are entitled. In BE, the complexity of the

[76] United Nations. 2022. *'Non-Take-up of Rights in the Context of Social Protection, Report of the Special Rapporteur on Extreme Poverty and Human Rights* (A/HRC/50/38/Add.1).'

[77] Eurofound. 2015. 'Access to Social Benefits: Reducing Non-Take-Up' (LU: Publications Office of the European Union.

policies designed to support children with disabilities (including policies at both the national and federal levels) has been found to lower take-up.[78]

Some studies find that families weigh the perceived costs of applying (e.g. time, effort and complexity) against the expected benefits. As a result, **non-take-up tends to be higher for benefits that are less generous or poorly targeted**.[79] [80] This trade-off between effort and expected gain helps explain why more adequate and universal benefits tend to have higher take-up rates.[81] A case in point is *Rodzina 800+* in PL, which represents a notable exception to the general trend of high non-take-up for child benefits. This universal, generous cash benefit is estimated to be claimed by almost all eligible families.[82] Research also indicates that uncertainty regarding eligibility and likely benefit amount can deter families from applying.[83]

Data on non-take-up of social protection benefits is scarce and uneven across EU Member States.[84] Eurofound (2015)[85] summarise the available evidence on non-take-up of social protection benefits in EU Member States. Estimates are only available for 15 of the 27 EU Member States, and estimates

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[78] Vinck, Julie, Jo Lebeer & Wim Van Lancker. 2019. 'Non-Take up of the Supplemental Child Benefit for Children with a Disability in BE: A Mixed-Method Approach'. *Social Policy & Administration* 53, no. 3: 357–84. As of 24 July 2026: https://doi.org/10.1111/spol.12457

[79] Doorley, Karina & Theano Kakoulidou. 2023. *'The Trouble with Take-Up'*. Economic and Social Research Institute (ESRI) Working Paper No. 750. As of 24 July 2026: https://www.esri.ie/system/files/publications/WP750_0.pdf

[80] Centraal Planbureau. 2019. *Gebruik (en niet-gebruik) van toeslagen in Nederland* [Use (and non-use) of allowances in the Netherlands]. Den Haag: Centraal Planbureau. As of 24 July 2026: https://www.cpb.nl/sites/default/files/omnidownload/CPB-Achtergronddocument-nov2019-Gebruik-van-toeslagen-in-Nederland.pdf

[81] OECD. 2004.*'Take-Up of Welfare Benefits in OECD Countries'*. OECD Social, Employment and Migration Working Papers. As of 24 July 2026: https://www.oecd.org/en/publications/take-up-of-welfare-benefits-in-oecd-countries_525815265414.html

[82] Statistics Poland. 2023. 'Pomoc społeczna i opieka nad dzieckiem i rodziną w 2023 roku, tablice 3'. As of 24 July 2026: https://stat.gov.pl/obszary-tematyczne/warunki-zycia/ubostwo-pomoc-spoleczna/pomoc-spoleczna-i-opieka-nad-dzieckiem-i-rodzina-w-2023-roku,10,15.html

[83] Vinck, Julie, Jo Lebeer & Wim Van Lancker. 2019. 'Non-Take up of the Supplemental Child Benefit for Children with a Disability in BE: A Mixed-Method Approach'. *Social Policy & Administration* 53, no. 3 (2019): 357–84. As of 24 July 2026: https://doi.org/10.1111/spol.12457

[84] Eurofound. 2015. *'Access to Social Benefits: Reducing Non-Take-Up'*. LU: Publications Office of the European Union, 2015.

[85]Eurofound. 2015. '*Access to Social Benefits: Reducing Non-Take-Up*'. LU: Publications Office of the European Union.

relating to the non-take-up of child benefits are only available for three countries: BG, IE and NL (summarised in Table 8 below).

The lack of evidence on non-take-up rates for child benefits reflects the fact that non-take-up is a challenging phenomenon to measure,[86] requiring information about benefit receipt (with self-reported estimates liable to error and bias)[87] as well as theoretical coverage. Depending on eligibility conditions for specific benefit schemes, information about factors such as household size and income may be required to establish that an individual or household is eligible for – but not claiming – a specific benefit. Estimates of non-take-up can vary according to the dataset and microsimulation model used. For example, Doorley and Kakoulidou (2023) estimate non-take-up rates for the *Working Family Payment* in IE at 85-87% using EUROMOD, compared to 47% using SWITCH – a national tax-benefit microsimulation model developed by ESRI that links survey data to administrative records and is better suited for estimating take-up.[88]

Overall, the available evidence suggests that **non-take-up rates for child benefits can be high, particularly for targeted and less generous schemes** (Table 8Error! Reference source not found.). High non-take-up undermines the effectiveness of in-cash benefits in reducing poverty and material deprivation, highlighting the importance of simplifying access and ensuring that benefit levels are adequate to incentivise take-up.

Table 8 - Evidence on non-take-up rates for in-cash child benefits in EU Member States

Type of in-cash child benefit	Member State	Benefit scheme and brief description	Estimated non-take-up rate (year)
Birth benefits	LV	*One-off cash benefit paid after childbirth. Non-means tested.*	1-3% (2013-2023).[89]

[86] United Nations. 2022. *'Non-Take-up of Rights in the Context of Social Protection, Report of the Special Rapporteur on Extreme Poverty and Human Rights* (A/HRC/50/38/Add.1).'

[87] Doorley, Karina & Theano Kakoulidou. 2023. *The Trouble with Take-Up*. Economic and Social Research Insitutite (ESRI) Working Paper No. 750, May 2023. As of 24 July 2026: https://www.esri.ie/system/files/publications/WP750_0.pdf

[88] Doorley, Karina & Theano Kakoulidou. 2023. *'The Trouble with Take-Up'*. Economic and Social Research Institute (ESRI) Working Paper No. 750, May 2023. As of 24 July 2026: https://www.esri.ie/system/files/publications/WP750_0.pdf

[89] *Data on the number of the child Birth/parental leave benefit is received on the request from the State Social Insurance Agency (latv. - Valsts sociālās apdrošināšanas aģentūra (VSAA)).Oficiālās statistikas portals (Official statistics portal). 2024. 'IDS010. Number of live births and stillbirths by sex 1920 - 2023'. As of 24 July 2026: https://data.stat.gov.lv/pxweb/en/OSP_PUB/START__POP__ID__IDS/IDS010/ . Note: assumed*

Type of in-cash child benefit	Member State	Benefit scheme and brief description	Estimated non-take-up rate (year)
	LU	Parental leave	25% of mothers; 83% of fathers (2005-2015).[90]
	NL	Birth leave and supplemental birth leave. *Paid leave for fathers/non-birth partners.*	10% of male employees did not use this benefit (2023).[91]
Child allowances	BE	*Supplemental child benefit for children with a disability.*	10% (2010)[92]
	BG	Child allowance. *Cash benefit targeted at low-income families.*	33.9%-38.8% (2007)[93]
	CZ	Child allowance. *Cash benefit targeted at low-income families.*	40.3% (2017).[94]
	HU	Family allowance. *Universal cash benefit.*	3% (2021).[95]

coverage of the child Birth/parental leave benefit is calculated as the number of unique recipients of the child Birth/parental leave benefit to the number of live births.

[90] Valentova M, Amjahad A & Genevois A-S. 2024. 'Parental Leave Take-up and its Intensity. Do Partners' Workplace Characteristics Matter?' *Journal of Social Policy,* 53(4):1164-1186. doi:10.1017/S0047279422000885

[91] Centraal Bureau voor de Statistiek (CBS). 2023. 'Monitor Arbeid, zorg en kinderopvang 2023' (Monitor Labour, care and childcare). Website Statistics for the Netherlands. As of 24 July 2026: https://www.cbs.nl/nl-nl/longread/aanvullende-statistische-diensten/2024/monitor-arbeid-zorg-en-kinderopvang-2023?onepage=true#c-5--Gebruik-geboorteverlof

[92] Vinck, Julie, Jo Lebeer & Wim Van Lancker. 2019. 'Non-Take up of the Supplemental Child Benefit for Children with a Disability in BE: A Mixed-Method Approach'. *Social Policy & Administration* 53, no. 3 (2019): 357–84. As of 24 July 2026: https://doi.org/10.1111/spol.12457

[93] Valentinova Tasseva, Iva. 2016. 'Evaluating the Performance of Means-Tested Benefits in Belgium'. *Journal of Comparative Economics* 44, no. 4 (1 November 2016): 919–35. As of 24 July 2026: https://doi.org/10.1016/j.jce.2016.02.003

[94] Godarová, Jana & Iveta Štarhová. 2019. 'Is the Non-Take-up Problem Present in the Czech Republic?'. As of 24 July 2026: https://www.nispa.org/files/conferences/2019/e-proceedings/system_files/papers/is-the-non-take-up-godarova.pdf

[95] Hungarian Central Statistical Office. (2022). *Yearbook of Welfare Statistics, 2021*, Table 3.5. As of 24 July 2026: https://www.ksh.hu/apps/shop.kiadvany?p_kiadvany_id=1077709&p_temakor_kod=KSH&p_lang=EN

Type of in-cash child benefit	Member State	Benefit scheme and brief description	Estimated non-take-up rate (year)
	IE	Working Family Payment. *Cash benefit targeted at low-income working families. Previously known as Family Income Supplement.*	47%-87% (2018-2019)[96] 70–80% (2005)[97]
	NL	Means-Tested Child Support Benefit. *Child benefit targeted at low- to middle-income families.*	15% (2014-2016)[98]
		Special subsistence benefit for participation of school-going children	47% (2008)[99]
	PL	*Rodzina 800+. Universal cash benefit.*	0.01% (2023).[100]
	RO	Child state allowance. *Universal cash benefit*	Approx. 6.5% (2024).[101]
Child contingent non-child benefits	*No data identified*		
Child-related tax reliefs	*No data identified*		

Note: for consistency purposes, studies that provide take-up rates have been reversed (i.e. 100 – take-up estimate).

There is a significant lack of robust data on the non-take-up of in-kind benefits (Table 9). Available evidence suggests that non-take-up of these benefits can be substantial. For instance, in DE, only 18% of eligible children accessed the *Education and Participation Package* in 2022, with low awareness

[96] Doorley, Karina & Theano Kakoulidou. 2023. *'The Trouble with Take-Up'*. Economic and Social Research Institute (ESRI) Working Paper No. 750. As of 24 July 2026: https://www.esri.ie/system/files/publications/WP750_0.pdf

[97] Callan, T. & Keane, C. 2008. *Non-take-up of means-tested benefits: National Report for Ireland*. AIM-AP Project: Accurate Income Measurement for the Assessment of National Priorities. Cited in Eurofound, 'Access to Social Benefits: Reducing Non-Take-Up'.

[98] Centraal Planbureau. 2019. *Gebruik (en niet-gebruik) van toeslagen in Nederland* [Use (and non-use) of allowances in the Netherlands]. Den Haag: Centraal Planbureau. As of 24 June 2026: https://www.cpb.nl/sites/default/files/omnidownload/CPB-Achtergronddocument-nov2019-Gebruik-van-toeslagen-in-Nederland.pdf

[99] Tempelman, C., Houkes, A. & Prins, J. 2011. *Niet-gebruik inkomensondersteunende Maatregelen*. SEO Report No. 2011-31, SEO Economisch Onderzoek, Amsterdam. Cited in: Eurofound, 'Access to Social Benefits: Reducing Non-Take-Up'.

[100] Statistics Poland. 2023. 'Pomoc społeczna i opieka nad dzieckiem i rodziną w 2023 roku, tablice 3'. As of 24 July 2026: https://stat.gov.pl/obszary-tematyczne/warunki-zycia/ubostwo-pomoc-spoleczna/pomoc-spoleczna-i-opieka-nad-dzieckiem-i-rodzina-w-2023-roku,10,15.html

[101] Based on figures provided by the national expert of beneficiaries and the number of children aged 0-17 in RO.

and burdensome application processes cited as key barriers.[102] In IE, approximately 31% of eligible families did not take up the means-tested *Medical Card* scheme, with stigma and uncertainty around eligibility contributing to underutilisation.[103]

Table 9 - Evidence on non-take-up rates for in-kind child benefits in EU Member States

Type of in-kind child benefit	Member State	Benefit scheme and brief description	Estimated non-take-up rate (year)
ECEC	BG	*Free afternoon snack*	7% (2020/2021).[104]
	LU	*Childcare voucher (Chèque Service accueil-CSA)*	~36% (2023).[105]
Education	DE	*Education & Participation Package* (for low-income children)	82% (2022).[106]
Healthcare and nutrition	IE	*Medical card scheme.*	~31%; with each additional child increasing family take-up by 3 pp (2015).[107]
Housing and other benefits	*No data identified*		

Note: for consistency purposes, studies that provide take-up rates have been reversed (i.e. 100 – take-up estimate).

To address non-take-up, several good practices have emerged across Member States. **Automatic allocation of benefits, where eligibility is determined**

[102] Der Paritaetische. 2023. *Empirische Befunde zum Bildungs- und Teilhabepaket: Teilhabequoten im Fokus*. As of 24 July 2026: https://www.der-paritaetische.de/fileadmin/user_upload/Seiten/Presse/docs/expertise_BuT-2023_web.pdf

[103] Keane, Claire, Mark Regan & Brendan Walsh. 2021. "Failure to take-up public healthcare entitlements: Evidence from the Medical Card system in Ireland". *Social Science & Medicine*, Elsevier, vol. 281(C). As of 24 July 2026: https://doi.org/10.1016/j.socscimed.2021.114069

[104] Kirov, V. & Yordanova, G. 2023. *Access for children in need to the key services covered by the European Child Guarantee – Bulgaria*. European Social Policy Analysis Network, Brussels: European Commission.

[105] MENJE. 2024. *Rapport d'activité 2023 du ministère de l'Éducation nationale, de l'Enfance et de la Jeunesse*. As of 24 July 2026: https://men.public.lu/fr/publications/rapports-activite-ministere/rapports-ministere/rapport-activites-2023.html

[106] Der Paritaetische. 2023. *Empirische Befunde zum Bildungs- und Teilhabepaket: Teilhabequoten im Fokus*. As of 24 July 2026: https://www.der-paritaetische.de/fileadmin/user_upload/Seiten/Presse/docs/expertise_BuT-2023_web.pdf

[107] Keane, Claire, Mark Regan & Brendan Walsh. 2021. "Failure to take-up public healthcare entitlements: Evidence from the Medical Card system in Ireland." *Social Science & Medicine*, Elsevier, vol. 281(C). As of 24 July 2026: https://doi.org/10.1016/j.socscimed.2021.114069

using existing administrative data without requiring a separate application, has proven effective in increasing take-up. For example, LU's *Childcare Voucher* scheme has seen a steady rise in participation following reforms that expanded automatic access and reduced parental costs, increasing from 34% take-up in 2009 to 64% in 2023.[108] Providing administrative support, such as through outreach workers or simplified digital applications, can help families navigate complex procedures. Research from FR shows that reducing administrative complexity, improving communication and offering clearer, more responsive support can help address information gaps and reduce inequalities in access and take-up.[109]

[108] MENJE. 2024. *Rapport d'activité 2023 du ministère de l'Éducation nationale, de l'Enfance et de la Jeunesse*. As of 24 July 2026: https://men.public.lu/fr/publications/rapports-activite-ministere/rapports-ministere/rapport-activites-2023.html

[109] Ferragina, Emanuele. 2025. 'Accessing early childcare: A study of administrative barriers in France.' *Social Policy and Society*, pp.1 - 14. As of 24 July 2026: https://doi.org/10.1017/S1474746425100857

4. The impact of child benefit policies on poverty, inequality and material deprivation

This section brings together study findings relating to poverty, inequality and material deprivation. Findings are based on the literature review (Box 3), microsimulation analysis estimating the impact of child benefits on child poverty, inequality and material deprivation (Box 4), policy swaps (Box 5) and the lifting all children above the monetary poverty threshold (Box 6).

4.1. Poverty alleviation achieved by child benefit policies: key findings from the literature

The impact of child benefits on child poverty in EU Member States has been widely researched, with substantial evidence indicating their role in alleviating child poverty.[110] [111] Studies such as those by Diris et al. (2014) and Paulus et al. (2009) consistently find a **negative association between child poverty rates and overall social spending as a percentage of GDP**, even when controlling for other macro-level factors such as unemployment rates and national wealth levels.[112] [113] Specifically, the size of social expenditure on child and family-related benefits appears to be a primary determinant of their effectiveness, with

[110] Bradshaw, Jonathan & Kenichi Hirose. 2016. *Child Benefits in Central and Eastern Europe – A Comparative Review.* International Labour Organization, Geneva. As of 24 July 2026: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40europe/%40ro-geneva/%40sro-budapest/documents/publication/wcms_532424.pdf

[111] Bäckman, Olof & Tommy Ferrarini. 2010. 'Combating child poverty? A multilevel assessment of family policy institutions and child poverty in 21 old and new welfare states.' *Journal of Social Policy,* Vol. 39, No. 2, 2010, pp. 275–296. As of 24 July 2026: https://www.cambridge.org/core/journals/journal-of-social-policy/article/combating-child-poverty-a-multilevel-assessment-of-family-policy-institutions-and-child-poverty-in-21-old-and-new-welfare-states/65486458F14101F77516602DB5A17003

[112] Diris, Ron, Frank Vandenbroucke & Gerlinde Verbist. 2014. 'Child poverty: What can social spending explain in Europe?' KU Leuven Discussion Paper Series DPS14.20. As of 24 July 2026: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2509248

[113] Paulus, Alari, Francesco Figari & Holly Sutherland. 2009. 'The effect of taxes and benefits on income distribution.' In *European Inequalities, Social Inclusion and Incomes Distribution in the European Union*, edited by Terry Ward, Orsolya Lelkes, Holly Sutherland & István György Tóth, pp.153-175. As of 24 July 2026: https://tarki.hu/adatbank-h/kutjel/pdf/b248.pdf

countries allocating higher budgets often achieving greater poverty reduction outcomes.[114] [115] [116]

Box 3 - Methodology for the literature review

The literature review had two strands:

- the impact of child benefits on child poverty and other outcomes (geographical scope: EU Member States);
- social and economic returns to investing in child benefits (geographical scope: EU Member States and other OECD countries).

Sources were identified based on a structured search of the academic and grey literature. Information from sources that met the inclusion criteria was extracted into a data extraction template, including an overview of the methodology and data used. No specific restrictions were imposed in terms of the robustness of the methodological approach for inclusion in the review (except for the exclusion of commentaries and opinion pieces). However, priority was given to sources that take a more rigorous approach (e.g. randomised controlled trials (RCTs) and studies using a quasi-experimental approach).

In-cash benefits play an instrumental role in poverty alleviation by providing direct income support to households. Research conducted by Förster and Verbist (2012) demonstrates that **cash transfers are effective in reducing child poverty in OECD countries, with their impact driven primarily by the adequacy and design of child benefit systems rather than by narrowly targeted support**.[117] Recent research from Bornukova, Hernandez Martin and Picos (2024) reveals that reductions in the AROP rate associated with in-cash

[114] Van Lancker, Wim & Natascha Van Mechelen. 2015. 'Universalism under siege? Exploring the association between targeting, child benefits and child poverty across 26 countries.' *Social science research*, 50, pp. 60-75. As of 24 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S0049089X1400218X

[115] Nygård, M., Lindberg, M., Nyqvist, F., & Härtull, C. 2019. 'The role of cash benefit and in-kind benefit spending for child poverty in times of austerity: An analysis of 22 European countries 2006–2015'. *Social Indicators Research*, 146, pp.533-552. As of 24 July 2026: https://link.springer.com/article/10.1007/s11205-019-02126-8

[116] Bradshaw, J., & Huby, M. 2014. 'Decomposing child poverty reduction.' *European Journal of Social Security*, 16(1), pp.26-50. As of 24 July 2026: https://journals.sagepub.com/doi/abs/10.1177/138826271401600102

[117] Förster, M., & Verbist, G. 2012. *'Money or kindergarten? Distributive effects of cash versus in-kind family transfers for young children'*. OECD Social, Employment and Migration Working Papers No. 135. As of 24 July 2026: https://www.oecd.org/en/publications/money-or-kindergarten-distributive-effects-of-cash-versus-in-kind-family-transfers-for-young-children_5k92vxbgpmnt-en.html

child benefits range from 4-16 pp across EU Member States.[118] However, the relative effectiveness of these cash benefits is highly context-dependent, varying with the system's design, adequacy and the country's broader socio-economic context. For instance, Matsaganis et al. (2007) found that in countries such as EL, ES and IT, underfunded and poorly targeted cash benefits have shown limited effectiveness in poverty reduction.[119] Cash transfers are also found to be less effective in countries with a high prevalence of multigenerational households – such as Eastern European and Southern European welfare states – due to lower levels of transfer spending and a greater reliance on pension benefits.[120]

Furthermore, while child-contingent cash benefits are the primary source of in-cash support, tax credits and allowances are also employed in 22 EU Member States (see Section 2.1) as strategies for poverty reduction. Van Lancker et al. (2015) found that targeted income-related tax benefits, such as refundable tax credits, are effective in reducing poverty among low-wage earners. This effectiveness has been observed in countries like CZ, LT and PT, where these instruments are part of comparatively generous child benefit packages.[121] However, as Matsaganis et al. (2007) point out, **tax allowances and non-refundable tax credits often fail to benefit low-income families**, as these families typically lack sufficient tax liability to be eligible for the full benefits.[122] In some cases – such as HU, which relies heavily on a generous child tax relief to reduce child AROP rates – this approach can result in a less progressive

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[118] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality.'* JRC Working Papers on Taxation and Structural Reforms No 2/2024, Joint Research Centre, 2024.

[119] Matsaganis, M., O'Donoghue, C., Levy, H., Coromaldi, M., Mercader-Prats, M., Rodrigues, C. F., Toso, S & Tsakloglou, P. 2007. 'Child poverty and family transfers in Southern Europe.' *SSRN Electronic Journal*. As of 26 July 2026: https://www.researchgate.net/publication/228297350_Child_Poverty_and_Family_Transfers_in_Southern_Europe '

[120] Diris, R., Vandenbroucke, F., & Verbist, G. 2017. 'The impact of pensions, transfers and taxes on child poverty in Europe: The role of size, pro-poorness and child orientation.' *Socio-Economic Review*, 15(4), pp.745–775. As of 24 July 2026: https://academic.oup.com/ser/article/15/4/745/2907784

[121] Van Lancker, W., Ghysels, J., & Cantillon, B. 2015. 'The impact of child benefits on single mother poverty: Exploring the role of targeting in 15 European countries'. *International Journal of Social Welfare*, 24(3), pp.210-222. As of 24 July 2026: https://onlinelibrary.wiley.com/doi/full/10.1111/ijsw.12140

[122] Matsaganis, M., O'Donoghue, C., Levy, H., Coromaldi, M., Mercader-Prats, M., Rodrigues, C. F., Toso, S & Tsakloglou, P. 2005. 'Child poverty and family transfers in Southern Europe. *SSRN Electronic Journal*. As of 26 July 2026: https://www.researchgate.net/publication/228297350_Child_Poverty_and_Family_Transfers_in_Southern_Europe

system that disproportionately favours higher-income families.[123] This finding is supported by some of the analytical work conducted as part of this study, which found that in most EU Member States, tax reliefs are less important than cash allowances in reducing child poverty (see Section 4.2).

On the other hand, the literature emphasises the significant role of in-kind benefits in poverty reduction. Studies such as those conducted by Bäckman and Ferrarini (2010) demonstrate that **in-kind benefits – most notably, publicly provided childcare services for children aged 0-3, and sometimes under school age – facilitate parental employment, especially among mothers, thereby increasing household income and reducing poverty risk**.[124] These authors emphasise full-day, publicly subsidised ECEC as key. Nygård et al.s' (2019) analysis across 22 European countries indicates that investment in ECEC is more strongly associated with lower child poverty rates than cash transfers, even when controlling for employment rates and welfare structures.[125]

The literature reviewed also underscores the **complementarities between in-cash and in-kind benefits**, emphasising that an integrated approach often yields the most effective results in combating child poverty. Förster and Verbist (2012) and Papanastasiou et al. (2016) found a positive correlation between cash transfers and service provision, with countries investing heavily in one type of benefit also tending to allocate substantial resources to the other.[126] [127] Zagel

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[123] Bornukova, K., Hernandez Martin, A. & Picos, F. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality.'* Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms No 2/2024.

[124] Bäckman, O., & Ferrarini, T. 2024. 'Combating child poverty? A multilevel assessment of family policy institutions and child poverty in 21 old and new welfare states.' *Journal of Social Policy*, 39(2), pp. 275-296. As of 24 July 2026: https://www.cambridge.org/core/journals/journal-of-social-policy/article/combating-child-poverty-a-multilevel-assessment-of-family-policy-institutions-and-child-poverty-in-21-old-and-new-welfare-states/65486458F14101F77516602DB5A17003

[125] Nygård, M., Lindberg, M., Nyqvist, F., & Härtull, C. 2019. 'The role of cash benefit and in-kind benefit spending for child poverty in times of austerity: An analysis of 22 European countries 2006–2015'. *Social Indicators Research*, 146, pp.533-552. As of 24 July 2026: https://link.springer.com/article/10.1007/s11205-019-02126-8

[126] Förster, M., & Verbist, G. 2012. *'Money or kindergarten? Distributive effects of cash versus in-kind family transfers for young children*.' OECD Social, Employment and Migration Working Papers No. 135. As of 24 July 2026: https://www.oecd.org/en/publications/money-or-kindergarten-distributive-effects-of-cash-versus-in-kind-family-transfers-for-young-children_5k92vxbgpmnt-en.html

[127] Papanastasiou, S., Papatheodorou, C., & Petmesidou, M. 2016. 'Child poverty and intergenerational poverty transmission in the EU: What is the impact of social protection policies and institutions?' In Petmesidou, M. et al. (eds.): *Child Poverty, Youth (Un)Employment, and Social Inclusion.* Ibidem: Stuttgart.

and Van Lancker (2022) further demonstrate that integrating both forms of support creates a more robust support system for families, particularly for those in vulnerable situations, such as single-parent households. This is particularly important in the case of single mothers, who face higher poverty risks due to lower earnings and limited work opportunities.[128]

In addition to budget size, the structural design of benefits systems is pivotal in determining their effectiveness in reducing poverty, with the choice between universal, targeted or mixed benefits systems impacting both their reach and outcomes.[129] [130] **Universal child benefit systems, which provide benefits to all families irrespective of income, are particularly effective in fostering broad societal well-being**. Nordic countries, including DK, FI and SE, exemplify this approach with their strictly universal, flat-rate child benefit systems. Research by Van Lancker and Van Mechelen (2015) and Bradshaw and Hirose (2016) establishes a strong link between these systems and low child poverty rates, complemented by high levels of social spending that amplify their impact.[131] [132] Similarly, DE, which relies on universal child benefits as a main tool for delivering cash support to families, ranks among the leaders in reducing child AROP rates.[133] [134] However, while universal systems excel in

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[128] Zagel, H., & Van Lancker, W. 2022. 'Family policies' long-term effects on poverty: a comparative analysis of single and partnered mothers.' *Journal of European Social Policy*, 32(2), pp.166-181. As of 24 July 2026: https://journals.sagepub.com/doi/full/10.1177/09589287211035690

[129] Arcanjo, M., Bastos, A., Nunes, F., & Passos, J. 2013. 'Child poverty and the reform of family cash benefits'. *The Journal of Socio-Economics*, 43, pp.11-23. As of 24 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S1053535712001278

[130] Van Lancker, W., & Van Mechelen, N. 2015. 'Universalism under siege? Exploring the association between targeting, child benefits and child poverty across 26 countries.' *Social science research*, 50, 2015, pp. 60-75. As of 24 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S0049089X1400218X

[131] Van Lancker, W., & Van Mechelen, N. 2015. 'Universalism under siege? Exploring the association between targeting, child benefits and child poverty across 26 countries.' Social science research, 50, pp. 60-75. As of 24 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S0049089X1400218X

[132] Bradshaw, J., & Hirose, K. 2016. '*Child Benefits in Central and Eastern Europe. A comparative review*.' ILO, 2016 Geneva. As of 24 July 2026: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40europe/%40ro-geneva/%40sro-budapest/documents/publication/wcms_532424.pdf

[133] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality.'* Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms No 2/2024.

[134] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality'*. Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms No 2/2024.

inclusivity, they may be less cost-effective than other models, particularly if a substantial proportion of benefits is directed toward middle- and high-income households that are less in need.[135] [136] For instance, PL's shift from a means-tested child benefit to a universal model (Family 500+/800+) has improved child-contingent cash support for wealthier households while leaving lower-income households largely unaffected.[137] [138] By contrast, **targeted or selective benefit systems focus resources specifically on low-income families, achieving enhanced poverty reduction outcomes for this group**.[139] However, research by Van Lancker et al. (2015) and the International Labour Organization (ILO) (2024) highlights that narrowly targeted programmes often stigmatise recipients by singling out specific groups, discouraging eligible families from applying due to feelings of shame or embarrassment.[140] [141] These systems also tend to involve complex administrative requirements, such as extensive documentation and verification processes, which increase costs and burden applicants, thereby undermining their efficiency and inclusiveness.[142]

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[135] Van Lancker, W., & Van Mechelen, N. 2015. 'Universalism under siege? Exploring the association between targeting, child benefits and child poverty across 26 countries'. *Social science research*, 50, pp.60-75. As of 24 July 2025: https://www.sciencedirect.com/science/article/abs/pii/S0049089X1400218X

[136] Van Lancker, W., Ghysels, J., & Cantillon, B. 2015. 'The impact of child benefits on single mother poverty: Exploring the role of targeting in 15 European countries'. *International Journal of Social Welfare*, 24(3), pp.210-222. As of 24 July 2026: https://onlinelibrary.wiley.com/doi/full/10.1111/ijsw.12140

[137] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality.'* Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms No 2/2024.

[138] Paradowski, P. R., Wolszczak-Derlacz, J., & Sierminska, E. 2020. *'Inequality, poverty and child benefits: Evidence from a natural experiment'.* LIS Working Paper Series No. 799.

[139] Verbist, G., & Van Lancker, W. 2016. 'Horizontal and vertical equity objectives of child benefit systems: an empirical assessment for European countries.' *Social Indicators Research*, 128, pp.1299-1318. As of 24 July 2026: https://link.springer.com/article/10.1007/s11205-015-1080-9

[140] Van Lancker, W., Ghysels, J., & Cantillon, B. 2015. 'The impact of child benefits on single mother poverty: Exploring the role of targeting in 15 European countries'. *International Journal of Social Welfare*, 24(3), pp.210-222. As of 24 July 2026: https://onlinelibrary.wiley.com/doi/full/10.1111/ijsw.12140

[141] ILO, UNICEF & Learning for Well-Being Institute. 2024. *The Promise of Universal Child Benefits: The Foundational Policy for Development*. Geneva. As of 24 July 2026: https://www.social-protection.org/gimi/Media.action;jsessionid=HqqyBi2o2OvPA3fm4XvLTCr4AI7Mo77XOvHf65U1M0OBvZVCWi7q!1393577045?id=19447

[142] Mechelen, N. V., & Bradshaw, J. 2012. '*GINI DP 50: Child Poverty as a Government Priority: Child Benefit Packages for Working Families*, *1992-2009.*' Working Paper No. 50, Amsterdam Institute for Advanced Labour Studies (AIAS).

Mixed or hybrid models, which combine universal benefits with additional targeted support, represent another common approach within the EU. Evidence from Van Mechelen and Bradshaw (2012), Van Lancker et al. (2015) and Van Lancker and Van Mechelen (2015) shows that **systems embedding generous targeted elements within a universal social insurance framework achieve the most effective outcomes in reducing child poverty**. By combining a basic level of support for all families with children with additional assistance for low-income families, these hybrid models effectively avoid disincentives such as the stigmatisation of benefits while securing broad political support for the system.[143] [144] [145] This finding also aligns with the analytical work conducted as part of this study, notably the 'policy swaps' discussed in Section 4.3.

Several studies highlight that **both the levels and the efficiency of public family spending in reducing child poverty have declined over time**, particularly after the 2008-2009 global financial crisis. This trend indicates an erosion of the protective capacity of welfare states in the face of economic challenges. Nygård et al. (2019) found a weakening of the negative correlations between both cash and in-kind family spending and child poverty across 22 European countries. The authors attributed this decline in efficiency to factors including higher unemployment of parents, cuts in family transfers and reduced uptake of services like ECEC due to economic constraints among families. Whereas spending on in-kind benefits, such as ECEC services, retained a stronger poverty-reducing impact, spending on cash benefits experienced stronger cost containment, which further undermined their poverty-curbing function.[146] Similarly, Diris et al.'s (2014) research on the EU following the global financial crisis of 2008-2009 confirms that social spending's impact on poverty was less pronounced during this period, with countries that made only

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[143] Mechelen, N. V., & Bradshaw, J. 2012. '*GINI DP 50: Child Poverty as a Government Priority: Child Benefit Packages for Working Families*, *1992-2009.'* Working Paper No. 50. Amsterdam Institute for Advanced Labour Studies (AIAS).

[144] Van Lancker, W., Ghysels, J., & Cantillon, B. 2015. 'The impact of child benefits on single mother poverty: Exploring the role of targeting in 15 European countries.' *International Journal of Social Welfare*, 24(3), pp. 210-222. As of 24 July 2026: https://onlinelibrary.wiley.com/doi/full/10.1111/ijsw.12140

[145] Van Lancker, W., & Van Mechelen, N. 2015. 'Universalism under siege? Exploring the association between targeting, child benefits and child poverty across 26 countries.' Social science research, 50, pp. 60-75. As of 24 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S0049089X1400218X

[146] Nygård, M., Lindberg, M., Nyqvist, F., & Härtull, C. 2019. 'The role of cash benefit and in-kind benefit spending for child poverty in times of austerity: An analysis of 22 European countries 2006–2015.' *Social Indicators Research*, 146, pp. 533-552. As of 24 July 2026: https://link.springer.com/article/10.1007/s11205-019-02126-8

modest increases in cash transfers experiencing sharper increases in child poverty compared with those that expanded support more substantially.[147]

These studies underscore that the decline in poverty reduction is not only due to insufficient spending in some countries, but also a reduced efficiency of social spending in addressing poverty. They highlight the need for robust policy interventions to ensure that family support systems maintain adequate funding, remain resilient to economic shocks, and effectively address the evolving challenges faced by families with children.

While the relationship between child benefits and child poverty is well-documented, the connection to material deprivation appears more complex and inconclusive. In a study of households across 25 EU Member States, Israel and Spannagel (2019) found no statistically significant relationship between family benefit levels and the overall rate of material deprivation. They argued that current family benefit designs lack the targeting or adequacy needed to effectively address the material needs of the most vulnerable households. The authors highlighted that current benefits are too broadly distributed, failing to adequately prioritise high-risk households, such as single parents, who are more prone to material deprivation. Instead, such benefits are often more accessible to middle-class families than those most in need.[148] However, when focusing on ECEC services for families with children aged 3-6, this same study identified a marginally significant potential for these services to reduce deprivation. Consistent with previous recommendations by Bäckman and Ferrarini (2010), Israel and Spannagel concluded that while family benefits alone are insufficient to alleviate material hardship, policies like ECEC that enable dual-earner households are crucial for increasing income and reducing deprivation in the long term.[149] [150]

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[147] Diris, R., Vandenbroucke, F., & Verbist, G. 2014. 'Child poverty: what can social spending explain in Europe?'. Ku Leuven Centre For Economic Studies, Discussion Paper Series DPS14.20 July 2014. As of 24 July 2026: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2509248

[148] Israel, S., & Spannagel, D. 2019. 'Material deprivation in the EU: a multi-level analysis on the influence of decommodification and defamilisation policies.' *Acta Sociologica*, 62(2), pp. 152-173. As of 24 July 2026: https://journals.sagepub.com/doi/full/10.1177/0001699318778735

[149] Bäckman, O., & Ferrarini, T. 2010. 'Combating child poverty? A multilevel assessment of family policy institutions and child poverty in 21 old and new welfare states'. *Journal of Social Policy*, 39(2), pp. 275-296. As of 24 July 2026: https://www.cambridge.org/core/journals/journal-of-social-policy/article/combating-child-poverty-a-multilevel-assessment-of-family-policy-institutions-and-child-poverty-in-21-old-and-new-welfare-states/65486458F14101F77516602DB5A17003

[150] Israel, S., & Spannagel, D. 2019. 'Material deprivation in the EU: a multi-level analysis on the influence of decommodification and defamilisation policies.' *Acta Sociologica*, 62(2), pp. 152-173. As of 24 July 2026: https://journals.sagepub.com/doi/full/10.1177/0001699318778735

Similarly, Bárcena-Martín et al. (2014) and Bárcena-Martín et al. (2017) investigated child-specific deprivation and found that **while higher levels of spending on social benefits are negatively related to material deprivation, child benefits, when considered in isolation, do not impact child deprivation**.[151] [152] Their research demonstrates that **the most effective social benefits are not necessarily those directly targeted at children**. Instead, housing benefits, unemployment benefits and sickness and disability benefits show a stronger preventive effect on child deprivation. The authors also emphasise that child benefits are more effective when integrated with broader social policies, particularly for vulnerable groups like single-parent households. Thus, while child benefits alone may have limited impact, their effectiveness is enhanced when they are part of a more comprehensive social protection system.

Adding further insight, Guio et al. (2022) found that only in-kind benefits have a significant negative relationship with child deprivation once household-level variables, including income, are controlled for.[153] In contrast, cash benefits primarily reduce deprivation indirectly by increasing household income, meaning that cash transfers alone are insufficient to address child deprivation unless they are accompanied by broader increases in income. This does not imply that cash transfers are irrelevant, but rather that their effects are mediated by income distribution within households. The authors also indicate that education costs increase deprivation risks for children, while public spending on pre-primary and primary education helps mitigate these risks.

The literature also confirms that **child benefits contribute to reducing income inequalities within EU Member States**. Matsaganis et al.'s (2007) research confirms that both cash and in-kind benefits play significant roles in mitigating inequality.[154] Bornukova et al.'s 2024' cross-EU study establishes a strong

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[151] Bárcena-Martín, E., Lacomba, B., Moro-Egido, A.I. & Pérez-Moreno, S. 2014. 'Country Differences in Material Deprivation in Europe.' *Review of Income and Wealth*, 60, pp. 802-820. As of 24 July 2026: https://doi.org/10.1111/roiw.12030

[152] Bárcena-Martín, E., Blázquez, M., Budría, S., & Moro-Egido, A. I. 2017. 'Child deprivation and social benefits: Europe in cross-national perspective.' *Socio-Economic Review*, 15(4), pp. 717-744. As of 24 July 2026: https://doi.org/10.1093/ser/mwx019

[153] Guio, AC., Marlier, E., Vandenbroucke, F. et al. 2022. 'Differences in Child Deprivation Across Europe: The Role of In-Cash and In-Kind Transfers'. *Child Indicators Research*, 15, pp. 2363–2388. As of 24 July 2026: https://doi.org/10.1007/s12187-022-09948-y

[154] Matsaganis, M., O'Donoghue, C., Levy, H., Coromaldi, M., Mercader-Prats, M., Rodrigues, C. F., Toso, S & Tsakloglou, P. 2005. 'Child poverty and family transfers in Southern Europe'. *SSRN Electronic Journal*. As of 26 July 2026: 'https://www.researchgate.net/publication/228297350_Child_Poverty_and_Family_Transfers_in_Southern_Europe

correlation between countries where child-contingent cash support is effective at reducing child poverty and those where it reduces income inequality.[155] Furthermore, research by Förster and Verbist (2012) highlights that cash benefits are generally more progressive than in-kind benefits in most OECD countries, meaning they tend to favour lower-income households over higher-income households.[156] While in-kind benefits like ECEC services are less directly redistributive, they help reduce inequality indirectly by facilitating parental employment and increasing household income, particularly for single mothers.[157] [158]

However, **the distributional impact of cash benefits varies widely across EU Member States**. As Bornukova et al. (2024) observe, the absolute progressivity or regressivity of child cash support – that is, the amount of support relative to GDP per capita received by different income deciles – differs significantly. In countries like EL, IT, IE, MT and, to a lesser extent, PT, CZ and SI, child benefits are generally skewed towards lower-income deciles, often through means-tested cash transfers, thereby strengthening redistributive outcomes. In BG and HR, recent reforms have further increased the benefits directed towards lower-income households, enhancing their progressivity. By contrast, countries such as EE, HU, LV and RO provide higher support to higher-income deciles, mostly through contributory parental leave schemes or tax relief mechanisms which tend to favour higher earners, as their design often ties benefits to income. Importantly, child-contingent cash support reduces inequality in relative terms, even in countries where support skews towards higher-income households. This is because, when assessed relative to

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[155] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality*.' Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms No 2/2024.

[156] Förster, M., & Verbist, G. 2012. *'Money or kindergarten? Distributive effects of cash versus in-kind family transfers for young children*.' OECD Social, Employment and Migration Working Papers No. 135. As of 26 July 2026: https://www.oecd.org/en/publications/money-or-kindergarten-distributive-effects-of-cash-versus-in-kind-family-transfers-for-young-children_5k92vxbgpmnt-en.html

[157] Förster, M., & Verbist, G. 2012. *'Money or kindergarten? Distributive effects of cash versus in-kind family transfers for young children*.' OECD Social, Employment and Migration Working Papers No. 135. As of 26 July 2026: https://www.oecd.org/en/publications/money-or-kindergarten-distributive-effects-of-cash-versus-in-kind-family-transfers-for-young-children_5k92vxbgpmnt-en.html

[158] Hufkens, T., Figari, F., Vandelannoote, D., & Verbist, G. 2020. 'Investing in subsidized childcare to reduce poverty.' Journal of European Social Policy, 30(3), pp. 306–319. As of 26 July 2026: https://doi.org/10.1177/0958928719868448

household income rather than in absolute amounts, even nominally regressive payments provide proportionally larger gains to lower-income families.[159]

4.2. Estimated impact of child benefit policies on poverty, inequality and material deprivation

4.2.1. Impact on child poverty and the poverty gap

In all EU Member States, in-cash child benefits are associated with a significant reduction of child poverty rates (Figure 8), although the magnitude of the effect varies substantially. EUROMOD simulations using EU statistics on income and living conditions (EU-SILC) data for 2022 show that the AROP rate would be considerably higher in the absence of these benefits, with particularly strong effects in DE, HU and AT, where reductions exceed 15 pp. By contrast, ES, NL and PT record only modest reductions of 5 pp or less.

[159] Bornukova, K., Hernandez Martin, A. & Picos, F. 2024. *'Investing in Children: The Impact of EU Tax and Benefit Systems on Child Poverty and Inequality*.' Joint Research Centre (JRC) Working Papers on Taxation and Structural Reforms No 2/2024.

Box 4 - Methodology for estimating the impact of child benefits on child poverty, inequality and material deprivation

This task involved estimating the effect of in-cash and in-kind child benefits on income poverty and income inequality – as measured by the AROP rate[160] – for children, for the poverty gap,[161] for children and the Gini coefficient,[162] as well as for material deprivation for children. To do so, several complementary approaches were employed using the EU-harmonised microsimulation model, EUROMOD, linked to EU-SILC data for 2022. The methodology involved measuring poverty rates and gaps with and without child benefits. Benefit components decompose the redistribution achieved by child benefits to assess how different types of child benefits contribute to reducing poverty and inequality.

While the link between cash benefits, in-kind benefits with a monetary value and income poverty is straightforward to estimate using microsimulation, the same is not true for deprivation indicators. We first estimated for each Member State the elasticity of child-specific material deprivation to household income following the methodological approach of Notten & Guio (2020).[163] We considered each value of deprivation as a category and estimated the likelihood of moving to a higher value of deprivation. Specifically, we modelled child-specific material deprivation as a function of household-level characteristics and disposable income (including in-cash and in-kind child benefits). We used this model to predict child-specific deprivation in each EU country with and without these child benefits. We considered the difference between the two predictions as the effect of in-cash and in-kind child benefits on child-specific material deprivation.

More detailed information about the methodological approach can be found in Annex 1 (Section 3).

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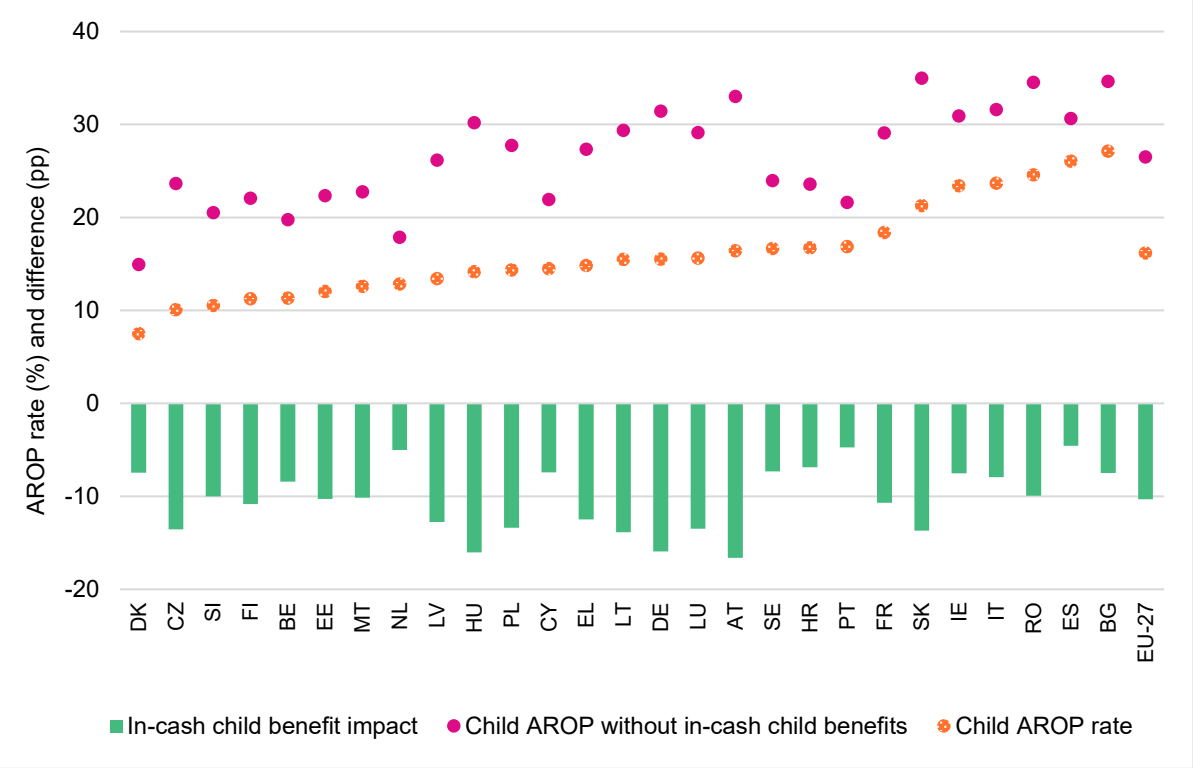
[160] The AROP rate is the share of people with an equivalised disposable income (after social transfers) below the poverty line, which is set at 60 % of the national median equivalised disposable income after social transfers.

[161] The poverty gap is the ratio by which the mean income of the poor falls below the poverty line.

[162] The Gini coefficient measures statistical dispersion in income and ranges between 0 and 1, where a value of 0 indicates perfect equality (that everyone has the same income) and a value of 1 indicates perfect inequality (that one person has all the income).

[163] Notten, Geranda & Anne-Catherine Guio. 2021. 'By How Much Do Social Transfers Reduce Material Deprivation in Europe?'. In *Improving the understanding of poverty and social exclusion in Europe*, pp. 139-154.). Publication Office of the European Union. As of 26 July 2026: https://www.researchgate.net/publication/355444878_By_how_much_do_social_transfers_reduce_material_deprivation_in_Europe

Figure 8 - Effects of in-cash child benefits on the child AROP rate (pp) in the EU-27, 2022

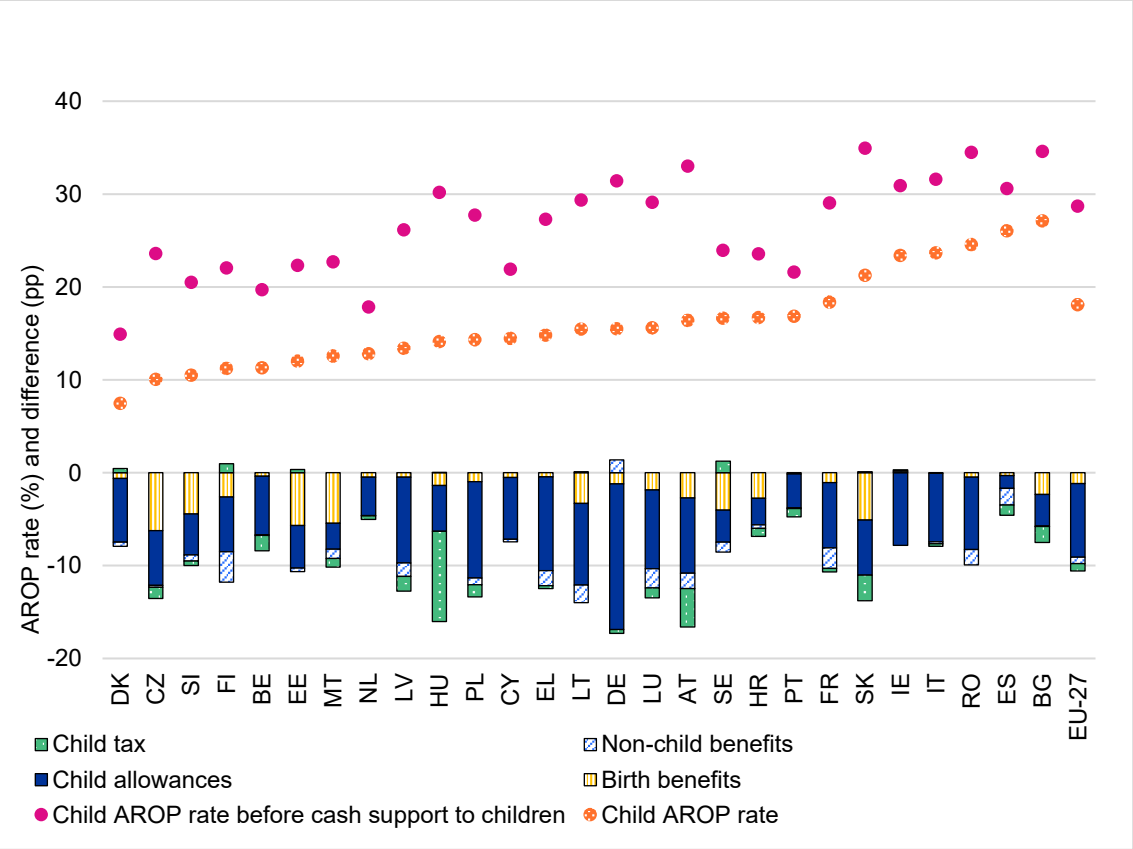


Note: countries are ordered by the child AROP rate. Income is equivalised using the modified OECD equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations using EUROMOD 2022 policies linked to 2022 EU-SILC data.

Figure 9 indicates which types of in-cash benefit contribute most to the reduction in the child AROP rate in each country (more detailed results can be found in Annex 1, Section 3).[164] While there is variation across countries, **child allowances reduce child AROP rates substantially more than birth benefits, non-child benefits and child tax credits**, aligning with findings from the literature discussed in Section 4.1. On average, child allowances account for 75% of the effect of in-cash child benefits on the child AROP rate in the EU. However, there is some variation across countries. For example, birth benefits play an important role in SK, reducing the child AROP rate by 5.1 pp, compared to the EU average of 1.2 pp. In FR and FI, non-child benefits play an important role, reducing the child AROP rate by 2.2 and 3.3 pp, respectively, compared to an EU average of 0.77 pp. Finally, in HU and AT, child tax credits are an important anti-poverty tool, reducing the child AROP rate by 9.7 and 4.1 pp, respectively, compared to an EU average of 0.8 pp.

Figure 9 - Components of in-cash child benefits that decrease the child AROP rate (pp) in the EU-27, 2022

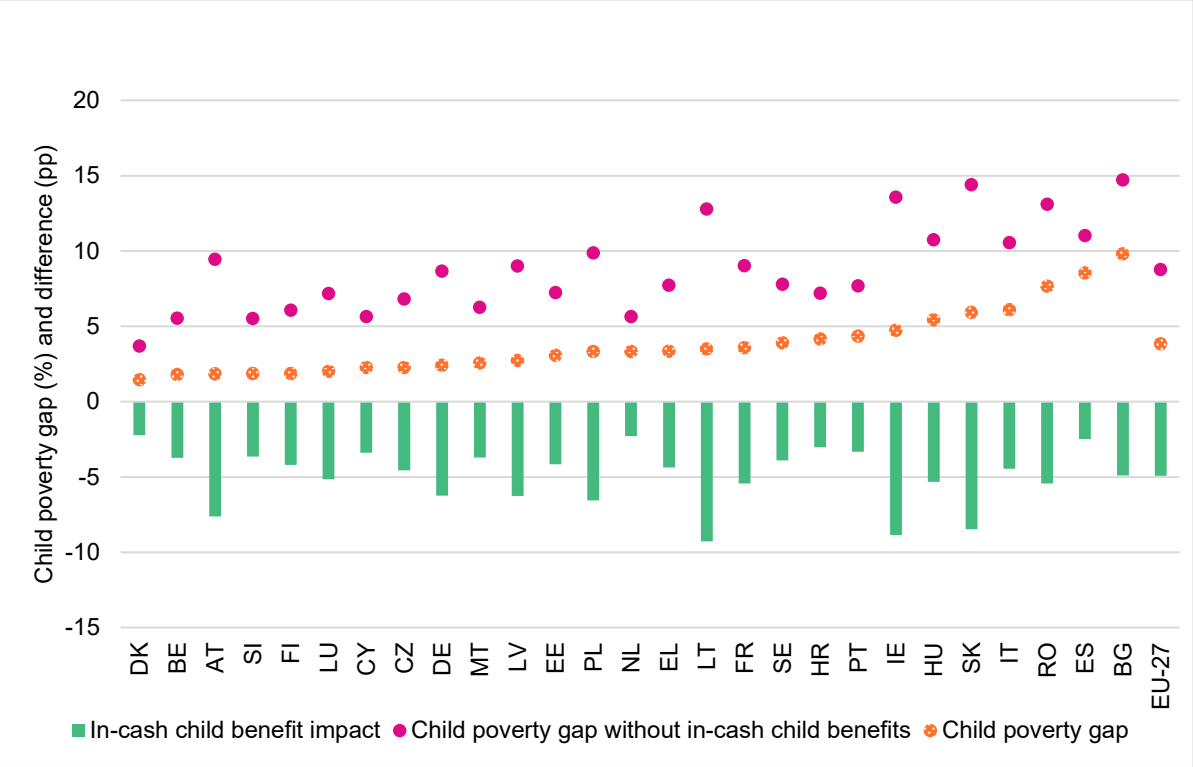


Note: countries are ordered by the child AROP rate. Income is equivalised using the modified OECD equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations using EUROMOD 2022 policies linked to 2022 EU-SILC data.

Additionally, the child poverty gap – which measures how far below the poverty line incomes of children in poverty fall – also narrows across all countries following the inclusion of in-cash child benefits (Figure 10 and Annex 1, Section 3). Effects are especially large in DE, IE, LV, LT, LU, AT and SK, with reductions ranging between 5-10 pp. In contrast, reductions are minimal in DK, ES, HR, NL and PT (below 2.5 pp), although in DK and NL this reflects already low gaps before benefits. On average, child allowances account for over half of the reduction in the child poverty gap, with birth, non-child and tax benefits playing smaller but sometimes significant roles.

Figure 10 - Effect of in-cash child benefits on the child poverty gap (pp) in the EU-27, 2022

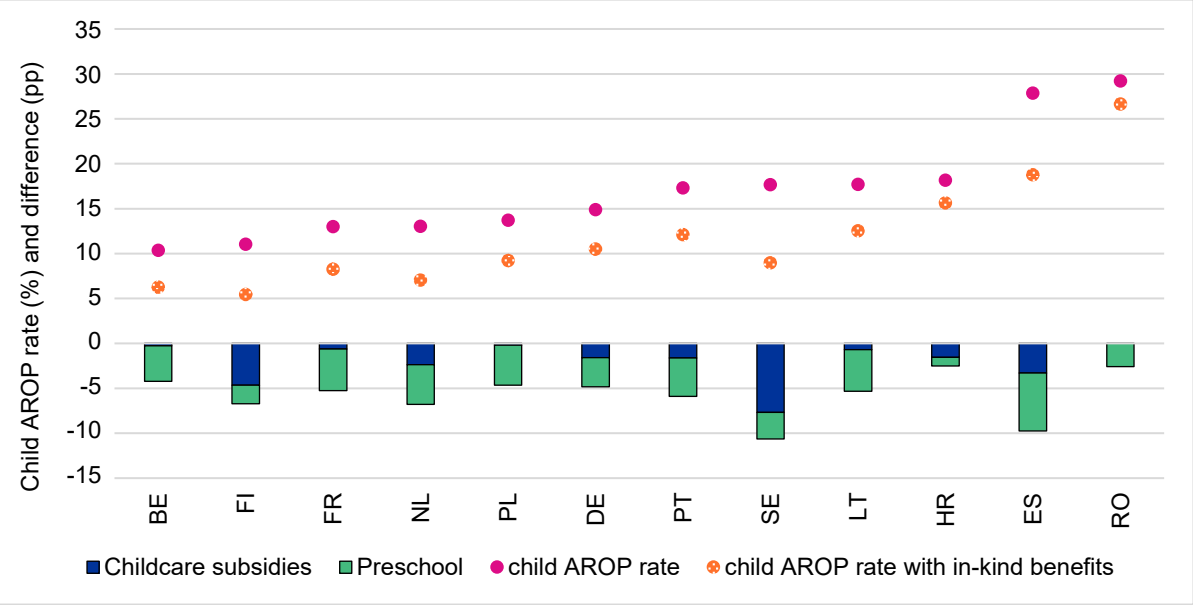


Note: countries are ordered by the child AROP rate. Income is equivalised using the modified OECD equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations by JRC using EUROMOD 2022 policies linked to 2022 EU-SILC data.

Figure 11 (see also Annex 1 Section 3) shows the effect of in-kind benefits on the child AROP rate in 2021. **In all countries included in the analysis, in-kind child benefits reduce the child poverty rate**. The effect averages 5 pp across countries. Smaller effects (3 pp) are observed in HR and RO, while particularly large effects (9 pp) are visible in ES and SE. On average, preschool-related in-kind benefits have a more substantial effect on the child AROP rate than childcare subsidies. Some exceptions to this include FI and SE, however, where childcare subsidies reduce child AROP rates by more than preschool-related subsidies. As with the AROP rate, in-kind child benefits decrease the child poverty gap, with varying effects across countries (further results can be found in Annex 1 Section 3). On average, in-kind child benefits decrease the child poverty gap by 1 pp, mostly driven by preschool subsidies, and the reduction in many countries is close to this average.

Figure 11 - The effect of in-kind child benefits on the child AROP rate (pp) in 12 EU Member States, 2021



Note: countries are ordered by the child AROP rate before in-kind benefits. Income is equivalised using the modified OECD equivalence scale. The poverty threshold is set at 60% of median equivalised disposable income.

Source: calculations using EUROMOD 2021 policies linked to 2021 EU-SILC data.

4.2.2. Impact on income inequality

The Gini coefficient – which is higher when income inequality increases – ranges from a low of 0.21 in SK to a high of 0.38 in BG. **The effect of in-cash child benefits on income inequality, as measured by the Gini coefficient, is more muted than its effect on either the child AROP rate or the child poverty gap**. In each country, in-cash child benefits reduce the Gini coefficient by between 0.01 and 0.03. In Annex 1 (Section 3), the change in the Gini coefficient as a result of in-cash child benefits is decomposed into the relative contribution of each type of benefit following the approach of Onrubia, Picos-Sánchez and del Carmen Rodado (2014).[165] This decomposition reveals that most of the change in income inequality resulting from in-cash child benefits occurs through child allowances, followed by birth benefits. There are some variations across countries, with non-child benefits playing a more important role in LT and LU and child tax credits playing a non-trivial role in HU, AT and SK.

Unlike in-cash child benefits, which reduce inequality, **in-kind child benefits increase income inequality** in each country in our sub-sample. This effect is because in-kind benefits such as preschool are less likely to be means-tested

[165] Onrubia, J., Picos-Sánchez, F. & del Carmen Rodado, M. 2014. 'Rethinking the Pfähler–Lambert decomposition to analyse real-world personal income taxes.' *Int Tax Public Finance* **21**, pp. 796–812. As of 26 July 2026: https://doi.org/10.1007/s10797-014-9316-1

compared to in-cash child benefits. In-kind child benefits, therefore, provide a somewhat universal benefit to households, increasing inequality in the disposable income distribution. It is also possible that take-up of in-kind benefits, such as preschool and childcare subsidies, is linked to parental employment and income, making these benefits somewhat regressive. Across the twelve countries, in-kind child benefits are estimated to increase the Gini coefficient by 3 pp, on average. A few countries stand out. In BE, SE, and FI, the inequality-increasing effect of in-kind child benefits is higher, at 5, 7 and 8 percentage points, respectively. In FI and SE, this is primarily driven by childcare subsidies, while in BE, preschool-related subsidies drive this higher-than-average effect.

4.2.3. The child AROP rate, poverty gap and Gini coefficient: 2011-2024

Figure 12 shows how the effect of in-cash child benefits on AROP rates, the poverty gap and the Gini coefficient has changed over time. Applying the tax-benefit systems of each year between 2011 and 2024 to the same population using 2022 SILC data allows us to isolate the effect of changes to in-cash child benefits on each of these margins from other factors, such as employment or demographic changes.[166] In the figure below (Figure 12), we present the unweighted EU averages of the impact of in-cash child benefits on AROP rates, the poverty gap and the Gini coefficient between 2011 and 2024 in pp. The results for each country separately are displayed in Annex 1 (Section 3).

We estimate that, adjusted for income growth,[167] the set of in-cash child benefit policies in place in 2011 would decrease the child AROP rate by 11 pp on average across the EU-27. In-cash child benefits reduce child AROP rates by just 2 pp in EL and 4 pp in ES, but the effect is much larger in HU (23 pp) and LU (34 pp).

We estimate that indexed 2011 in-cash child benefits decrease the child poverty gap by 6 pp on average across the EU. In-cash child benefits in EL in 2011 (1 pp), DK (2 pp) and ES (2 pp) reduced the child poverty gap the least, while 2011 in-cash child benefits in LT (10 pp), LU (11 pp) and HU (13 pp) reduced the child poverty gap the most.

Turning to the Gini coefficient, we found that in-cash benefits reduced this by an average of 2 pp across the EU when using indexed 2011 policies. The range

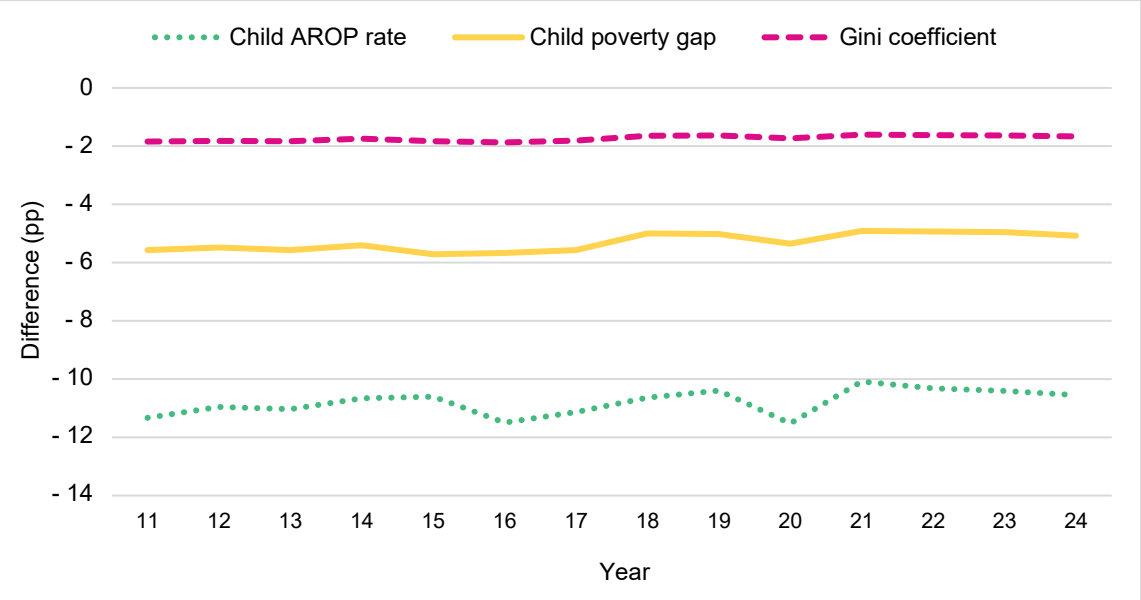
[166] In each case, the data is adjusted in line with income and price growth between the data and policy years.

[167] Parameters are adjusted in line with income growth between 2011, the policy year and 2022, the year the data was collected.

between EU countries was more modest for the Gini coefficient. We observed the lowest effect of in-cash child benefits in EL (0.2 pp) and ES (0.6pp) and the largest effect in IE (4.2 pp) and LU (4.6 pp).

Across the EU, there was little change in the effect of in-cash child benefits, indexed to 2022 price and income levels, between 2011 and 2024 on income inequality as measured by the Gini coefficient. However, **on average, in-cash child benefits have a slightly lower effect on child AROP rates and the child poverty gap in 2024 than in 2011**. The difference is small – less than 1 pp for the child AROP rate and 0.5 pp for the child poverty gap on average – and varies across countries. There is some crossover between the countries in which the effect of in-cash child benefits on child AROP rates has changed over time, and those in which the effect of in-cash child benefits on the child poverty gap has changed. SK, PL and EL saw a substantial improvement in the effect of in-cash benefits on both child AROP rates and the child poverty gap. In LU, HU and IE, in-cash child benefits became relatively less effective at reducing child AROP rates over time. In LU and HU, this effect was also visible for the child poverty gap.

Figure 12 - Effect of in-cash child benefits on income poverty and inequality over time (pp) in the EU-27, 2011-2024



Note: 2022 EU-SILC data is used for years 2022-2024 as the latest available. Data is adjusted for price/income growth between the data and policy year where necessary. Income is equivalised using the modified OECD equivalence scale.

Source: calculations using EUROMOD policies for 2011-2024 linked to 2022 EU-SILC data.

4.2.4. Impact on material deprivation for children

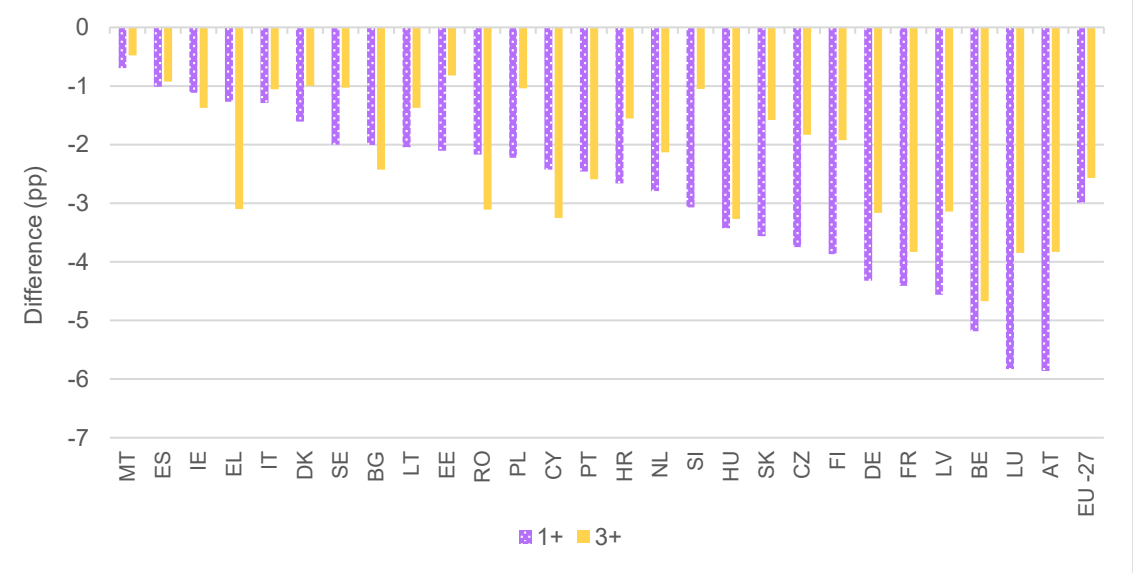
Figure 13 shows the effect of child benefits on the predicted changes in child-specific deprivation in each country, reporting both the effect of in-cash child

benefits on the probability of suffering from an enforced lack of at least one (1+) and at least three items (3+).

The effect of in-cash child benefits on deprivation, measured by at least one item, ranges from a low of 0.7 pp in MT to a high of 5.9 pp in BE. The EU-27 average decrease in child deprivation, measured by at least one item, as a result of in-cash child benefits is 3 pp. The effect of in-cash child benefits on the probability of a child lacking at least three items is typically smaller, averaging -2.6 pp across the EU-27. However, the base level of this deprivation measure is also lower, averaging 15% across the EU-27 after in-cash child benefits. In comparison, the average level of child deprivation, measured by the lack of at least one item, is much higher at 35% on average across the EU-27. As with income poverty and inequality, there is variation in how the different types of in-cash child benefits affect child deprivation. Child allowances have the largest impact, reducing deprivation measured by one item by 2 pp and deprivation measured by three items by 1.7 pp on average across the EU-27.

Deprivation levels vary considerably by item across the EU-27, with the largest reductions for items that households are most likely to be deprived of. In-cash child benefits are associated with a 1.2 pp reduction in furniture deprivation, a 0.8 pp reduction for both holidays and car ownership, and a 0.6 pp reduction in arrears. For the remaining items, the impact on deprivation is minimal (see Appendix 1 for more details).

Figure 13 - Effect of in-cash child benefits on child-specific deprivation (pp) in the EU-27, 2021



Note: countries are ordered in increasing order of the effect of benefits on deprivation measured by at least one item.

Source: calculations using EUROMOD 2021 policies linked to 2021 EU-SILC data.

Figure 14 shows the changes in the predicted probabilities of deprivation resulting from the combined effect of in-kind childcare and in-kind preschool benefits.

For children lacking at least one item, the reduction ranges from 0.21 pp in RO to as high as 1.86 pp in FI. On the lower end, PL, HR, ES and LT see a reduction of between 0.5 and 1 pp, while PT, NL, DE and FR have slightly higher reductions, of 1.1 – 1.3 pp. In contrast, SE, BE and FI have the highest reductions of 1.4 to 1.9 pp.

For children lacking at least three items,[168] the impact is significantly reduced in HR, LT, PL, FI and SE, while the reduction is less pronounced in ES. In RO, the combined effect of both in-kind benefits is marginally greater than the reduction for children lacking at least one item. This is because in-kind child benefits reduce the probability of some children being deprived of three or more items but, in doing so, increase the probability that they are deprived of fewer (one or two) items.

Figure 14 - Effect of in-kind childcare and preschool benefits on child-specific deprivation (pp) in 12 EU Member States, 2021

Note: countries are ordered in increasing order of the effect of benefits on deprivation measured by at least one item.

Source: calculations using EUROMOD 2021 policies linked to 2021 EU-SILC data.

[168] Material deprivation is measured using the child-specific material deprivation measure collected in the 2021 EU-SILC data. It allows the computation of material deprivation indicators specific to children (aged less than 16). In total, 17 items are used to estimate child material deprivation (further information can be found in Annex 1, Section 3).

4.3. Policy swaps: exploring the potential impact of policy reform on child poverty

Box 5 - Methodology for the policy swaps

To understand the potential impact of transposing successful child benefit policies across EU Member States, this analysis employs a policy swap approach using EUROMOD microsimulation. The methodology involves replacing the child benefit systems of recipient countries (typically those with high child poverty rates) with systems from donor countries that have demonstrated greater effectiveness in child poverty reduction through in-cash child support. Impact is measured as the change in child poverty rates (as measured at 60% of the median equivalised disposable income) compared to pre-reform baselines, providing insights into the potential for policy learning and transfer across EU Member States.

More detailed information about the methodological approach can be found in Annex 1 (Section 4).

4.3.1. Swapping in-cash child benefits: child poverty reduction and fiscal impact

Five recipient countries were selected based on their relatively high child poverty rates: BG, ES, IT, HU and RO. The analysis examines the transplantation of five distinct policy approaches from donor countries known for their effective child support systems:

(a) PL: the universal child benefit (*500+/800+* programme) provides substantial universal support to families with children;

(b) AT: tax credits only (a non-refundable family tax credit *Familienbonus Plus*, and a refundable tax credit for children *Kinderabsetzbetrag*);

(c) AT: and a complete system combining universal child benefit with tax credits as above with (b);

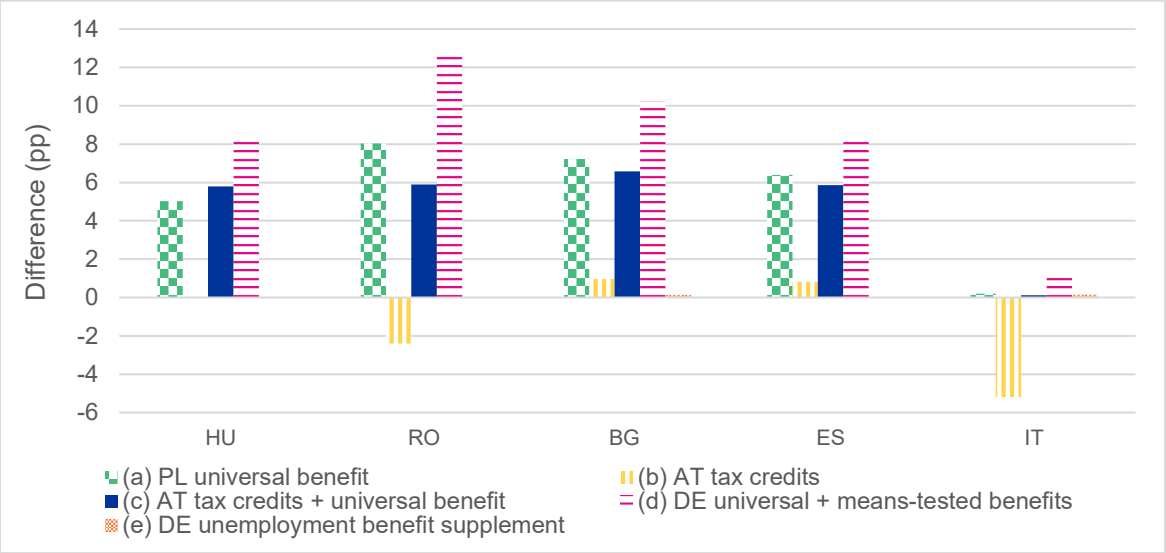
(d) DE: complete child support system combining universal child benefits (*Kindergeld*) with means-tested supplements (*Kinderzuschlag*);

(e) DE: additional measure of unemployment benefit increase for parents.

The policy swap simulations (Figure 15) reveal **substantial variation in the effectiveness of different policy approaches across recipient countries**. Impact is measured as the change in child AROP rates (as measured at 60% of the median equivalised disposable income) compared to pre-reform baselines, providing insights into the potential for policy learning and transfer across EU

Member States. For the last policy swap (d), which transplants not a large policy system but rather its small component, the comparison point is different – it is not a 2024 baseline, but rather the 2024 tax-benefit model with all the above-listed child support policies deactivated.

Figure 15 - Impact of policy swap reforms on child AROP rate (pp) in selected EU Member States, 2024



Note: positive values reflect increases in child AROP rates compared to existing child support systems.
Source: calculations using EUROMOD 2024.

The German complete system (d) emerges as the most effective policy swap across most recipient countries, delivering AROP reductions exceeding 10 pp in RO (12.66 pp) and BG (10.23 pp), with substantial impacts also observed in HU (8.33 pp) and ES (8.29 pp). This superior performance reflects the comprehensive nature of the German system, which combines universal support through *Kindergeld* with targeted means-tested supplements through *Kinderzuschlag*, ensuring both broad coverage and effective targeting of vulnerable households.

The Polish universal benefit system demonstrates considerable effectiveness, particularly in Eastern European recipient countries, with poverty reductions ranging from 5.02 pp in HU to 8.02 pp in RO. The universal nature of this benefit ensures broad coverage while providing substantial support to families across the income distribution.

In contrast, the Austrian tax credit system shows limited, or even negative, effectiveness – particularly in IT, where it increases child poverty by 5.19 pp relative to the existing child support system. This poor performance reflects the non-refundable nature of part of the tax credits, which provides minimal benefit to low-income households with limited tax liability – precisely the households most at risk of poverty. The Austrian system, which also includes a universal benefit on top of the tax credits, has stronger performance but is still less

effective than the Polish universal-benefit-only system, which has higher benefit amounts. While the Austrian system is very effective in lowering child AROP rates at home, it translates poorly to settings with lower labour force participation and, as a result, lower access to child tax credits.

IT consistently emerges as an outlier across all policy swaps, with external systems failing to deliver meaningful poverty reductions despite their effectiveness in other contexts. Even the German system, which proves highly effective elsewhere, achieves only a 1.15 pp reduction in Italian child AROP. This underperformance likely reflects the depth of child poverty in IT and the poor fit between external policy designs and local socioeconomic conditions. Additional simulations have shown that to achieve at least a 10 pp child benefit reduction in IT, a EUR 400 per month universal child benefit is necessary (while the Polish universal benefit is PPP, equivalent to around a EUR 250 monthly benefit in IT).

The unemployment benefit enhancement shows marginal effects across all recipient countries, with small positive impacts in BG (0.14 pp) and IT (0.16 pp) but negligible effects elsewhere. While this reform has minimal impact as a standalone intervention, it could serve as a valuable supplement to more comprehensive child benefit reforms.

The policy swap analysis demonstrates the critical importance of policy design in determining child AROP outcomes, with comprehensive systems combining universal and targeted elements proving most effective. This 'blended' approach is also supported by findings from the wider literature as discussed in Section 4.1. As Section 2.1 details, around half of the EU Member States (n=13) take this approach, combining universal cash benefits with targeted top-up for specific groups.

However, the results also highlight the limits of policy transfer, particularly in contexts where poverty is deeply entrenched or where local conditions may not align with the assumptions underlying external policy models. The consistent underperformance of policy transplants in IT suggests that addressing child poverty in some contexts may require more fundamental structural reforms rather than simply adopting successful policies from elsewhere.

The fiscal implications of policy swaps vary considerably across different reform approaches and recipient countries, with important implications for the practical feasibility of policy transfer initiatives. Net fiscal costs, expressed as a percentage of GDP, reflect the additional public expenditure required after accounting for savings from disabled existing programmes.

Universal benefit-based reforms demonstrate higher fiscal costs but also greater effectiveness in poverty reduction (Table 10). The German complete system requires fiscal investments ranging from 0.42% of GDP in IT to 1.89% of GDP in BG, while the Polish universal benefit system costs between 0.25% of GDP in IT and 1.68% of GDP in BG. The Austrian complete system emerges as

the most expensive option, requiring up to 2.40% of GDP in BG, while delivering inferior poverty reduction outcomes. The Austrian tax credit system demonstrated relatively low costs. However, this apparent fiscal efficiency is undermined by poor or negative effectiveness in poverty reduction, particularly among low-income households who cannot fully utilise non-refundable tax credits.

Table 10 - Net fiscal costs of policy swaps by reform type and recipient country (% of GDP) in five EU Member States, 2024

	HU	RO	BG	ES	IT
(a) PL universal benefit	1.07%	0.96%	1.68%	0.90%	0.25%
(b) AT tax credits	0.64%	0.09%	0.90%	0.46%	-0.37%
(c) AT tax credits + universal benefit	1.97%	1.56%	2.40%	1.51%	0.54%
(d) DE universal + means-tested benefits	1.46%	1.42%	1.89%	1.06%	0.42%
(e) DE unemployment benefit supplement	0.00%	0.00%	0.02%	0.04%	0.04%

Source: calculations using EUROMOD 2024.

Cost-efficiency analysis, which measures the fiscal cost required to achieve each pp reduction in child poverty, reveals clear performance differentials across policy approaches (see Table 11Table 11). **The German complete system consistently demonstrates superior cost-efficiency**, requiring between 0.11% of GDP per pp reduction in RO and 0.37% of GDP in IT. The Polish universal benefit system shows comparable efficiency in most countries, ranging from 0.12% in RO to 0.23% in BG, though with notably higher costs in IT (1.26%). The Austrian complete system emerges as the least cost-efficient option, particularly in IT where it requires 4.80% of GDP per pp of poverty reduction. This poor performance reflects both high fiscal costs and limited effectiveness of tax credits as a tool for child poverty reduction, making it an unattractive policy transfer option despite AT's domestic success with this approach. Since tax credits are not targeted to AROP children, and in fact often inaccessible to AROP families with children due to zero or low employment incomes, tax credits deliver low AROP reductions at high cost. While showing minimal impact, the unemployment benefit enhancement demonstrates reasonable cost-efficiency where it does achieve poverty reductions, requiring only 0.12% of GDP per pp reduction in BG and 0.27% in IT. However, the limited scale of impact suggests this reform is better suited as a complementary measure rather than a primary poverty reduction strategy.

Table 11 - Cost per 1 pp of child poverty reduction (% of GDP) in five EU Member States, 2024

	HU	RO	BG	ES	IT
(a) PL universal benefit	0.21%	0.12%	0.23%	0.14%	1.26%
(b) AT tax credits			0.94%	0.56%	
(c) AT tax credits + universal benefit	0.34%	0.26%	0.36%	0.26%	4.80%
(d) DE universal + means-tested benefits	0.17%	0.11%	0.19%	0.13%	0.37%
(e) DE unemployment benefit supplement			0.12%		0.27%

Note: empty cells correspond to cases where a policy swap resulted in a near-zero child AROP change or in a child AROP increase

Source: calculations using EUROMOD 2024.

IT's consistent underperformance in cost-efficiency metrics across all policy transplants reinforces concerns about the suitability of external policy models in contexts with deep poverty. Even reforms that prove highly cost-efficient elsewhere deliver poor value for money in the Italian context, suggesting the need for more country-specific approaches to address child poverty.

The cost-efficiency analysis underscores the importance of comprehensive policy design, with the German system's combination of universal and targeted elements proving both effective and fiscally sustainable across diverse national contexts. **While universal benefits provide important coverage, adding means-tested supplements improves targeting efficiency without dramatically increasing fiscal costs**. This finding has important implications for policy design in countries seeking to enhance their child poverty reduction efforts while maintaining fiscal sustainability. However, we must keep in mind that the simulations do not account for administrative costs or issues of non-take-up common for any means-tested policies.

4.3.2. Swapping childcare and preschool services: child poverty reduction and fiscal impact

The exercise involves transferring ECEC benefit structures from two donor countries – ES and SE – to three recipient countries: NL, PL and RO.

The policy swap focuses specifically on two service categories within ECEC:

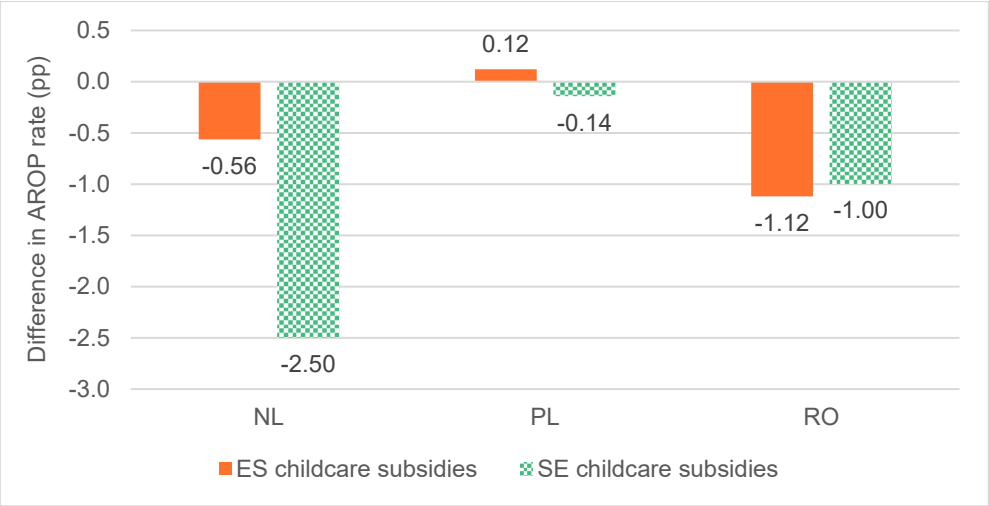
- formal childcare services (covering care for younger children, typically under 3 years old);
- pre-school services (covering older children prior to entering primary education).

When it comes to the impacts of childcare policy swaps on child poverty (Figure 16), the most substantial effect is observed in NL when applying Swedish

subsidies, reducing child poverty by 1.05 pp. RO sees smaller gains, and PL experiences negligible effects. The Spanish system performs relatively better in RO but poorly in PL.

Focusing on children aged 0-6, impacts are more substantial. Swedish subsidies reduce poverty by 2.5 pp in NL, while Spanish subsidies reduce poverty slightly more than Swedish ones in RO. In PL, Swedish subsidies reduce poverty modestly, while Spanish subsidies increase it.

Figure 16 - Impact of childcare subsidy policy swaps on the AROP rate for children aged 0-6 (pp) in three EU Member States, 2021



Note: positive values reflect increases in child poverty compared to the existing childcare subsidies system.

Source: calculations using EUROMOD 2021.

The budgetary costs of the childcare policy swaps are outlined in Annex 1 (Section 4). In RO, both Spanish and Swedish childcare subsidies cost 0.04% of GDP, while in PL, Spanish reforms imply savings (-0.11%) and Swedish reforms remain modestly costly (0.09%).

Childcare subsidies policy swaps confirm that transplanting childcare subsidies across countries produces heterogeneous results and is often affected not only by subsidy design, but also by participation patterns. Swedish subsidies are highly effective in NL, Spanish subsidies yield better outcomes in RO, and neither system is suitable for PL, at least at the existing levels of participation. Effectiveness is contingent on existing childcare participation patterns, and fiscal costs vary significantly. For example, swapping the NL system for the Swedish one generates almost five times higher child poverty reduction compared to swapping with the Spanish system. However, it also implies budgetary costs that are six times higher.

4.4. Looking to the future: the cost of lifting all children out of poverty

4.4.1. Evidence on the cost of child poverty

Relatively little research focuses on estimating the cost of child poverty in monetary terms. Clarke et al. (2022),[169] Blanden et al. (2010)[170] and Canto (2023) [171] directly model the cost of child poverty using econometric models. Holzer et al. (2008)[172] and McLaughlin & Rank (2018)[173] review the existing literature on the link between child poverty and a range of outcomes and use averages of existing estimates to derive the cost of child poverty. These papers provide a range of estimates for the cost of child poverty, from 1% to 5.4% of GDP.

The OECD carried out the most relevant study for our purposes (Clarke et al. 2022),[174] as it focuses on the cost of child poverty in EU member states using a harmonised method and data source. The authors build on the methodology of Blanden et al. (2010) but extend the definition from child poverty to childhood socio-economic disadvantage. [175] Clarke et al. (2022) estimated the cost of

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[169] Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. Paris: OECD, 25 November 2022. As of 26 July 2026: https://doi.org/10.1787/8c0c66b9-en

[170] Blanden, Jo, Kirstine Hansen & Stephen Machin. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies* 31, no. 3: 289–311. As of 26 July 2026: https://doi.org/10.1111/j.1475-5890.2010.00116.x

[171] Cantó, Olga. 2023. *'El Coste de La Pobreza Infantil En Espana '*[Report for the Alto Comisionado contra la Pobreza Infantil]. As of 24 July 2026: https://www.comisionadopobrezainfantil.gob.es/sites/default/files/2023-12/PDF_Final_Pobreza%20infantil_simples.pdf

[172] Holzer, Harry J. Whitmore Schanzenbach, D., Duncan, G. J., & Ludwig, J. 2008. 'The Economic Costs of Childhood Poverty in the United States'. *Journal of Children and Poverty* 14, no. 1 (1 March 2008): 41–61. As of 26 July 2026: https://doi.org/10.1080/10796120701871280

[173] McLaughlin, Michael & Mark R. Rank. 2018. 'Estimating the Economic Cost of Childhood Poverty in the United States'. *Social Work Research* 42, no. 2 (1 June 2018): 73–83. As of 26 July 2026: https://doi.org/10.1093/swr/svy007

[174] Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. Paris: OECD, 25 November 2022. As of 26 July 2026: https://doi.org/10.1787/8c0c66b9-en

[175] Blanden et al. (2010) define households with children as poor if their weekly gross income falls under £100. See: Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

being in the first quintile of childhood disadvantage using the Index of Childhood Socio-Economic Status (ICSES) constructed from retrospective information (from respondents aged 25-59) available in the 2019 EU-SILC data on individuals' family circumstances and living conditions at around age 14.[176] The components of the ICSES index include measures of material deprivation, home ownership and household finances, parental education and parental activity status. There is a strong overlap between the ICSES index and childhood material deprivation (related to nutrition, school equipment and holidays). For example, of those estimated to be in the first quintile of childhood disadvantage, 37% reported material deprivation for nutrition, 19% reported material deprivation for school equipment and 88% reported material deprivation for holidays. Compared with the third quintile of socio-economic disadvantage, these figures are 1%, 0%, and 17%, respectively.

The authors estimate the difference in outcomes between individuals in the bottom and third quintile of ICSES. Specifically, they model differences in employment status, annual earnings from employment and health expressed by the activity limitation index in adulthood (aged 25-59). The authors differentiate between direct effects of childhood disadvantage and indirect effects through mediators – education, work experience and health, which is another expansion of the methodology used by Blanden et al. (2010).[177] They assign costs to the estimated differences, arriving at the final cost of 3.4% of GDP, or 3.6% if we consider only the EU Member States in the sample. This figure combines costs of lost earnings and employment (1.6%), as well as of poorer health outcomes (1.9%) compared to children who did not experience socio-economic disadvantage.

In earlier work, Blanden et al. (2010) estimated that the cost of child poverty, defined as household gross income of GBP 100 or less per week, is 1% of GDP.[178] The authors use the British Cohort Study to examine the link between income poverty at age 16 and outcomes at age 34.[179] This cost figure accounts

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[176] Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. Paris: OECD, 25 November 2022. As of 26 July 2026: https://doi.org/10.1787/8c0c66b9-en

[177] Blanden et al. (2010) define households with children as poor if their weekly gross income falls under £100. See: Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

[178] Blanden et al. (2010) define households with children as poor if their weekly gross income falls under £100. See: Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

[179] They estimate outcomes at ages 26 and 39/30 where data at age 34 isn't available. See: Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating

for reduced earnings, lower employment probability and costs incurred in the criminal justice system. They use a statistical regression of poverty status on adult outcomes, controlling for family and child characteristics, test scores at age five to account for inherited ability, and highest educational achievement. Assigning monetary values to the estimated differences allows for the calculation of the cost of childhood poverty.

Cantó (2023) calculated the cost of childhood poverty in ES to be 5.1% of GDP.[180] The author used the Spanish implementation of EU-SILC, *Encuesta de Condiciones de Vida*, to assess the effect of experiencing poverty at age 14 on adult outcomes (ages 26-40). Since income information is not available at age 14, the author used the available variables to predict incomes and derive poverty status. Statistical regression of adult outcomes on poverty status, without controlling for any other variables, provided estimates of differences that allow for the calculation of associated costs. These account for the cost of lost earnings and poor health, specifically obesity and depression.

Holzer et al. (2008) use estimates from a wide range of United States (US) studies linking childhood poverty to earnings, the likelihood of engaging in crime, and health.[181] They estimate the cost of child poverty to be 4% of GDP. McLaughlin & Rank (2018) update and extend their work to include estimates of child maltreatment and homelessness, arriving at a figure of 5.4% of GDP.[182]

Many factors can create differences in results, making these studies difficult to compare. Definitions of childhood poverty vary widely. Blanden et al. (2010) used a simple income threshold (under GBP 100 per week), [183] Cantó (2023) used the standard AROP measure, while the OECD uses a wider definition of

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the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

[180] Cantó, Olga. 2023. *'El Coste de La Pobreza Infantil En Espana '*[Report for the Alto Comisionado contra la Pobreza Infantil]. As of 24 July 2026: https://www.comisionadopobrezainfantil.gob.es/sites/default/files/2023-12/PDF_Final_Pobreza%20infantil_simples.pdf

[181] Holzer, Harry J. Whitmore Schanzenbach, D., Duncan, G. J., & Ludwig, J. 2008. 'The Economic Costs of Childhood Poverty in the United States'. *Journal of Children and Poverty* 14, no. 1 (1 March 2008): 41–61. As of 26 July 2026: https://doi.org/10.1080/10796120701871280

[182] McLaughlin, Michael & Mark R. Rank. 2018. 'Estimating the Economic Cost of Childhood Poverty in the United States'. *Social Work Research* 42, no. 2 (1 June 2018): 73–83. As of 26 July 2026: https://doi.org/10.1093/swr/svy007

[183]Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

socio-economic disadvantage, which combines measures of material deprivation, household financial situation and characteristics of parents.[184]

Reference groups also differ. The OECD estimates differences in outcomes between the first and third quintiles of ICSES, while Blanden et al. (2010) compared households with gross income of Pound Sterling (GBP) 100 per week or less to households with GBP 100 to GBP 200 per week, [185] and Cantó (2023) used all non-AROP households as the reference group.[186]

The country or sample of countries studied may also influence the estimated cost of child poverty due to varying levels of labour force participation, demographics, wage levels and welfare. Modelling choices and controls also differ across studies. Blanden et al. (2010) used the widest set of controls, including education,[187] while Cantó (2023) used no controls. [188] Broadly speaking, this 'indicates that Blanden et al.'s (2010) estimate is a lower bound, as controlling for education arguably mediates the effect of childhood poverty on adult outcomes.[189] Clarke et al. (2022) only controlled for age and family type, using variables such as education as mediators instead of controls.[190]

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[184] Cantó, Olga. 2023. *'El Coste de La Pobreza Infantil En Espana '*[Report for the Alto Comisionado contra la Pobreza Infantil]. As of 24 July 2026: https://www.comisionadopobrezainfantil.gob.es/sites/default/files/2023-12/PDF_Final_Pobreza%20infantil_simples.pdf

[185] Blanden et al. (2010) define households with children as poor if their weekly gross income falls under £100. See: Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

[186] Cantó, Olga. 2023. *'El Coste de La Pobreza Infantil En Espana '*[Report for the Alto Comisionado contra la Pobreza Infantil]. As of 24 July 2026: https://www.comisionadopobrezainfantil.gob.es/sites/default/files/2023-12/PDF_Final_Pobreza%20infantil_simples.pdf

[187] See: Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

[188] Cantó, Olga. 2023. *'El Coste de La Pobreza Infantil En Espana '*[Report for the Alto Comisionado contra la Pobreza Infantil]. As of 24 July 2026: https://www.comisionadopobrezainfantil.gob.es/sites/default/files/2023-12/PDF_Final_Pobreza%20infantil_simples.pdf

[189] Blanden et al. (2010) define households with children as poor if their weekly gross income falls under £100. See: Blanden, J., Hansen, K., & Machin, S. 2010. 'The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated with Child Poverty'. *Fiscal Studies*, 31(3), 289–311. As of 26 July 2026: http://www.jstor.org/stable/24440134

[190] Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. Paris: OECD, 25 November 2022. As of 26 July 2026: https://doi.org/10.1787/8c0c66b9-en

Due to data limitations, the majority of the available estimates focus on childhood poverty and disadvantage experienced by older children and do not' account for the length of time spent in poverty or disadvantage. There is some evidence (Duncan, 1998) that poverty experienced in early childhood is more damaging to future education outcomes. [191] Hartley (2024) also found that longer spells of childhood socio-economic disadvantage led to worse education and health outcomes in adulthood.[192]

Clarke et al.'s (2022) choice to use a wider definition of socio-economic deprivation over income poverty was not unwarranted. [193] Slevin et al. (2025) found that one-in-five children were materially deprived but not AROP in IE in 2022/2023. [194] Addario et al. (2023) made a similar point for the UK. [195] [196] Households with additional costs, such as households containing a person with a disability, might not fit the definition of income poverty, but are materially deprived. Minujin (2012) argued that a purely monetary approach does not adequately capture the physical, emotional and social aspects of experiencing childhood poverty.[197]

Based on this review of existing estimates of the cost of child poverty, the 2022 OECD estimates are considered to be the most suitable for this analysis. With

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[191] Duncan, G., Yeung, W.J., & Smith, J.R. 1998. 'How much does childhood poverty affect the life chances of children?'. *American Sociological Review 63,* no. 3, 1998, pp. 406-423. As of 26 July 2026: https://doi.org/10.2307/2657556

[192] Hartley, R.P., Toppenberg, L., & Dhongde, S. 2024. 'Poverty and disadvantage throughout childhood in the United States.' *Child Indicators Research 17.* As of 26 July 2026: https://doi.org/10.1007/s12187-024-10181-y

[193] Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. Paris: OECD, 25 November 2022. As of 26 July 2026: https://doi.org/10.1787/8c0c66b9-en

[194] Slevin, E., Russell, H., & Maître, B. 2025. 'Deprived children in IE: Characterising those who are deprived but not income-poor'. *ESRI Research series,* no. 217. As of 26 July 2026: https://doi.org/10.26504/rs217

[195] Addario, G., Crowley, J. & Khriakova, E. 2023. *Material deprivation among children in the UK*. National centre for Social Research (NatCen), *commissioned by Action for Children*. As of 26 July 2026: https://natcen.ac.uk/publications/material-deprivation-among-children-uk?utm_source=chatgpt.com

[196] The authors' definition of material deprivation is different from the one used by Slevin et al. (2025). They assign a score to 21 different items depending on the proportion of children who are deprived of that item. Children are considered to be in material deprivation if they have a score of 25 or more out of 100.

[197] Minujin, A. 2012. 'Making the case for measuring child poverty'. In *'Child poverty and inequality: new perspectives*, Ortiz, I., Daniels, L. M., Engilbertsdóttir, S. edited by*' UNICEF. As of 26 July 2026:* http://dx.doi.org/10.2139/ssrn.2039773

the cost estimated at 3.6% of GDP on average in the EU, this figure falls in the middle of the range of existing estimates of 1-5.4% of GDP.

4.4.2. The cost of child socio-economic disadvantage in the EU

Figure 17 details the OECD estimates of the cost of child poverty in OECD countries which are also EU Member States, broken down into the relative contributions of (a) loss of employment, (b) loss of earnings and (c) loss of health.

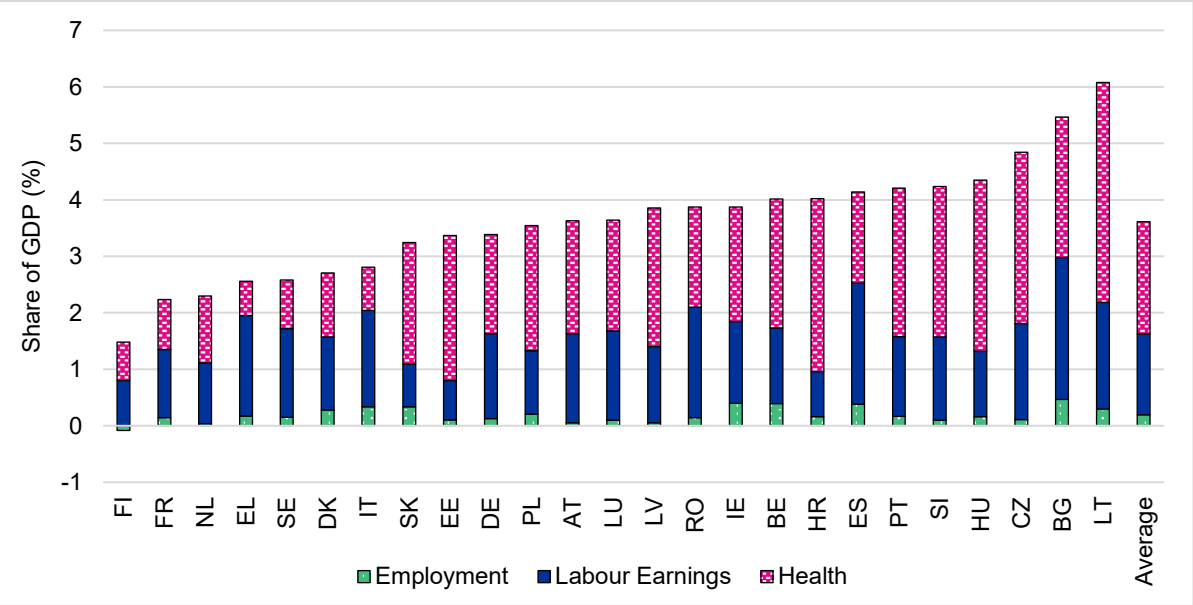
The overall cost varies substantially across the EU countries. **The cost ranges from a low of 1.4% of GDP in FI to a high of 6.1% in LT.** In most countries, just over half (54% on average) of the cost can be attributed to lost health. Except for BG, the cost of lost health makes up the majority of the cost in countries with the highest overall costs (LT, CZ and HU). In some countries (IT, SE and, most notably, EL), the largest portion of the cost comes from lost earnings. These countries also have relatively low overall costs of child poverty. The cost of lost employment makes up a very small proportion of the overall cost across all countries, about 0.2% on average. Clarke et al. (2022) attribute a lower potential earnings level to individuals fully out of the labour market than to those employed, which partially explains why the contribution of lost employment is much lower than that of lost earnings.[198]

The authors of the OECD report find that countries with overall higher levels of disadvantage, as well as higher levels of inequality (i.e. greater gaps between the top and bottom ICSES quintiles) tend to have higher overall costs.

[198] Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. Paris: OECD, 25 November 2022. As of 26 July 2026: https://doi.org/10.1787/8c0c66b9-en

Figure 17 - Value of lost employment, earnings and health due to childhood disadvantage (% of GDP) in 25 EU Member States, 2019

OECD estimates



Note: no estimates are available for CY and MT.

Source: visualisation based on the online annex in Clarke et. al (2022).

Some caveats to this analysis should be borne in mind. First, there is an implicit assumption that the labour market would be able to absorb the higher labour supply of individuals with a socio-economically disadvantaged background, and that this higher supply of labour would not influence wages. Second, estimates of the value of a statistical life year can vary widely depending on the country and methods used (Biausque, 2012),[199] so the choice of monetary value attached to lost health plays a major role in estimated overall costs.[200]

[199] Biausque, V. 2012. 'The value of statistical life: a meta-analysis'. Working Party on National Environmental Policies, OECD.

[200] For a more detailed discussion on assumptions and choices of monetary values, see Clarke, Chris, Julien Bonnet, Manuel Flores & Olivier Thévenonet. 2022. 'The Economic Costs of Childhood Socio-Economic Disadvantage in European OECD Countries'. Paris: OECD, 25 November 2022. As of 26 July 2026: https://doi.org/10.1787/8c0c66b9-en

4.4.3. The cost of lifting all children in the EU above the monetary poverty threshold

Box 6 - Methodology for estimating the cost of lifting all children in the EU above the monetary poverty threshold

The cost of lifting all children above the monetary poverty threshold at the EU Member State level is estimated based on the AROP concept, i.e. lifting all households with children above the poverty line, with the poverty line alternately defined as 40%, 50% or 60% of the median equivalised household disposable income using the OECD modified equivalence scale. Comparing this cost to the cost of childhood disadvantage as estimated by the OECD does not compare like with like due to the different concepts for poverty used. However, given the strong overlap between AROP rates and material deprivation on the one hand,[201] and between the ICSES index and certain elements of material deprivation on the other, the exercise is still valuable. The analysis is based on the proposition that lifting all children above the monetary poverty threshold, as estimated using the EUROMOD simulations described below, would shift the distribution so that no child would experience this level of disadvantage. This strategy has parallels with the concept of evaluating the effect of policy reforms on poverty using a fixed (rather than floating) poverty line.

It should be noted that the cost of lifting all children above the monetary poverty threshold as presented in Figure 18 is calculated through a simulation of a top-up benefit that is perfectly targeted to households with AROP children, with benefit amounts topping up incomes exactly to the corresponding poverty threshold. Given the perfect benefit design typically unattainable in reality, and the unaccounted-for administrative costs which are typically large for targeted interventions, these numbers should rather be interpreted as lower-bound estimates of the costs of eradicating child poverty.

More detailed information about the methodological approach can be found in Annex 1, Section 5.

Figure 18 shows the cost of lifting all children above the monetary poverty threshold at each of the three poverty lines considered. **The cost of moving all children above the 60% poverty line ranges from 0.1% of GDP in DK to 1% of GDP in ES, averaging 0.43% of GDP across the EU**. The differences between countries can be primarily attributed to different child poverty rates, where the countries (BG, ES and RO) with the highest rates of child poverty also face the highest cost of lifting all children above the poverty line. The cost of moving children above the 40% poverty line ranges from 0.01% of GDP in DK and DE to 0.26% in ES. The extra expenditure needed to lift all children above the 50% poverty line is, in most cases, very similar or slightly higher than the expenditure needed to lift all children above the 40% poverty line. Lifting all

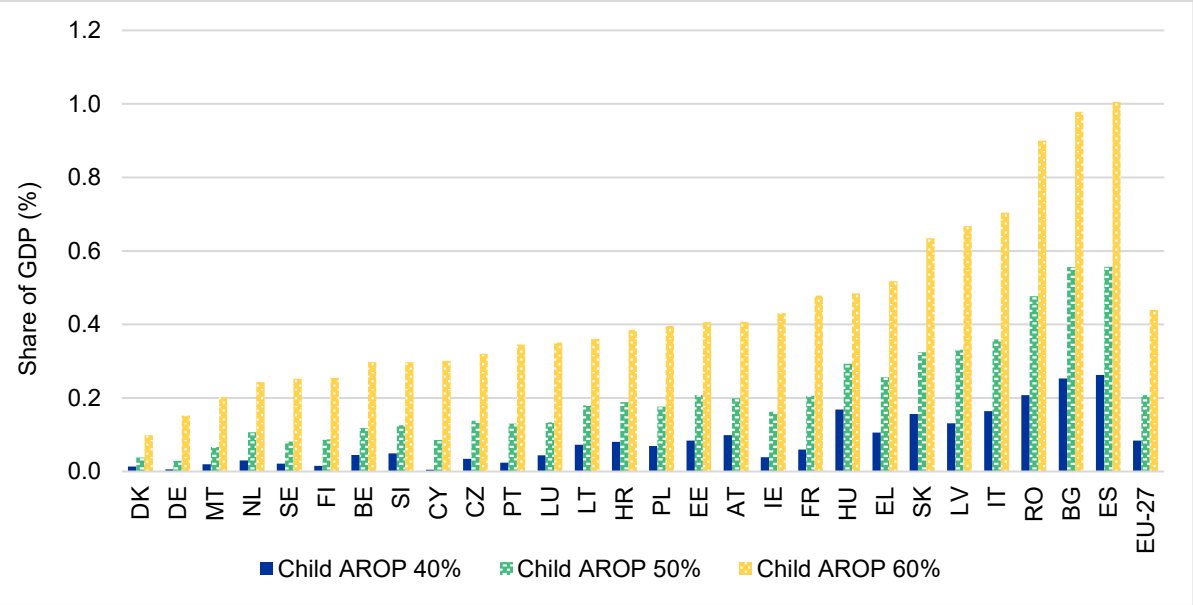
[201] This relationship is discussed in detail in Task 3.4.

children above the 60% poverty line would require a doubling of these combined expenditures in most countries.

These estimates of the cost of eradicating child poverty should be interpreted as a theoretical minimum – the fiscal resources required under perfect targeting, where every euro transferred goes exclusively to filling the exact poverty gap of each poor child, with no leakage to non-poor households, and no administrative costs. The policy swap analysis illustrates that real-world policy instruments might be more costly. The most cost-efficient policy design examined – the German combination of universal benefits with means-tested supplements – costs between 0.11% and 0.37% of GDP per pp of child poverty reduction, depending on the recipient country.

Consider RO, where the cost of lifting all children above the 60% poverty line is estimated at approximately 0.8% of GDP. The policy swap analysis shows that the German system costs 0.11% of GDP per pp of child poverty reduction in RO. Fully eliminating child poverty through a policy mix of similar efficiency would require roughly 3.3% of GDP, which is still below the value of lost employment, earnings and health due to childhood disadvantage (see Figure 18). It is also important to underline that monetary poverty is only one dimension of child disadvantage, and that higher investments, particularly in services, would be needed to provide children in poverty with more equal opportunities.

Figure 18 - Estimated cost of lifting all children above the monetary poverty threshold (% of GDP) in the EU-27, 2024



Note: countries are ordered by the cost of lifting all children above the monetary poverty threshold using the 60% AROP rate. Income is equivalised using the modified OECD equivalence scale.

Source: calculations using EUROMOD 2024 policies linked to 2024 EU-SILC data.

5. Social and economic returns associated with child benefit policies in EU Member States and OECD countries

This section summarises findings relating to the social and economic returns associated with child benefits. In accordance with the joint opinion of the Employment Committee and the Social Protection Committee on the value added of social investment,[202] we use the following definitions:

- **economic returns** to refer to 'financial benefits or gains at the individual, firm, or market level (at micro level), as well as changes to the overall economic growth, inflation rates, or employment rates of a country (at macro level)';
- **social returns** to refer to 'non-financial benefits focusing on well-being, quality of life, and societal improvements, including improved health and education outcomes of individuals or groups'.

The first two sub-sections (Sections 5.1 and 5.2) address the social returns associated with child benefits. In contrast, Section 5.3 focuses on the economic returns, using a more systematic approach (meta-analysis) to summarise findings from the literature.

5.1. Social returns associated with in-cash child benefits

5.1.1. Cash benefits and allowances

Although the short-term link between in-cash child benefits and poverty is well established (see Section 3.1), **relatively few studies estimate longer-term returns associated with child cash transfers**. A meta-analysis looking at the effectiveness of 30 early childhood interventions implemented in 23 countries (as evaluated in high-quality studies that use a quasi-experimental design or random assignment) identified only six studies relating to cash transfers.[203] On

[202] Council of the European Union. 2023. 'Opinion of the Employment Committee and the Social Protection Committee on the value added of social investment and the role of the EPSCO Council filière in the governance of the European Semester'. 24 November 2023. As of 26 July 2026: https://data.consilium.europa.eu/doc/document/ST-15418-2023-REV-2/en/pdf

[203] Nores, M. & Barnett, W. 2010. 'Benefits of Early Childhood Interventions across the World: (Under) Investing in the Very Young'. *Economics of Education Review*, Special Issue in Honor

average, effect sizes were smaller for these programmes compared to programmes based on educational or nutritional benefits.[204]

A case study conducted as part of this project exploring the long-term impact of the introduction of a universal cash benefit for children in SE found limited evidence of benefits sustained until recipients were in their 60s and 70s (see Box 7 and Annex 1). However, wider evidence suggests that cash transfers directed at families with children can have long-run effects. In the USA, the *Mothers' Pension program* (1911-1935) was associated with long-term benefits for children.[205] Comparing outcomes in adulthood for male children whose families were accepted or rejected for the benefit, one study finds that children who benefitted from the programme lived on average one year longer than those rejected for the benefit, stayed in education for longer (0.4 years on average) and had higher earnings in adulthood (by 13%). [206]

Box 7 - Case study estimating the long-term impact of the introduction of in-cash child benefits in SE

- SE first introduced a means-tested child allowance in January 1938. This initiative was expanded in January 1948, when a universal, tax-free child payment (Child Allowance) was introduced. Children were eligible for the payment from the month following their birth until the quarter when they turned 16.
- Descriptive analysis and regression discontinuity design (RDD) using data from the Survey of Health, Ageing and Retirement in Europe (SHARE) 2004 were used to examine differences in educational and health outcomes between people who had received Child Allowance as children and those who had not (i.e. cohorts whose date of birth designated them one of the first to be eligible or one of the last *not* to be eligible).
- Descriptive differences were as follows. Those in receipt of Child Allowance had an average of 1.37 years of education more than the

of Henry M. Levin, 29, no. 2, pp.271–82. As of 26 July 2026: https://doi.org/10.1016/j.econedurev.2009.09.001

[204] Nores, M. & Barnett, W. 2010. 'Benefits of Early Childhood Interventions across the World: (Under) Investing in the Very Young.' *Economics of Education Review*, Special Issue in Honor of Henry M. Levin, 29, no. 2, 271–82. As of 26 July 2026: https://doi.org/10.1016/j.econedurev.2009.09.001

[205] Aizer, Anna, Shari Eli, Joseph Ferrie & Adriana Lleras-Muney. 2016. 'The Long-Run Impact of Cash Transfers to Poor Families'. *American Economic Review* 106, no. 4, pp. 935–71. As of 26 July 2026: https://doi.org/10.1257/aer.20140529

[206] Aizer, Anna, Shari Eli, Joseph Ferrie & Adriana Lleras-Muney. 2016. 'The Long-Run Impact of Cash Transfers to Poor Families'. *American Economic Review* 106, no. 4, pp. 935–71. As of 26 July 2026: https://doi.org/10.1257/aer.20140529

control, a 12 pp higher probability of good overall health at the time of interview, a higher well-being index, and an 8 pp lower probability of reporting depressive symptoms. However, they also had a 1.34 higher Body Mass Index (BMI), which corresponds to an 8 pp higher probability of being overweight. The treated group were 12 pp more likely to be smoking at the time of interview. They had EUR 5 700 higher gross annual income, translating into EUR 3 000 net annual income, compared to the group that never received Child Allowance. No statistically significant differences were found in life satisfaction. However, many of these differences were due to the untreated group being older than the treated group.

- As the sample range is reduced, the size of the differences shrinks, with fewer becoming significant. When 10 years either side of the cutoff is measured, those who had received Child Allowance spent 0.9 years more in education, compared to the previously mentioned 1.37 years more. They become more likely to report depressive symptoms than those who did not receive the benefits, but less likely to smoke. Benefits in terms of good health and wellbeing are maintained to a smaller degree, similarly to net annual income. Once the narrowest range of three years is applied, all variable differences lose significance.

- Comparisons were then made between groups where all individuals received Child Allowance but for different durations. The treated group was split into those who received Child Allowance for 5-16 years and those who had only received it for between a few months and 4.75 years. Those who received the benefit for longer spent a year longer in formal education and displayed minimally higher scores in their reported well-being index.

- The RDD analysis found no statistically significant discontinuities in duration of education, BMI, probability of being overweight, well-being, depression, smoking, life satisfaction or income. The treated group had a higher probability of reporting better overall health. However, this could be accounted for by age differences or other public health interventions introduced in the intervening period.

More detailed information about the methodological approach can be found in Annex 1 (Section 6).

5.1.2. Tax credits

Evidence on the impact of tax credits on child outcomes has focused primarily on shorter-term outcomes, such as the impact on child poverty.[207] However,

[207] Michelmore, K. 2024. 'Tax credits and child outcomes: Lessons from the United States, the United Kingdom and Canada'. *Fiscal Studies,* 2024. As of 26 July 2026: https://doi.org/10.1111/1475-5890.12396

research from AT demonstrates the importance of considering longer-term 'second-round' effects associated with tax credit reform.[208] Reforms in AT in 2019 introduced a non-refundable tax credit of EUR 1 500 per child per year (*Familienbonus plus*) for in-work families and a refundable tax credit of EUR 250 for lone-parent households and single-earner households (*Kindermehrbetrag*). Without accounting for second-round effects of the reform, including the effect on employment rates and consumer spending, the reform had a net budgetary cost of EUR 1.51 billion, largely due to lower revenue from taxation. The reform had a net positive impact on employment rates and working hours for both men and women, as well as consumer spending. Taking these second-round effects into account over a longer time period (5 years), the net budgetary cost is lower (EUR 1.32 million). Overall, the reform is estimated to increase GDP by around 0.15% over 5 years.[209]

Several studies have found that **child tax credits are associated with improved educational outcomes for children.** In Canada, the Canada Child Tax Benefit (CCTB) is associated with improved test scores for children, with a stronger effect observed for boys than for girls.[210] In the USA, one study found that a USD 1 000 Earned Income Tax Credit (EITC)-induced increase in family income was associated with a 6% increase in maths and reading scores for children aged 5-14, with larger effects for boys than girls and for children from ethnic minority backgrounds.[211] EITC is also associated with an increased likelihood of completing high school and college in the USA.[212] These educational benefits might be expected to translate into improved employment and earnings prospects over the longer term, but the evidence is limited, largely

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[208] Christl, M., De Poli, S. & Varga, J. 2022. 'Reducing the income tax burden for households with children: An assessment of the child tax credit reform in AT'. *Fiscal Studies,* Vol. 43, No. 2, pp. 151–177. As of 26 July 2026: https://onlinelibrary.wiley.com/doi/full/10.1111/1475-5890.12295

[209] Christl, M., De Poli, S. & Varga, J. 2022. 'Reducing the income tax burden for households with children: An assessment of the child tax credit reform in AT'. *Fiscal Studies,* Vol. 43, No. 2, pp. 151–177. As of 26 July 2026: https://onlinelibrary.wiley.com/doi/full/10.1111/1475-5890.12295

[210] Milligan, K. & Stabile, M. 2011. 'Do child tax benefits affect the well-being of children? Evidence from Canadian child benefit expansions.' *American Economic Journal: Economic Policy,* Vol. 3, No. 3, August 2011, pp. 175–205. As of 26 July 2026: https://doi.org/10.1257/pol.3.3.175

[211] Summarised in Michelmore, K. 2024. 'Tax credits and child outcomes: Lessons from the United States, the United Kingdom and Canada'. *Fiscal Studies*. As of 26 July 2026: https://doi.org/10.1111/1475-5890.12396

[212] Michelmore, K. 2024. 'Tax credits and child outcomes: Lessons from the United States, the United Kingdom and Canada'. *Fiscal Studies.* As of 26 July 2026: https://doi.org/10.1111/1475-5890.12396

relating to EITC in the USA.[213] Long-term outcomes associated with EITC exposure as a child include higher earnings (measured in the mid-20s) and reduced poverty in adulthood, as well as improved health in adulthood.[214]

5.2. Social returns associated with in-kind child benefits

5.2.1. ECEC

The literature on long-term outcomes linked to ECEC provision (including costs vs benefits) is dominated by three programmes implemented in the USA: the *Perry High/Scope intervention* (henceforth *Perry intervention*), *Abecedarian* and the *Chicago Child-Parent Center (CPC) program.* These were high-quality research studies – RCTs for the *Perry High/Scope intervention* and *Abecedarian* and a quasi-experimental design (QED) for the CPC program – which followed participants and a control/comparison group well into adulthood. All three programmes were associated with wide-ranging, long-term benefits, although some differences in outcomes were observed for the three programmes, as summarised by Penn and colleagues (2006).[215] However, the generalisability of the findings is limited by the fact that all three programmes were implemented in the USA and targeted at children from disadvantaged backgrounds.

In this section, we present the evidence from these and other ECEC programmes on a range of social outcomes. Insofar as economic returns have been measured for these and other programmes, this is addressed in the following section (Section 5.3).

Educational outcomes

Over the longer-term, the *Perry intervention*, *Abecedarian program* and *CPC program* were all associated with sustained educational benefits for

[213] Michelmore, K. 2024. 'Tax credits and child outcomes: Lessons from the United States, the United Kingdom and Canada.' *Fiscal Studies,* 2024. As of 26 July 2026: https://doi.org/10.1111/1475-5890.12396

[214] Michelmore, K. 2024. 'Tax credits and child outcomes: Lessons from the United States, the United Kingdom and Canada.' *Fiscal Studies,* 2024. As of 26 July 2026: https://doi.org/10.1111/1475-5890.12396

[215] Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

participants.[216] Compared to the control group at age 30, participants in the *Abecedarian program* spent more time in education (13.46 years compared to 12.31 years) and were more likely to have completed a bachelor's degree (23% vs 6%).[217] The *CPC program* was associated with higher rates of high school completion (49.7% of the treatment group compared to 38.5% of the intervention group).[218] The effect for high school completion was more pronounced for boys than for girls.[219] At age 27, 33% of those who participated in the *Perry programme* had completed post-secondary education, compared to 28% of the control group.[220] In terms of ECEC programmes outside the USA, an evaluation identifies a positive effect of the *Early Start* programme in IE on test scores in mathematics and science at age 15 (no significant effect was observed for scores in English or Irish).[221] However, caution is required in interpreting the results since this was a small-scale non-randomised study. Beyond the evidence on specific interventions, some studies focus on wider policy changes, evaluating the impact of ECEC policy changes at the national level. Using a difference-in-difference approach to estimate the long-term effects of the expansion of publicly subsidised childcare in Norway, Havnes and Magstad (2011) found that, by their early 30s, children who benefited from the reforms completed more years of education (with an extra 0.35 years of education per child), were less likely to drop out of high school (by nearly 6%) and were more likely to attend university (by nearly 7%).[222]

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[216] Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

[217] Campbell, F. A. Pungello, E. P., Burchinal, M. et al. 2012. 'Adult Outcomes as a Function of an Early Childhood Educational Program: An Abecedarian Project Follow-Up'. *Developmental Psychology* 48, no. 4, pp.1033–43. As of 26 July 2026: https://doi.org/10.1037/a0026644

[218] Reynolds, A. J., Judy A. Temple, Dylan L. Robertson et al. 2001. 'Long-term effects of an early childhood intervention on educational achievement and juvenile arrest: A 15-year follow-up of low-income children in public schools.' *JAMA,* Vol. 285, No. 18, 9 May 2001, pp. 2339–2346. As of 26 July 2026: https://doi.org/10.1001/jama.285.18.2339

[219] Reynolds, A. J., Judy A. Temple, Dylan L. Robertson et al. 2001. 'Long-term effects of an early childhood intervention on educational achievement and juvenile arrest: A 15-year follow-up of low-income children in public schools.' *JAMA,* Vol. 285, No. 18, 9 May 2001, pp. 2339–2346. As of 26 July 2026: https://doi.org/10.1001/jama.285.18.2339

[220]Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

[221] Martin, S. 2010. 'An Early Childhood Intervention Programme and the Long-Term Outcomes for Students'. *Child Care in Practice* 16, no. 3, pp.257–74. As of 26 July 2026: https://doi.org/10.1080/13575271003756256

[222] Havnes, T. & Mogstad, M. 2011. 'No Child Left Behind: Subsidized Child Care and Children's Long-Run Outcomes', *American Economic Journal: Economic Policy* 3, no. 2, pp.97–129. As of 26 July 2026: https://doi.org/10.1257/pol.3.2.97

Other studies measure the impact of longer durations of ECEC attendance for children. **Across the OECD, children who attend 2+ years of ECEC perform better on standardised academic tests** (Programme for International Student Assessment - PISA) at age 15.[223] Dumas and Lefranc (2010) found that in FR, earlier enrolment in public preschool (aged 2-3 rather than 4) is associated with persistent benefits in educational outcomes, particularly for children from disadvantaged backgrounds.[224] The study found that earlier enrolment in preschool was associated with fewer grade repetitions at ages 11 and 16 and improved test scores at age 11. Similarly, research from New Zealand found that longer duration of ECEC attendance is associated with a greater likelihood of obtaining a university degree.[225] However, other studies found that the positive effect of ECEC on later educational outcomes is only observed for children aged 3+,[226] [227] indicating that the benefits of ECEC are less clear-cut for younger children. For children younger than 3, the benefits of ECEC relative to home care appear to depend on the quality of care at home.[228] Research from the UK finds that ECEC attendance at 9 months old is associated with cognitive gains at 3 years old, but only for children whose mothers have a low

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[223] Organisation for Economic Co-operation and Development (OECD). 2017. *Policy outcomes of early childhood education and care: Performance at age 15, impact for disadvantaged children, effect on health and well-being, and mother employability.* In *Starting Strong 2017 - Key OECD Indicators on Early Childhood Education and Care OECD*. Paris, 21 June 2017. As of 26 July 2026: https://doi.org/10.1787/9789264276116-7-en

[224] Dumas, C. & Lefranc, A. 2010. 'Early Schooling and Later Outcomes: Evidence from Pre-School Extension in France'. As of 26 July 2026: https://www.researchgate.net/publication/254410288_Early_Schooling_and_Later_Outcomes_Evidence_from_Pre-school_Extension_in_France

[225] McLeod, G. F. H. et al. 2018. 'Early Childhood Education and Later Educational Attainment and Socioeconomic Wellbeing Outcomes to Age 30'. *New Zealand Journal of Educational Studies* 53, no. 2, pp.257–73. As of 26 July 2026: https://doi.org/10.1007/s40841-018-0106-7

[226] van Belle, J. 2016. *'Early Childhood Education and Care (ECEC) and Its Long-Term Effects on Educational and Labour Market Outcomes*'. Santa Monica, Calif.: RAND Corporation. As of 26 July 2026: https://www.rand.org/pubs/research_reports/RR1667.html

[227] van Huizen, T. & Platenga, J. 2015. *'Universal Child Care and Children's Outcomes: A Meta-Analysis of Evidence from Natural Experiments'.* Discussion Paper Series 15-13, Tjalling C. Koopmans Research Institute, Utrecht School of Economics. As of 26 July 2026: https://www.sole-jole.org/assets/docs/16331.pdf

[228] van Belle, J. 2016. *'Early Childhood Education and Care (ECEC) and Its Long-Term Effects on Educational and Labour Market Outcomes.'* Santa Monica, Calif.: RAND Corporation. As of 26 July 2026: https://www.rand.org/pubs/research_reports/RR1667.html

level of education.[229] This study found that the benefits were unsustained at ages 5 or 7.[230]

A meta-analysis of 30 empirical studies from the EU and other OECD countries finds that there is no clear evidence regarding the relative benefits of full-time relative to part-time ECEC attendance.[231] However, this meta-analysis makes it clear that **the *quality* of ECEC provision is important for securing positive longer-term educational outcomes for children**.[232] The OECD also stress that high-quality ECEC can result in improved educational outcomes later in life, particularly for children from disadvantaged backgrounds.[233] One longitudinal study from the USA highlights the importance of quality early years education, finding that children who experienced high-quality ECEC (based on observational assessments) displayed better vocabulary skills in fifth grade (age 10) compared to those who experienced poorer quality provision.[234]

Box 8 - Case study estimating the impact of free preschool in IE (introduced in 2010) on children's educational and behavioural outcomes

- In 2010, IE introduced one year of free preschool via the Early Childhood Care and Education (ECCE) programme. Before the policy's introduction, parents had to fund pre-school, resulting in a divergence in pre-school attendance by socioeconomic status: only 47% of children in the lowest income quintile attended pre-school

[229] Côté, S. M. Orla Doyle, Amélie Petitclerc & Lori Timmins. 2013. 'Child Care in Infancy and Cognitive Performance Until Middle Childhood in the Millennium Cohort Study'. *Child Development* 84, no. 4, pp.1191–1208. As of 26 July 2026: https://doi.org/10.1111/cdev.12049

[230] Côté, S. M. Orla Doyle, Amélie Petitclerc & Lori Timmins. 2013. 'Child Care in Infancy and Cognitive Performance Until Middle Childhood in the Millennium Cohort Study'. *Child Development* 84, no. 4, pp.1191–1208. As of 26 July 2026: https://doi.org/10.1111/cdev.12049

[231] van Huizen, T. & Platenga, J. 2015. *Universal child care and children's outcomes: A meta-analysis of evidence from natural experiments.* Discussion Paper Series 15-13, Tjalling C. Koopmans Research Institute, Utrecht School of Economics. As of 26 July 2026: https://www.sole-jole.org/assets/docs/16331.pdf

[232] van Huizen, T. & Platenga, J. 2015. *Universal child care and children's outcomes: A meta-analysis of evidence from natural experiments.* Discussion Paper Series 15-13, Tjalling C. Koopmans Research Institute, Utrecht School of Economics. As of 26 July 2026: https://www.sole-jole.org/assets/docs/16331.pdf

[233] Organisation for Economic Co-operation and Development (OECD). 2017. *Policy outcomes of early childhood education and care: Performance at age 15, impact for disadvantaged children, effect on health and well-being, and mother employability.* In *Starting Strong 2017 - Key OECD Indicators on Early Childhood Education and Care OECD*, OECD, Paris, 21 June 2017. As of 26 July 2026: https://doi.org/10.1787/9789264276116-7-en

[234] Belsky, Jay. Deborah Lowe Vandell, Margaret Burchinal et al. 2007. 'Are There Long-Term Effects of Early Child Care?' *Child Development* 78, no. 2,2007, pp.681–701. As of 26 July 2026: https://doi.org/10.1111/j.1467-8624.2007.01021.x

compared to 80% of children in the highest income quintile.

- The policy clearly had a significant impact on preschool attendance, which rose from 65% to 95%. The scheme had a much stronger impact on preschool enrolment among those from lower-income backgrounds and those whose primary caregiver (PCG), usually the mother, had a lower level of educational attainment.

- Data from the Growing up in IE (GUI) survey was used to examine the impact of this policy change on children's educational and behavioural outcomes at age 9: abilities in maths and reading as assessed by teachers and parents, reading scores (Drumcoda tests), social and behavioural outcomes measured according to the Strengths and Difficulties Questionnaire (SDQ) and the child's self-concept (Piers-Harris test scores). A difference-in-differences-type approach was used to compare two cohorts of children (one exposed to the free children and the other not), focusing on whether the policy reduced the attainment gap between children from households below and above the median income.

- The findings indicate that the policy change did not substantially affect the gap in educational or behavioural outcomes between children from higher and lower-income households. Wider evidence suggests that gains for children from lower-income households are seen early on – for example, improving school readiness (see Coban et al. (2023)[235]) but effects may diminish over time (Blanden et al. (2014)).[236]

More detailed information about the methodological approach can be found in Annex 1 (Section 6).

In addition to the cognitive benefits and educational outcomes, ECEC has been linked to improvements in school-aged children's behaviour. In Australia, universal ECEC for 4-year-olds is associated with improvements in children's behaviour, but only for girls; no effect was observed for boys.[237] In the USA, children from disadvantaged backgrounds who participated in an early education programme – the *Opportunity Project Learning Centres* - were more likely to demonstrate emotional maturity and appropriate social behaviours (as

[235] Çoban, A., Yıldız, E., Aslan, H., Koca, Ö. & Kaynar, F. 2023. 'Effectiveness of School Readiness Programs for Preschool Children: A Meta-Analysis Study.' *Educational Policy Analysis and Strategic Research*. 18, pp.50-77. 10.29329/epasr.2023.600.3.

[236] Blanden, J., Bono, E., Hansen, K., McNally, S., & Rabe, B. 2014. 'Report: Evaluating a Demand-side Approach to Expanding Free Pre-school Education.' *Children and Young People Now*. pp.28-28. 10.12968/cypn.2014.23.28.

[237] Chor, E., Andresen, M. E., & Kalil, A. 2016. 'The Impact of Universal Prekindergarten on Family Behavior and Child Outcomes'. *Economics of Education Review* 55, pp. 168–81. As of 26 July 2026: https://doi.org/10.1016/j.econedurev.2016.10.002

assessed by their teachers) in the 4th grade (aged nine) compared to a control group.[238] Children who participated in the programme were also less likely than the control group to be disciplined at school.[239] However, one longitudinal study from the USA found that, after controlling for factors including child age and quality of childcare, greater exposure to centre-based ECEC was associated with a *higher* likelihood of experiencing behavioural problems in middle school.[240] The authors note that this effect is not well understood, with previous research conducted as part of this longitudinal study indicating that it may be partly related to the influence of agemates on children's development.

Employment and earnings in adulthood

Benefits associated with ECEC can be sustained into adulthood, with ECEC attendance associated with improved employment prospects and higher earnings. For the *Abecedarian program* in the USA, participants were over two times (Odds Ratio: 2.65) more likely than those in the control group to be consistently employed and to work full-time rather than part-time by age 30 (75% of the treatment group worked full-time, compared to 53% of the control group).[241] Programme participants had higher earned income (mean annual earned income was USD 33 437 for the treatment group compared to USD 22 246 for the control group) and were far less likely to receive public benefits at age 30 (individuals in the control group were six times more likely than those in the treatment group to claim public assistance).[242] The *CPC program,* also in the USA, was associated with greater occupational prestige and higher annual income at age 28 (by USD 786), as well as higher rates of health insurance coverage (75.9% of the treatment group had health insurance coverage, compared to 63.9% of the control group).[243] For the *Perry intervention*, monthly

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[238] Bakken, L., Brown, N. & Downing, B. 2017. 'Early Childhood Education: The Long-Term Benefits'. *Journal of Research in Childhood Education* 31, no. 2, pp. 255–69. As of 26 July 2026: https://doi.org/10.1080/02568543.2016.1273285

[239] Bakken, L., Brown, N. & Downing, B. 2017. 'Early Childhood Education: The Long-Term Benefits'. *Journal of Research in Childhood Education* 31, 255–69. As of 26 July 2026: https://doi.org/10.1080/02568543.2016.1273285

[240] Belsky, Jay. Deborah Lowe Vandell, Margaret Burchinal et al. 2007. 'Are There Long-Term Effects of Early Child Care?' *Child Development* 78, no. 2, 681–701. As of 26 July 2026: https://doi.org/10.1111/j.1467-8624.2007.01021.x

[241] Campbell, F. Pungello, E. P., Burchinal, M. et al. 2012. 'Adult Outcomes as a Function of an Early Childhood Educational Program: An Abecedarian Project Follow-Up'. *Developmental Psychology* 48, no. 4, 1033–43. As of 26 July 2026: https://doi.org/10.1037/a0026644

[242] Campbell, F. Pungello, E. P., Burchinal, M. et al. 2012. 'Adult Outcomes as a Function of an Early Childhood Educational Program: An Abecedarian Project Follow-Up'. *Developmental Psychology* 48, no. 4, 1033–43. As of 26 July 2026: https://doi.org/10.1037/a0026644.

[243] Reynolds, Arthur. J. Judy A. Temple, Suh-Ruu Ou, Irma A. Arteaga & Barry A. B. White. 2011. 'School-Based Early Childhood Education and Age-28 Well-Being: Effects by Timing, Dosage,

earnings were significantly higher at age 27 for the treatment group compared to the control group, and the treatment group was less likely to receive public benefits.[244] Bartik et al. (2012) estimate the impact of the *Tulsa Pre-K programme* (universal publicly provided ECEC for 4-year-olds) in the USA on adult earnings based on test scores at age 5.[245] Their estimates indicate that the programme is likely to have a positive impact on future earnings for all groups, with the greatest benefits for children who attend full-time and for children from economically disadvantaged backgrounds.[246] The programme is estimated to have a positive impact on future earnings of between 3.3% (for a child attending part-time who is not from an economically disadvantaged background) and 10.4% (for a child attending full-time who is from an economically disadvantaged background).

Using a difference-in-difference approach to estimate the impact of a large-scale expansion of subsidised ECEC in Norway, Havnes and Mogstad estimate that the reforms decreased the likelihood of being a low earner by age 30-33 by 3.6 pp.[247] Linked to this, the reforms were associated with a 5% decrease in the probability of claiming public assistance.[248]

Studies from FR and New Zealand indicate that longer durations of ECEC attendance are associated with improved labour market outcomes. Research from New Zealand has found that earlier enrolment in ECEC is associated with improved labour market prospects at age 30, including employment status (67.3% employment rate for no ECEC attendance compared to 85.3% for the longest duration of attendance, 2-3 years), occupational status and personal income (mean annual gross income of NZD 35 000 for no ECEC attendance

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and Subgroups'. *Science* 333, no. 6040, pp. 360–64. As of 26 July 2026: https://doi.org/10.1126/science.1203618

[244] Cited in Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

[245] Bartik, T., Gormley, W. & Adelstein, S. 2012. 'Earnings Benefits of Tulsa's Pre-K Program for Different Income Groups'. *Economics of Education Review* 31, no. 6, pp. 1143–61. As of 26 July 2026: https://doi.org/10.1016/j.econedurev.2012.07.016

[246] Bartik, T., Gormley, W. & Adelstein, S. 2012. 'Earnings Benefits of Tulsa's Pre-K Program for Different Income Groups'. *Economics of Education Review* 31, no. 6, pp. 1143–61. As of 26 July 2026: https://doi.org/10.1016/j.econedurev.2012.07.016

[247] Havnes, T. & Mogstad, M. 2011. 'No Child Left Behind: Subsidized Child Care and Children's Long-Run Outcomes.' *American Economic Journal: Economic Policy* 3, no. 2, pp. 97-129. As of 26 July 2026: https://doi.org/10.1257/pol.3.2.97

[248] Havnes, T. & Mogstad, M. 2011. 'No Child Left Behind: Subsidized Child Care and Children's Long-Run Outcomes.' *American Economic Journal: Economic Policy* 3, no. 2, 97–129. As of 26 July 2026: https://doi.org/10.1257/pol.3.2.97

compared to NZD 50 2000 for the longest duration of attendance, 2-3 years).[249] Dumas and Lefranc (2010) found that in FR, enrolling in public preschool one year earlier is associated with a 3% increase in monthly wages.[250]

Criminal justice outcomes

Findings regarding the impact of ECEC on criminal justice outcomes are mixed. Of the three large US studies, two – the *Perry intervention* and the *CPC program* – were associated with a significant reduction in adult criminal behaviour.[251] For the *CPC program*, programme participants were less likely than the control group to have been arrested or incarcerated by ages 18 and 28,[252] [253] with a greater effect observed for those whose parents had a low level of education.[254] For the Perry intervention, 2.3% of the participants had been arrested by age 27 compared to 4.6% of the control group.[255] For the *Perry intervention* and the *CPC program*, a reduction in criminal activity made a large

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[249] McLeod, Geraldine F. H. L. John Horwood, Joseph M. Boden & David M. Fergusson. 2018. 'Early Childhood Education and Later Educational Attainment and Socioeconomic Wellbeing Outcomes to Age 30'. *New Zealand Journal of Educational Studies* 53, no. 2, 257–73. As of 26 July 2026: https://doi.org/10.1007/s40841-018-0106-7

[250] Dumas, C. & Lefranc. 2010. A. 'Early Schooling and Later Outcomes : Evidence from Pre-School Extension in France'. As of 26 July 2026: https://www.researchgate.net/publication/254410288_Early_Schooling_and_Later_Outcomes_Evidence_from_Pre-school_Extension_in_France

[251] Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

[252] Reynolds, Arthur. J., Judy A. Temple, Dylan L. Robertson et al. 2001. 'Long-term effects of an early childhood intervention on educational achievement and juvenile arrest: A 15-year follow-up of low-income children in public schools.' *JAMA,* Vol. 285, No. 18, 9 May, pp. 2339–2346. As of 26 July 2026: https://doi.org/10.1001/jama.285.18.2339

[253] Reynolds, Arthur. J., Judy A. Temple, Dylan L. Robertson et al. 2001. 'Long-term effects of an early childhood intervention on educational achievement and juvenile arrest: A 15-year follow-up of low-income children in public schools.' *JAMA,* Vol. 285, No. 18, 9 May, pp. 2339–2346. As of 26 July 2026: https://doi.org/10.1001/jama.285.18.2339

[254] Reynolds, Arthur. J., Judy A. Temple, Dylan L. Robertson et al. 2001. 'Long-term effects of an early childhood intervention on educational achievement and juvenile arrest: A 15-year follow-up of low-income children in public schools.' *JAMA,* Vol. 285, No. 18, 9 May, pp. 2339–2346. As of 26 July 2026: https://doi.org/10.1001/jama.285.18.2339

[255] Cited in Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

contribution to estimated cost savings.[256] However, there was no estimated reduction in criminal behaviour from the *Abecedarian program*.[257] [258]

Health outcomes

The evidence on the impact of ECEC on health-related outcomes is less well developed. At age 28, participants in the *CPC program* in the USA were 5.2% less likely than the comparison group to report experiencing substance abuse issues.[259] However, no differences were observed between the treatment and control group in substance use issues reported at age 30 in the *Abecedarian program*.[260] Research from across the OECD indicates that ECEC attendance may be associated with lower rates of childhood obesity, although a causal connection has yet to be established.[261]

5.2.2. Education-related benefits, including school meals

Several studies find that high-quality school meal provision can have long-lasting benefits for children. In SE, children who benefited from the introduction of free nutritious school lunches for primary school pupils between 1959 and 1969 stayed in school for longer and were more likely to attend university (compared to a comparison group of children in municipalities who had not yet introduced the programme).[262] The full 9 years of exposure (i.e.

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[256] Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

[257] Campbell, F. Pungello, E. P., Burchinal, M. et al. 2012. 'Adult Outcomes as a Function of an Early Childhood Educational Program: An Abecedarian Project Follow-Up'. *Developmental Psychology* 48, no. 4,2012, pp.1033–43. As of 26 July 2026: https://doi.org/10.1037/a0026644

[258] Penn, H. et al. 2006. *Early years: What is known about the long-term economic impact of centre-based early childhood interventions?* Institute of Education, University of London.

[259] Reynolds, Arthur. J., Judy A. Temple, Dylan L. Robertson et al. 2001. 'Long-term effects of an early childhood intervention on educational achievement and juvenile arrest: A 15-year follow-up of low-income children in public schools.' *JAMA,* Vol. 285, No. 18, 9 May, pp. 2339–2346. As of 26 July 2026: https://doi.org/10.1001/jama.285.18.2339

[260] Campbell, F. Pungello, E. P., Burchinal, M. et al. 2012. 'Adult Outcomes as a Function of an Early Childhood Educational Program: An Abecedarian Project Follow-Up.' *Developmental Psychology* 48, no. 4, 1033–43. As of 26 July 2026: https://doi.org/10.1037/a0026644

[261] Organisation for Economic Co-operation and Development (OECD). 2017. *Policy outcomes of early childhood education and care: Performance at age 15, impact for disadvantaged children, effect on health and well-being, and mother employability.* In *Starting Strong 2017 - Key OECD Indicators on Early Childhood Education and Care OECD*. OECD, Paris, 21 June 2017. As of 26 July 2026: https://doi.org/10.1787/9789264276116-7-en

[262] Lundborg, P., Rooth, D., & Alex-Petersen, J. 2022. 'Long-Term Effects of Childhood Nutrition: Evidence from a School Lunch Reform'. *Review of Economic Studie* 89, pp. 876–908

throughout primary school) was associated with an additional two-thirds of a year of schooling and a 1.5-pp higher likelihood of attending university.[263] Similarly, in the USA, the *National School Lunch Program* was associated with longer duration of education, with a greater effect observed for men than for women.[264] In Norway, a free, nutritious breakfast programme provided for children in cities during the 1920s and 1930s was associated with improved educational outcomes for children. Children who benefitted from the breakfast programme had a higher likelihood (1.7 pp) of finishing high school.[265] Children benefited more if they were exposed to the breakfast programme at a younger age, with the duration of exposure found to be less important than age.[266] One study from the USA focuses on the impact of *nutritious* school meals, showing that reforms to improve the nutritional value of school meals in California were associated with higher scores on standardised tests.[267] This study finds that contracting with a healthy meal vendor increased test scores by 0.03 to 0.04 standard deviations.[268]

Linked to these educational benefits, **evidence shows that the benefits of school meal provision extend to adult earnings and income**. In SE, each year of exposure to nutritious school lunches during primary school is associated with 0.35% higher income in adulthood, amounting to an increase of 3% for those who benefitted for the full 9 years of primary education.[269] The

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[263] Lundborg, P., Rooth, D., & Alex-Petersen, J. 2022. 'Long-Term Effects of Childhood Nutrition: Evidence from a School Lunch Reform'. *Review of Economic Studie* 89, 876–908

[264] Hinrichs, P. 2010. 'The Effects of the National School Lunch Program on Education and Health'. *Journal of Policy Analysis and Management* 29, no. 3, pp. 479–505. As of 26 July 2026: https://doi.org/10.1002/pam.20506

[265] Bütikofer, A., Mølland, E., & Salvanes, K. G. 2018. 'Childhood Nutrition and Labor Market Outcomes: Evidence from a School Breakfast Program.' *Journal of Public Economics* 168, pp. 62–80. As of 26 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S004727271830152X

[266] Bütikofer, A., Mølland, E., & Salvanes, K. G. 2018. 'Childhood Nutrition and Labor Market Outcomes: Evidence from a School Breakfast Program'. *Journal of Public Economics* 168, 62–80. As of 26 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S004727271830152X

[267] Anderson, M. L., Gallagher, J. & Ramirez Ritchie, E. 2018. 'School Meal Quality and Academic Performance'. *Journal of Public Economics*, 168, pp. 81-93. As of 26 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S0047272718301816?utm_source=chatgpt.com

[268] Anderson, M. L., Gallagher, J. & Ramirez Ritchie, E. 2018. 'School Meal Quality and Academic Performance'. *Journal of Public Economics*, 168, pp. 81-93. As of 26 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S0047272718301816?utm_source=chatgpt.com

[269] Lundborg, P., Rooth, D., & Alex-Petersen, J. 2022. 'Long-Term Effects of Childhood Nutrition: Evidence from a School Lunch Reform'. *Review of Economic Studies* 89, 876–908.

effect was more pronounced for children from economically disadvantaged households, and earlier and longer exposure to the programme was associated with greater benefit for children. In Norway, children who benefitted from the free breakfast programme had earnings that were 2-3% higher than before the reforms, and for men there were gains in occupational status.[270]

Evidence on the link between school meal provision and long-term health outcomes is more mixed. In SE, children who benefited from nutritious school lunches in primary school were taller in adulthood and in better health (less likely to be diagnosed with a health condition) compared to those born just before the reform.[271] However, no differences were observed at older ages (40-60) in being diagnosed with a health condition, indicating that benefits were not sustained over the long term. No differences were observed in health outcomes for children whose mothers were exposed to the school meals, indicating that health benefits are not passed on to the next generation.[272] For the *National School Lunch Program* in the USA, no significant effect was observed for adult height or BMI.[273]

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[270] Bütikofer, A., Mølland, E., & Salvanes, K. G. 2018. 'Childhood Nutrition and Labor Market Outcomes: Evidence from a School Breakfast Program'.' *Journal of Public Economics* 168, pp. 62–80. As of 26 July 2026: https://www.sciencedirect.com/science/article/abs/pii/S004727271830152X

[271] Lundborg, P., Rooth, D., & Alex-Petersen, J. 2022. 'Long-Term Effects of Childhood Nutrition: Evidence from a School Lunch Reform,' *Review of Economic Studies* 89, pp. 876–908.

[272] Lundborg, P., Rooth, D., & Alex-Petersen, J. 2022. 'Long-Term Effects of Childhood Nutrition: Evidence from a School Lunch Reform.' *Review of Economic Studies* 89, pp. 876–908.

[273] Hinrichs, P. 2010. 'The Effects of the National School Lunch Program on Education and Health'. *Journal of Policy Analysis and Management* 29, no. 3, pp. 479–505. As of 26 July 2026: https://doi.org/10.1002/pam.20506

5.2.3. Other in-kind child benefits

Sure Start, an early years programme introduced in the UK (England) in 1999, was a multifaceted intervention that included ECEC provision as well as health services, such as baby weighing clinics and employment support for parents. **Several studies have identified long-term benefits for children exposed to *Sure Start***,[274] including improved educational outcomes sustained at least until age 16.[275] On average, children who had access to a *Sure Start* centre as a preschooler performed 0.8 grades better at standardised tests at age 16.[276] Educational benefits were more pronounced for children from economically disadvantaged backgrounds (those eligible for free school meals) and ethnic minority backgrounds.[277]

Another study focuses on the long-term health benefits of *Sure Start*, estimating that children exposed to the programme, particularly boys and children from poorer areas, had reduced hospitalisations as teenagers.[278] *Sure Start* also had long-term benefits in terms of young people's involvement in the criminal justice system. One study estimates that children who had access to a *Sure Start* centre as a preschooler were 13% less likely to receive a conviction and 20% less likely to receive a custodial sentence by age 16.[279] However, there was no effect on less serious interactions with the criminal justice system and children exposed to *Sure Start* were more likely to be suspended from school.[280]

In addition to school meals, other food-related child benefits have been shown to have long-term benefits for children. In the USA, a study using a quasi-experimental approach (difference-in-differences) finds that the Food Stamps

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[274] Due to data limitations, research is based on access to a Sure Start centre (geographical proximity) rather than use.

[275] Carneiro, P., Cattan, S., & Ridpath, N. 2024. *The short- and medium-term impacts of Sure Start on educational outcomes.* Institute for Fiscal Studies. As of 26 July 2026: https://www.nuffieldfoundation.org/wp-content/uploads/2020/08/The-short-and-medium-term-impacts-of-Sure-Start-on-educational-outcomes.pdf

[276] Carneiro, P., Cattan, S., & Ridpath, N. 2024. *The short- and medium-term impacts of Sure Start on educational outcomes.* Institute for Fiscal Studies. As of 26 July 2026: https://www.nuffieldfoundation.org/wp-content/uploads/2020/08/The-short-and-medium-term-impacts-of-Sure-Start-on-educational-outcomes.pdf

[277] Carneiro, P., Cattan, S., & Ridpath, N. 2024. *The short- and medium-term impacts of Sure Start on educational outcomes.* Institute for Fiscal Studies. As of 26 July 2026: https://www.nuffieldfoundation.org/wp-content/uploads/2020/08/The-short-and-medium-term-impacts-of-Sure-Start-on-educational-outcomes.pdf

[278] Cattan, S. Gabriella Conti, Christine Farquharson, Rita Ginja & Maud Pecher. 2021. 'The health effects of universal early childhood interventions: Evidence from Sure Start.' *SSRN Scholarly Paper,* Social Science Research Network, Rochester, NY, 1 November 2021. As of 26 July 2026: https://papers.ssrn.com/abstract=4026571

Programme[281] (food vouchers for low-income families, rolled out on a county-by-county basis between 1962 and 1975) was associated with a lower incidence of obesity, high blood pressure, heart disease and diabetes in adulthood.[282] An evidence review focusing on the US evidence on child benefits finds that food stamps increased food security over the long-term as well as the short-term, contributing to improved health outcomes in adulthood, including lower rates of obesity and heart disease.[283] This evidence review also cites research identifying wider long-term benefits of food stamps, including improved financial security in adulthood and reduced reliance on public assistance.[284] One study found that a parent's full access to food stamps while a child is in utero and during their early childhood (up to age 5) was associated with a 0.004 standard deviation increase in that child's economic self-sufficiency (a composite index based on factors including employment status, working hours, labour income, poverty status and welfare receipt) in adulthood compared to those whose parents had no access.[285]

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[279] Carneiro, Pedro, Sarah Cattan, Gabriella Conti et al. 2024. 'The effect of Sure Start on youth misbehaviour, crime and contacts with children's social care.' Institute for Fiscal Studies, 23 October 2024. As of 26 July 2026: https://ifs.org.uk/publications/effect-sure-start-youth-misbehaviour-crime-and-contacts-childrens-social-care

[280] Carneiro, Pedro, Sarah Cattan, Gabriella Conti et al. 2024. 'The Effect of Sure Start on Youth Misbehaviour, Crime and Contacts with Children's Social Care'. Institute for Fiscal Studies. As of 26 July 2026: https://ifs.org.uk/publications/effect-sure-start-youth-misbehaviour-crime-and-contacts-childrens-social-care

[281] In 2008, the Food Stamps Programme was renamed as Supplemental Nutrition Assistance Program (SNAP).

[282] Hoynes, H., Schanzenbach, D. W. & Almond, D. 2016. 'Long-run impacts of childhood access to the safety net. '*American Economic Review,* Vol. 106, No. 4, April, pp. 903–934. As of 26 July 2026: https://doi.org/10.1257/aer.20130375

[283] Maag, Elaine, Cary Lou, Michelle Casas, Hannah Daly, Gabriella Garriga & Lillian Hunter. 2023. *'The return on investing in children: Helping children thrive*.' Urban Institute. As of 26 July 2026: https://www.urban.org/sites/default/files/2023-09/The%20Return%20on%20Investing%20in%20Children.pdf

[284] Maag, Elaine, Cary Lou, Michelle Casas, Hannah Daly, Gabriella Garriga & Lillian Hunter. 2023. *The return on investing in children: Helping children thrive*. Urban Institute. As of 26 July 2026: https://www.urban.org/sites/default/files/2023-09/The%20Return%20on%20Investing%20in%20Children.pdf

[285] Bailey, Martha. J., Hilary W. Hoynes, Maya Rossin-Slater, Reed Walker. 2020. *'Is the social safety net a long-term investment? Large-scale evidence from the Food Stamps Program*.' Working Paper Series*,* National Bureau of Economic Research, April 2020. As of 26 July 2026: https://doi.org/10.3386/w26942

5.3. Meta-analysis of benefit-to-cost ratios (BCRs) of child benefits in EU Member States and OECD countries

This section summarises findings from a literature review and meta-analysis conducted to quantify the financial benefits resulting from interventions that directly or indirectly impact children's well-being in EU and OECD countries. Whilst some of the sources described in the previous section estimate the impact of child benefit policies on economic outcomes such as employment and earnings, the sources described in this section all calculate BCRs to assess economic returns (see Box 9).

Box 9 - Methodology for the meta-analysis

The methodology involved reviewing relevant literature and aggregating comparable metrics (BCRs) from studies that assess programme costs and corresponding benefits. BCRs are unitless, not tied to a specific year (discounted to present value) and independent of intervention scale, allowing a comparison of heterogeneous interventions. A total of 36 studies were included in the literature review process, including three sources relating to EU Member States (ES, SI and SE). Due to the small number of sources relating to in-cash child benefits (n=3), these are described separately and not included in the meta-analysis.

More detailed information about the methodological approach can be found in Annex 1 (Section 7).

5.3.1. Economic returns generated by in-cash child benefits: a descriptive overview

Table 12 lists three studies examining in-cash benefits. Britton et al. (2025)[286] evaluated the UK Education Maintenance Allowance (EMA) policies, implemented to stimulate educational participation beyond the minimally mandated age of 16. The EMA provides financial support to adolescents from disadvantaged backgrounds in exchange for their commitment to register for a full-time education course until age 18. The study leveraged linked administrative datasets to assess the long-term impact of EMA in a quasi-experimental setting, measuring outcomes including educational qualifications, employment, earnings and crime up to age 28. The findings indicated that the

[286] Britton, J., Ridpath, N., Villa, C. & Waltmann, B. 2025. *The short- and long-run effects of the Education Maintenance Allowance.* IFS Report, Institute for Fiscal Studies, London, ISBN 978-1-80103-215-5. As of 26 July 2026: https://doi.org/10.1920/re.ifs.2025.0011

programme yielded a lower economic return than expected, with a BCR of approximately 0.4, meaning it returned around 40 pence for every GBP 1 spent.

Wang et al. (2024) examined the impact of paid parental leave policies in the USA (California) and Norway on infants and parents.[287] Through a systematic review of existing studies, they identified the mechanisms by which parental leave can affect a range of significant outcomes and existing sources that allow for the monetisation of these outcomes. Their analysis linked this mechanism to a quasi-experimental evaluation of California's paid leave policy introduced in 2004. The resulting cost-benefit analysis suggested that providing paid leave improves maternal and infant health outcomes, leading to better educational and earnings prospects in the future. The authors estimated that, for every USD 1 000 invested, the resulting benefits would range from a conservative estimate of USD 7 275 (BCR: 7) to a mean estimate of USD 29 406 (BCR: 29), depending on the evidence used in the evaluation.

Ananat and Garfinkel (2023) analysed the impact of expanding the Child Tax Credit (CTC) in the USA, a legislative proposal aimed at raising the maximum credit amount per child from USD 2 000 to USD 3 600 for children aged 6-17 and USD 4 320 for children under 6.[288] Their study employed an economic projection and microsimulation model, collating information from prior evaluations of the long-term impacts of social programmes. The modelled outcomes were diverse, encompassing future tax payments, monetised health outcomes, earnings from work, criminality and education. The authors concluded that, on average, the societal benefits could amount to about ten times the costs, yielding a BCR of 9.6, consistent with large returns from other programmes investing in children.

Table 12 - List of in-cash benefit studies

Sources estimating BCRs for in-cash benefits in EU Member States and OECD countries

Study	Geographical scope	Subtype of in-cash benefit	BCR
Britton, Ridpath, Villa and Waltmann (2025)	UK	Cash benefit	0.4

[287] Wang, B., Slopen, M., Garfinkel, I., Ananat, E., Collyer, S. M., Hartley, R. P. & Wimer, C. 2024. *The benefits and costs of paid family leave.* Working Paper No. w33279, National Bureau of Economic Research.

[288] Ananat, E. & Garfinkel, I. 2023. 'The potential long-run impact of a permanently expanded Child Tax Credit.'*The ANNALS of the American Academy of Political and Social Science,* Vol. 710, No. 1, pp. 192–208.

Study	Geographical scope	Subtype of in-cash benefit	BCR
Wang et al. (2024)	USA (California) and Norway	Paid parental leave	7 (conservative) 29 (mean)
Ananat and Garfinkel (2023)	USA	Tax relief	9.6

5.3.2. Economic returns generated by in-kind child benefits: a meta-analysis

The in-kind child benefit interventions are grouped into three broad domains: education-related, health-related, and others. Education interventions include ECEC, school-based and remedial education. Health interventions include preventive health measures, nutrition programmes and health centres. Other types of interventions include programmes focused on family and parenting support. While varying in scope, delivery models and outcomes, many of these programmes demonstrated substantial social and economic returns, particularly when targeted at disadvantaged children. See Table 13 for the full list of studies included in the main analysis.

Education-related interventions

A large share of the studies focused on early education for children, showing relatively high returns. For instance, Barnett and Masse (2007) evaluated the *Abecedarian* program, which provided intensive early education and care from infancy.[289] Their findings indicated a BCR of 2.5, primarily attributed to long-term gains in participant earnings and increased maternal employment. Bartik et al. (2012) estimated BCRs of 3.09 and 4.08 for the Tulsa Pre-K program, based on improved cognitive outcomes linked to future earnings.[290] Additionally, van Huizen et al. (2019) evaluated the Spanish LOGSE reform, which extended preschool access and demonstrated improved cognitive outcomes, yielding a BCR of 4.3.[291]

The Perry Preschool project examined by Belfield et al. (2006) yielded a BCR of 16.14, reflecting benefits across earnings, reduced crime rates and improved

[289] Barnett, W. S. & Masse, L. N. 2007. 'Comparative benefit–cost analysis of the Abecedarian program and its policy implications.' *Economics of Education Review,* Vol. 26, No. 1, February 2007, pp. 113-125.

[290] Bartik, T. J., Gormley, W. & Adelstein, S. 2012. 'Earnings benefits of Tulsa's pre-K program for different income groups.' *Economics of Education Review,* Vol. 31, No. 6, pp. 1143–1161.

[291] van Huizen, T., Dumhs, L. & Plantenga, J. 2019. 'The costs and benefits of investing in universal preschool: Evidence from a Spanish reform.' *Child Development,* Vol. 90, No. 3, pp. e386–e406.

health outcomes.[292] Rolnick and Grunewald (2003) found a BCR of 8.84 when considering benefits to participants and society as a whole.[293] Heckman et al. (2010) yielded multiple BCR estimates (8.6, 12.2 and 7.1) under different scenarios and assumptions.[294]

Three studies conducted cost-benefit analyses of the Child-Parent Centre (CPC) Education Program in Chicago, which provided educational and family support services to low-income children aged 3-9. Reynolds et al. (2002) estimated BCRs of 7.14, 1.66 and 6.11 for participants followed up to age 21, and separately for pre-school, school age, and the extended programme.[295] Temple and Reynolds (2007) estimated a BCR of 10.15 for participants followed up to age 22.[296] An updated cost-effectiveness analysis by Reynolds et al. (2011) extended the follow-up to age 26, estimating BCRs of 10.83, 3.97, and 8.24 for preschool, school-age, and extended programs, respectively.[297]

Lastly, Catterall (2011) examined dropout recovery initiatives and estimated a BCR of 3, highlighting the fiscal and social value of reintegrating at-risk adolescents into educational settings.[298]

Health-related interventions

Health-related interventions have also demonstrated notable economic returns, particularly in preventive public health and immunisation. Thomas (2018) modelled the impact of respiratory syncytial virus (RSV) immunisation in England, reporting BCRs from 0.46 to 7.76, depending on disease type, with the

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[292] Belfield, C. R., Nores, M., Barnett, S. & Schweinhart, L. 2006. 'The High/Scope Perry Preschool Program: Cost–benefit analysis using data from the age-40 follow-up.' *Journal of Human Resources,* Vol. 41, No. 1, pp. 162–190.

[293] Rolnick, A. & Grunewald, R. 2003. 'Early childhood development: Economic development with a high public return.' *The Region,* Vol. 17, No. 4, pp. 6–12.

[294] Heckman, J. J., Moon, S. H., Pinto, R., Savelyev, P. A., & Yavitz, A. 2010. 'The rate of return to the HighScope Perry Preschool Program'. *Journal of public Economics*, 94(1-2), 114-128.

[295] Reynolds, A. J., Temple, J. A., Robertson, D. L., & Mann, E. A. 2002. 'Age 21 cost-benefit analysis of the Title I Chicago child-parent centres'. *Educational Evaluation and Policy Analysis*, 24(4), 267-303.

[296] Temple, J. A. & Reynolds, A. J. 2007. 'Benefits and costs of investments in preschool education: Evidence from the Child-Parent Centres and related programs.' *Economics of Education Review,* Vol. 26, No. 1, pp. 126-144.

[297] Reynolds, Arthur J., Judy A. Temple, Barry A. B. White, Suh-Ruu Ou & Dylan L. Robertson. 2011. "Age 26 Cost–Benefit Analysis of the Child–Parent centre Early Education Program." *Child Development*, Vol. 82, No. 1, January–February 2011, pp. 379–404.

[298] Catterall, J. S. 2011. 'The societal benefits and costs of school dropout recovery.' *Education Research International,* Vol. 2011, No. 1, Article 957303.

highest returns observed for preventing Bronchopulmonary Dysplasia.[299] Zhou et al. (2014) evaluated the US routine childhood immunisation schedule.[300] They found a direct BCR of 3 and a societal BCR of 10.1, with substantial public health and fiscal benefits through reductions in mortality and morbidity.

Lundborg et al. (2022) assessed a school nutrition reform in SE.[301] The programme improved dietary intake and educational attainment, yielding a BCR of 3.8. Guo et al. (2010) evaluated school-based health centres, demonstrating a BCR of 1.68.[302] Their findings indicated that access to school-based health centres generated substantial savings from reduced hospitalisation and prescription drugs.

Carneiro et al. (2024a) explored England's Sure Start initiative, which provided holistic support to families with children under age 5.[303] They found large benefits accounting for academic outcomes only with a BCR of 1.09. The benefits were more substantial for children from disadvantaged backgrounds. However, when Carneiro et al. (2024b) evaluated the broader effects of the *Sure Start* initiative on youth misbehaviour, crime and social care, they found limited societal benefits.[304] The only direct benefit was through reducing the costs of crime experienced by victims, translating to a low BCR of 0.01.

Other interventions

Ponikvar et al. (2021) evaluated SI's parenting programme, *Incredible Years*, which aimed to enhance parenting competencies and parent involvement in

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[299] Thomas, G. 2018. 'A cost-benefit analysis of the immunisation of children against respiratory syncytial virus (RSV) using the English Hospital Episode Statistics (HES) data set.' *The European Journal of Health Economics,* Vol. 19, No. 2, pp. 177-187.

[300] Zhou, F., Shefer, A., Wenger, J., Messonnier, M., Wang, L. Y., Lopez, A., Moore, M., Murphy, T. V., Cortese, M. & Rodewald, L. 2014. 'Economic evaluation of the routine childhood immunization program in the United States, 2009.' *Pediatrics,* Vol. 133, No. 4, pp. 577-585.

[301] Lundborg, P., Rooth, D. O. & Alex-Petersen, J. 2022. 'Long-term effects of childhood nutrition: Evidence from a school lunch reform.' *The Review of Economic Studies,* Vol. 89, No. 2, pp. 876-908.

[302] Guo, J. J., Wade, T. J., Pan, W. & Keller, K. N. 2010. 'School-based health centres: Cost–benefit analysis and impact on health care disparities.' *American Journal of Public Health,* Vol. 100, No. 9, pp. 1617-1623.

[303] Carneiro, P., Cattan, S. & Ridpath, N. 2024. *The short- and medium-term impacts of Sure Start on educational outcomes.* Institute for Fiscal Studies.

[304] Carneiro, P., Cattan, S., Conti, G., Crawford, C., Drayton, E., Farquharson, C. & Ridpath, N. 2024.*The effect of Sure Start on youth misbehaviour, crime and contacts with children's social care,* Institute for Fiscal Studies.

children's school experiences.[305] The study reported a BCR of 5.58, reflecting monetised program outcomes in primary and preschool education, health care, addiction and juvenile delinquency. Evans et al. (2003) reviewed evidence for the *New Deal for Lone Parents* (NDLP) in the UK, which aimed to encourage lone parents to improve their prospects and living standards by taking up and increasing paid work.[306] They reported BCRs of 2.85, 3.81, and 7.63 at 9, 12 and 24 months, separately, accounting for economic benefit due to movement into work and additional earnings. Slade et al. (2021) evaluated the program for *coping and promoting strength* (CAPS), a brief parent-focused psychosocial intervention to prevent the onset of anxiety disorders in offspring of parents with anxiety disorders and estimated a BCR of 1.73 with benefits accruing from improvements in mental health and child development.[307]

Table 13 - List of in-kind benefit studies included in the main meta-analysis

Sources estimating BCRs for in-kind benefits in EU Member States and OECD countries

Study	Geographical scope	Subtype of in-kind benefit	BCR (se) or BCR [95% CI*)]
Barnett, Steven & Masse (2007)	USA	Education	2.5
Bartik, Gormley & Adelstein (2012)	USA	Education	3.09
			4.08
Belfield, Nores, Barnett & Schweinhart (2006)	USA	Education	16.14
Catterall (2011)	USA	Education	3
Heckman, Moon, Pinto, Savelyev & Yavitz (2010)	USA	Education	8.6 (3.9)
			12.2 (5.3)
			7.1 (2.3)
	USA	Education	7.14

[305] Ponikvar, N., Anderluh, M., Strmljan Kreslin, E. & Marc, M. 2021. 'Economic evaluation of preventive healthcare: A cost-benefit analysis of a parenting program.' *Eurasian Journal of Social Sciences,* Vol. 9, No. 2, pp. 89-97.

[306] Evans, M., Eyre, J., Millar, J., & Sarre, S. 2003. *New Deal for Lone Parents: second synthesis report of the national evaluation*. DWP Research Management.

[307] Slade, E. P., Ginsburg, G. S., & Riddle, M. A. 2021. 'Cost-benefit Analysis of the Coping and Promoting Strength Program'. Prevention Science, 22(8), 1096-1107.

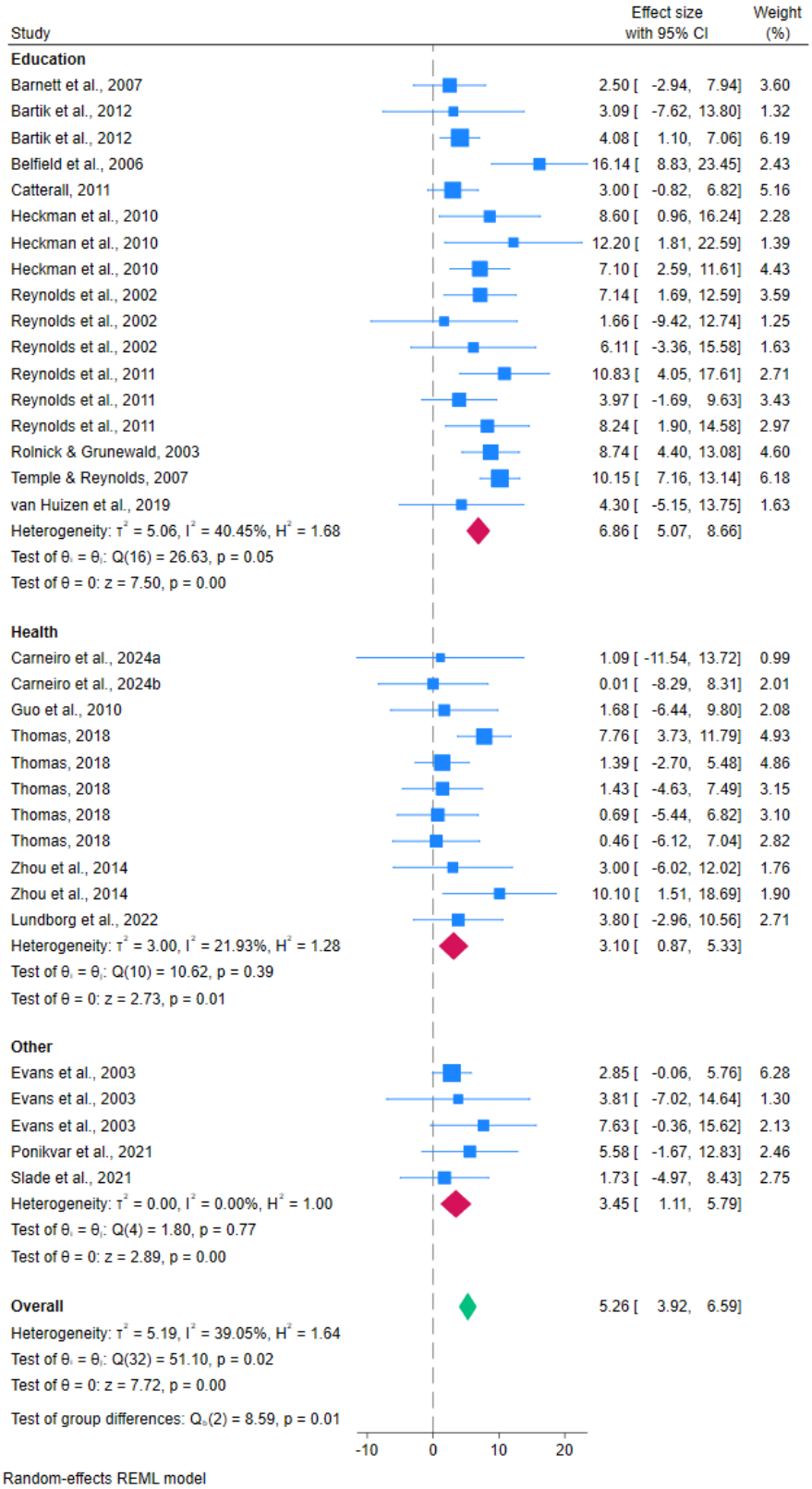
Study	Geographical scope	Subtype of in-kind benefit	BCR (se) or BCR [95% CI*)]
Reynolds, Temple, Robertson & Mann (2002)			1.66
			6.11
Reynolds et al. (2011)	USA	Education	10.83 [4.15, 17.5]
			3.97 [-3.66, 11.6]
			8.24 [0.1, 16.58]
Rolnick & Grunewald (2003)	USA	Education	8.74
Temple & Reynolds (2007)	USA	Education	10.15
van Huizen, Dumhs & Platenga (2019)	ES	Education	4.3
Carneiro, Cattan & Ridpath (2024a)	UK	Health	1.09
Carneiro et al. (2024b)	UK	Health	0.01
Guo, Wade, Pan & Keller (2010)	USA	Health	1.68
Thomas (2018)	UK	Health	7.76
			1.39
			1.43
			0.69
			0.46
Zhou et al. (2014)	USA	Health	3
			10.1
Lundborg, Rooth & Alex-Petersen (2022)	SE	Health	3.8
Ponikvar, Anderluh, Strmljan Kreslin & Marc (2021)	SI	Other	5.58
Evans, Eyre, Millar Sarre (2003)	UK	Other	2.85
			3.81
			7.63

Study	Geographical scope	Subtype of in-kind benefit	BCR (se) or BCR [95% CI*)]
Slade, Ginsburg and Riddle (2021)	USA	Other	1.73 [0.59, 2.74]

**CI = confidence interval*

Figure 19 presents the forest plot of estimated BCRs by intervention type. The overall pooled BCR is 5.26 (95% CI: 3.92 to 6.59) based on a random-effects model, indicating that, **on average, each unit of investment in these interventions yields over five units in return**. Between-study heterogeneity was moderate ($\tau^2 = 5.19$; $I^2 = 39.05\%$), reflecting variation in intervention type, population targeting, outcome measurement and valuation approaches.

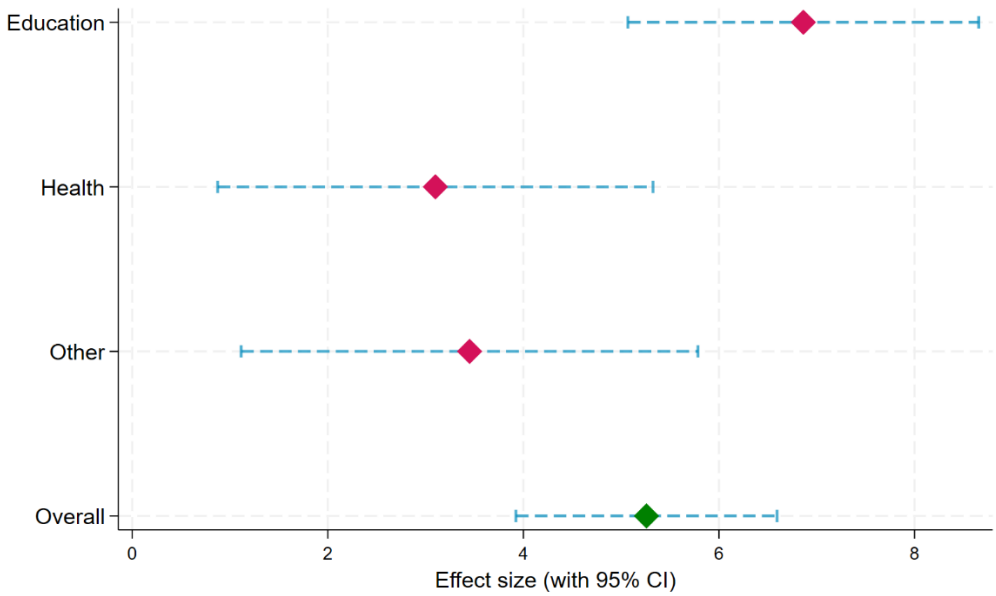
Figure 19 - Forest plot of BCRs of in-kind child benefits from studies included in the meta-analysis



Source: calculations from published studies providing BCR estimations for in-kind benefits in EU Member States and OECD countries.

To explore one potential source of heterogeneity, a subgroup analysis was conducted based on intervention type, grouping studies into three categories: education, health and other interventions (see Figure 20). **Education-focused interventions demonstrated the highest economic returns**, with a pooled BCR of 6.86 (95% CI: 5.07 to 8.66) and moderate heterogeneity (I^2 = 40.45%). These included landmark evaluations such as the Perry Preschool programme and Chicago Child-Parent Centres. Returns were largely driven by long-term gains in educational attainment, employment, earnings and reductions in welfare dependency and crime. These findings reinforce the robust economic case for high-quality ECEC, especially when combined with intensive support and long-term tracking. Health-focused interventions returned a more modest pooled BCR of 3.10 (95% CI: 0.87 to 5.33), with relatively low heterogeneity (I^2 = 21.93%). This group included preventive healthcare, such as immunisation, nutrition programmes, and the *Sure Start* initiative. Some estimates demonstrated high returns, particularly when focused on high-risk infants or long-term health improvements. Others had wide confidence intervals or lower returns, reflecting narrower benefit scopes or conservative assumptions. Interventions classified as "Other" included programmes targeted at parents, such as the *Incredible Years Parenting P*rogramme and the *New Deal for Lone Parents*, which produced a pooled BCR of 3.45 (95% CI: 1.11 to 5.79), with no observed heterogeneity (I^2 = 0%). While the returns are positive and statistically significant, they tend to be lower and more modestly estimated than those in education-focused programmes. The test for subgroup differences was statistically significant ($Q(2) = 8.59$, $p = 0.01$), confirming that variation in economic returns across intervention types is meaningful.

Figure 20 - Forest plot of pooled BCRs of in-kind child benefits, by sub-group of intervention types



Source: calculation based on published studies providing BCR estimations for in-kind benefits in EU Member States and OECD countries.

BCR estimates vary considerably across and within subgroups. Some studies with narrower scopes or more conservative valuation approaches, e.g. Carneiro et al. (2024b),[308] reported BCRs close to zero. In contrast, long-term, multi-domain evaluations, such as those by Heckman et al. (2010)[309] and Reynolds et al. (2011),[310] consistently demonstrated high returns, particularly when they included externalities like improved health or reduced crime. This pattern is supported by Belfield et al.'s (2006) results,[311] which highlighted that the breadth of monetised outcomes and the time horizon of evaluation substantially influence reported BCRs. While such methodological differences could not be systematically accounted for in this meta-analysis, this represents a recognised limitation of the study.

This meta-analysis highlights both the promise and the fragility of the evidence base on the economic returns to child benefit interventions. Across the studies reviewed, there was considerable variation in how evaluations were conducted, in terms of defining the intervention and counterfactual, identifying costs, valuing benefits, selecting time horizons and handling discounting. Equally, there was little consistency in how results were reported. Some studies presented detailed breakdowns of costs, benefits and uncertainty measures, while others provided only headline BCRs with limited methodological explanation. This significant variability in both implementation and reporting of cost-benefit analysis makes it challenging to synthesise and compare evidence across studies.

Such inconsistent, patchy evidence is not trivial. Incomplete or selective reporting can distort pooled estimates, making programmes appear more or less "value for money" depending on which benefits and costs are considered. Substantial differences in scope of valuation (e.g. short-term programme costs versus lifetime societal benefits), perspective (government, societal or participant), time horizon and discounting further undermine comparability across studies. A notable gap is the limited reporting of variance measures, which weakens statistical synthesis and necessitates imputation. In our case, only seven studies reported SEs, restricting the basis for modelling and

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[308] Carneiro, P., Cattan, S., Conti, G., Crawford, C., Drayton, E., Farquharson, C., & Ridpath, N. 2024. *The effect of Sure Start on youth misbehaviour, crime and contacts with children's social care.* The Institute for Fiscal Studies.

[309] Heckman, J. J., Moon, S. H., Pinto, R., Savelyev, P. A., & Yavitz, A. 2010. 'The rate of return to the HighScope Perry Preschool Program'. *Journal of public Economics,* 94(1-2), 114-128

[310] Reynolds, Arthur J., Judy A. Temple, Barry A. B. White, Suh-Ruu Ou & Dylan L. Robertson. 2011. "Age 26 Cost–Benefit Analysis of the Child–Parent centre Early Education Program." *Child Development*, Vol. 82, No. 1, January–February 2011, pp. 379-404.

[311] Belfield, C. R., Nores, M., Barnett, S., & Schweinhart, L. 2006. 'The High/Scope Perry Preschool Program: Cost–benefit analysis using data from the age-40 followup'. *Journal of Human resources*, 41(1), 162-190.

requiring simulation-based imputation. While this introduces additional uncertainty, sensitivity analyses indicated that results were broadly robust to alternative assumptions.

More generally, good practice in economic evaluation requires explicit characterisation of uncertainty through confidence intervals, probabilistic sensitivity analysis or simulation-based methods such as Monte Carlo analysis. The absence of such practices in most child benefit evaluations creates a misleading sense of precision and stability. Finally, inconsistent valuation practices – such as monetising education gains in some studies but reporting disease-specific outcomes without monetisation in others – introduce further bias into cross-study comparisons. Another consideration is that BCRs, as ratio measures bounded at zero and often right-skewed, may not align fully with the assumptions of conventional meta-analytic models (including random effects). While alternative modelling strategies are used in applied research, their adaptation to meta-analysis remains limited; this constraint should be borne in mind when interpreting pooled estimates. Taken together, these issues suggest that pooled BCRs are best viewed as indicative rather than definitive, with recognition that methodological artefacts may partly drive the variation observed.

Similar challenges of heterogeneity and limited comparability were once common in related fields, such as health economics. Progress has come not only from advances in analytic methods but also from the adoption of shared standards for both study conduct and reporting. Frameworks such as Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA)[312] for systematic reviews and Consolidated Health Economic Evaluation Reporting Standards (CHEERS)[313] for economic evaluations have substantially improved transparency, comparability and reproducibility. Analogous structures exist in adjacent policy domains – for example, HM Treasury's *Green Book*[314] in the UK and the European Commission's *Better Regulation Toolbox*[315] – which provide

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[312] Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D. et al. 2021. 'The PRISMA 2020 statement: An updated guideline for reporting systematic reviews.' *BMJ,* Vol. 372.

[313] Husereau, D., Drummond, M., Augustovski, F., de Bekker-Grob, E., Briggs, A. H., Carswell, C. et al. 2022. 'Consolidated health economic evaluation reporting standards (CHEERS) 2022 explanation and elaboration: A report of the ISPOR CHEERS II good practices task force.' *Value in Health,* Vol. 25, No. 1, 2022, pp. 10–31.
Husereau, D., Drummond, M., Petrou, S., Carswell, C., Moher, D., Greenberg, D. et al. 2013. 'Consolidated health economic evaluation reporting standards (CHEERS) statement,' *BMJ,* Vol. 346.

[314] HM Treasury. 2022. *The Green Book – Central Government Guidance on Appraisal and Evaluation,* The Crown Publishing Group, London.

[315] European Commission. 2023. *Better regulation guidelines and toolbox*. Publications Office of the European Union. As of 26 July 2026:

clear guidance and instructions on scope, perspective, time horizon, discounting and sensitivity analysis. However, such frameworks are rarely applied systematically in the evaluation of child benefits and related social policies. Greater alignment with these established guidelines would harmonise practice, reduce the risk of bias and strengthen the policy relevance of economic evidence.

Taken together, **although the existing evidence base generally shows positive returns from child benefit interventions, methodology inconsistencies limit both precision and comparability**. Future progress will require improvements in how evaluations are conducted – ensuring clarity in scope, perspective, valuation methods, and uncertainty analysis – and in how they are reported, with standardised templates that make results transparent and reproducible. The experience of health economics demonstrates that such advances are achievable and that, when adopted, they can significantly increase the credibility and uptake of economic evidence in policymaking.

Building on this insight and drawing inspiration from the CHEERS checklist,[316] we recommend incorporating the items in Table 14 when conducting and reporting economic evaluations of child benefit interventions. These elements aim to strengthen methodological rigour, enhance comparability across studies, and improve the clarity and transparency of reporting. A list of panel data sets which have been used – or could be used – to estimate long-term returns generated by child benefit policies in the EU can be found in Annex 1, Section 7.

Table 14 - Recommended items for conducting and reporting economic evaluations of child benefit interventions

Item	Guidance
Title	Clearly state the type of economic evaluation performed (e.g. cost-effectiveness, cost-benefit, cost-utility, or cost-consequence analysis).
Study population comparators	Clearly define and describe the study population, including key demographic and socio-economic characteristics relevant to the intervention. Specify inclusion and exclusion criteria and discuss representativeness in relation to the target population.

https://commission.europa.eu/law/law-making-process/better-regulation/better-regulation-guidelines-and-toolbox_en

[316] Husereau, D., Drummond, M., Augustovski, F., de Bekker-Grob, E., Briggs, A. H., Carswell, C. et al. 2022. 'Consolidated health economic evaluation reporting standards (CHEERS) 2022 explanation and elaboration: A report of the ISPOR CHEERS II good practices task force.' *Value in Health,* Vol. 25, No. 1, pp. 10-31.
Husereau, D., Drummond, M., Petrou, S., Carswell, C., Moher, D., Greenberg, D. et al. 2013. 'Consolidated health economic evaluation reporting standards (CHEERS) statement.' *BMJ,* Vol. 346.

Item	Guidance
	Where feasible, indicate whether the data permit subsequent subgroup or stratified analyses to explore variation in outcomes. Explicitly identify the comparator intervention, even if it represents 'no intervention' or 'business as usual' to facilitate a clear comparison with the child benefit intervention group.
Perspective	Clearly describe the perspective adopted (e.g. societal, governmental or household) and justify this choice. Specify and justify all cost and benefit items included in the analysis, explaining how they relate to the selected perspective.
Scope	Define the analytical scope at the outset and explain why certain cost or benefit items were excluded. This enhances interpretability and reproducibility.
Time horizon	Select a time horizon that is sufficiently long to capture all relevant costs and consequences of the child benefit intervention, including those that occur in the longer term. The chosen horizon should reflect the natural course of outcomes and be explicitly justified in relation to the intervention's expected duration of impact.
Discount rate	Provide and justify the chosen discount rate, referring to relevant national or institutional guidelines where applicable.
Valuation methods	Describe the valuation methods and data sources used to monetise benefits and costs. For consistency and comparability, assign monetary values to as many identified benefits as possible.
Characterising uncertainty	Report measures of uncertainty for both costs and benefits, as well as for overall results in base-case and sensitivity analyses. Where possible, present confidence intervals to allow future researchers to extract or reproduce these estimates directly.
Characterising heterogeneity	Explicitly assess and report variations in costs, outcomes, or cost-effectiveness across relevant subgroups (e.g. by age, gender, income level or region). Quantify heterogeneity where possible and discuss its implications for generalisability, targeting and equity considerations in policy design.

6. Childcare participation and parents' employment in EU Member States

6.1. The impact of child benefits on parents' employment: key findings from the literature

Support reducing the cost of childcare has been found to increase labour market participation for parents (especially mothers). Analysing the impact of public policies on reducing the disadvantages mothers face in the workforce in the EU-15, De Henau et al. '(2010)[317] found that free ECEC provision is the most important policy factor analysed in reducing employment penalties – that is, the gap in full-time equivalent (FTE) employment rates between mothers and comparable non-mothers, after controlling for factors like age, education and household income. These penalties reflect the extent to which having children negatively affects women's likelihood of being employed full time. The study finds that free childcare is especially effective in reducing these penalties for mothers of infants (aged 0-2).

Similarly, a multilevel analysis exploring the impact of individual and country-level factors on women's (full-time) employment in 24 European countries identifies a significant positive effect for formal childcare (public childcare and, to a lesser extent, childminder care).[318] Analysing policy-related factors associated with gender balance in work and care, Lauri et al. (2020) found that both the **accessibility** and **affordability** of childcare are important policy dimensions.[319] However, childcare subsidies will not necessarily have the same effect across countries (see analytical findings in Section 6.2) since factors such as social norms shape responsiveness to financial incentives.[320] Additional or increased subsidies may also have a more muted effect where labour force participation is already high for mothers and/or where the cost of childcare is not

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[317] De Henau, J., Meulders, D. & O'Dorchai, S. 2010. 'Maybe baby: Comparing partnered women's employment and child policies in the EU-15,' *Feminist Economics,* Vol. 16, No. 1, pp. 43-77. As of 26 July 2026: https://doi.org/10.1080/13545700903382703

[318] Erhel, C. & Guergoat-Larivière, M. 2013. 'Labor market regimes, family policies, and women's behavior in the EU.' *Feminist Economics,* Vol. 19, No. 4, pp. 76-109. As of 26 July 2026: https://doi.org/10.1080/13545701.2013.842649

[319] Lauri, T., Põder, K. & Ciccia, R. 2020. 'Pathways to gender equality: A configurational analysis of childcare instruments and outcomes in 21 European countries.' *Social Policy & Administration,* Vol. 54, No. 5, pp. 646-665. As of 26 July 2026: https://doi.org/10.1111/spol.12562

[320] Akgunduz, Y.E. & Platenga, J. 2017. 'Child care prices and maternal employment: a meta-analysis' *Journal of Economic Surveys*, Vol. 32, No. 1, 118-133.

high.[321] Microsimulation analysis conducted by Figari and Narazani (2019)[322] found that increasing the **coverage** of childcare in IT to reach EU targets would likely result in a substantial increase in employment for women, particularly women from low-income households. Increasing the coverage of childcare is estimated to have a greater impact on the employment of mothers of young children than reducing the cost of childcare.[323] Extending the analysis to eight EU Member States (EE, IT, HU, AT, PL, PT and FI), Narazani et al. (2022)[324] estimated the increase in mothers' employment and hours worked if childcare coverage was increased to 40%, 50%, 60% and 65%. Their analysis indicates a substantial effect on women's labour supply, with a more pronounced effect in Member States with lower rates of female employment and/or lower childcare coverage. A large expansion of childcare for 2-year-olds in Norway in 2002 was associated with an increase in the employment of cohabiting mothers, with a 15% increase in the probability of being employed and an 8% increase in the probability of being employed full-time.[325] The reform had no impact on the labour supply of fathers and the impact on single mothers' employment was non-significant.[326]

Evidence indicates that generous in-cash child benefits can be associated with lower rates of maternal employment. In PL, the *Family 500+/800+* programme, a generous universal monthly cash benefit for each child aged under 18 introduced in 2016 has been linked to lower levels of labour force participation for mothers, particularly those with a low level of education.[327] An

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[321] Akgunduz, Y.E. & Platenga, J. 2017. 'Child care prices and maternal employment: a meta-analysis'. *Journal of Economic Surveys*, Vol. 32, No. 1, 118-133.

[322] Figari, F. & Narazani, E. 2020. 'The joint decision of female labour supply and childcare in IT under costs and availability constraints.' *Economia Politica,* Vol. 37, No. 2, pp. 411-439. As of 26 July 2026: https://link.springer.com/article/10.1007/s40888-019-00160-w

[323]Figari, F. & Narazani, E. 2020. 'The joint decision of female labour supply and childcare in IT under costs and availability constraints,' *Economia Politica,* Vol. 37, No. 2, pp. 411-439. As of 26 July 2026: https://link.springer.com/article/10.1007/s40888-019-00160-w

[324] Narazani, E. et al. 2022. 'The impact of alternative childcare policies on mothers' employment in selected EU countries'. *GLO Discussion Paper,* No. 1234, Global Labor Organization (GLO). As of 26 July 2026: https://publications.jrc.ec.europa.eu/repository/handle/JRC130477

[325] Andresen, M. E. & Havnes, T. 2019. 'Child care, parental labor supply and tax revenue.' *Labour Economics,* Vol. 61, Article 101762. As of 26 July 2026: https://doi.org/10.1016/j.labeco.2019.101762

[326] Andresen, M. E. & Havnes, T. 2019. 'Child care, parental labor supply and tax revenue.' *Labour Economics,* Vol. 61, Article 101762. As of 26 July 2026: https://doi.org/10.1016/j.labeco.2019.101762'

[327] Magda, I., Kiełczewska, A. & Brandt, N. 2020. 'The effect of child benefit on female labor supply.' *IZA Journal of Labor Policy*, Vol. 10, No. 1. As of 26 July 2026: https://ideas.repec.org/a/vrs/izajlp/v10y2020i1p18n8.html

estimated 160 000 to 200 000 women in PL have left the labour market in response to the programme.[328] In DE, a home care subsidy for parents of children aged under 3 (introduced in 2013) was associated with a 1.4 pp decrease in the probability of first-time mothers being in work.[329] A study using a quasi-experimental approach (difference-in-differences) to estimate the impact of a cap introduced in DK in 2011 on child benefit payments found that this reduction in benefit adequacy was associated with a substantial increase in the labour supply of mothers, particularly for large families.[330]

The impact of cash benefits on parents' employment varies according to design and targeting, particularly whether child benefits are linked to employment. In ES, the introduction of cash benefits targeted at mothers in paid work was associated with an increased employment rate for married mothers (aged 18-39) of children aged under 3.[331] Paid parental leave is generally associated with increased rates of maternal employment.[332] However, longer durations of paid parental leave are associated with a slightly larger employment gap between mothers and non-mothers.[333] [334]

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[328] Myck, M. & Trzciński, K. 2019. *From partial to full universality: The Family 500+ programme in PL and its labor supply implications*. Ifo DICE Report.

[329] Collischon, M., Kuehnle, D. & Oberfichtner, M. 2024. 'Who benefits from cash-for-care? Effects of a home care subsidy on maternal employment, childcare choices, and children's development.' *Journal of Human Resources,* Vol. 59, No. 4, pp. 1011-1051. As of 26 July 2026: https://jhr.uwpress.org/content/early/2022/06/01/jhr.0720-11051r1

[330] Jensen, M. F. & Blundell, J. 2024. 'Income effects and labour supply: Evidence from a child benefits reform'. *Journal of Public Economics*, Vol. 230, 2024, 105049.

[331] Sánchez-Mangas, R. & Sánchez-Marcos, V. 2008. 'Balancing family and work: The effect of cash benefits for working mothers.' Labour Economics, Vol. 15, No. 6, pp. 1127–1142. As of 26 July 2026: https://doi.org/10.1016/j.labeco.2007.10.002

[332] Gutiérrez-Domènech, M. 2005. 'Employment after motherhood: a European comparison.' *Labour economics*, Vol. 12, No. 1, 99-123.

[333] De Henau, J., Meulders, D. & O'Dorchai, S. 2010. 'Maybe baby: Comparing partnered women's employment and child policies in the EU-15.' *Feminist Economics,* Vol. 16, No. 1, pp. 43-77. As of 26 July 2026: https://doi.org/10.1080/13545700903382703

[334] Erhel, C. & Guergoat-Larivière, M. 2013. 'Labor market regimes, family policies, and women's behavior in the EU.' *Feminist Economics,* Vol. 19, No. 4, pp. 76-109. As of 26 July 2026: https://doi.org/10.1080/13545701.2013.842649

Several studies have found that the impact of child benefits – both in cash[335] and in kind[336] – on the employment of mothers of young children is greater for those with a lower level of education. Looking across 20 European countries, Scherer and Pavolini (2023) found that the positive effect of public childcare (for children aged under 3) on women's employment is greatest for women with a low level of education, describing childcare as 'an equaliser in society'.[337] However, policies such as childcare have also been found to positively affect employment rates for women with a high level of education.[338] Moreover, differences according to parents' educational background are not uniform across studies. A study from DE found a large-scale expansion of publicly subsidised childcare was associated with higher rates of employment for mothers of young children.[339] However, the effect was only observed for mothers with a medium educational level; mothers with a low educational level did not benefit from the reforms.

6.2. Incentives for parents to undertake paid work in EU Member States

To compare work incentives for parents in the EU, this section focuses on Marginal Effective Tax Rates (METRs) (see Box 10). The following results are presented for households with children:

- **the mean and median METRs by household type**, focusing on one- and- two-adult households and making a further distinction between households with and without (cash) child contingent benefits;

[335] Sánchez-Mangas, R. & Sánchez-Marcos, V. 2008. 'Balancing family and work: The effect of cash benefits for working mothers.' *Labour Economics*, Vol. 15, No. 6, pp. 1127-1142. As of 26 July 2026: https://doi.org/10.1016/j.labeco.2007.10.002

[336] De Henau, J., Meulders, D. & O'Dorchai, S. 2010. 'Maybe baby: Comparing partnered women's employment and child policies in the EU-15.' *Feminist Economics,* Vol. 16, No. 1, pp. 43-77. As of 26 July 2026: https://doi.org/10.1080/13545700903382703

[337] Scherer, S. & Pavolini, E. 2023. 'Equalizing or not? Public childcare and women's labour market participation.' *Journal of European Social Policy*, Vol. 33, No. 4, pp. 436-450. As of 26 July 2026: https://doi.org/10.1177/09589287231183169

[338] De Henau, J., Meulders, D. & O'Dorchai, S. 2010. 'Maybe baby: Comparing partnered women's employment and child policies in the EU-15.' *Feminist Economics*, Vol. 16, No. 1, pp. 43-77. As of 26 July 2026: https://doi.org/10.1080/13545700903382703

[339] Müller, K.-U. & Wrohlich, K. 2020. 'Does subsidized care for toddlers increase maternal labor supply? Evidence from a large-scale expansion of early childcare.' *Labour Economics*, Vol. 62, Article 101776. As of 26 July 2026: https://doi.org/10.1016/j.labeco.2019.101776

- **the distribution of METRs**, showing the per cent of earners falling into each METR band (<20%, 20-40%, 40-60%, 60-80% and 80%+);
- **the distribution of METRs by income quintile groups**;
- **the decomposition of mean METRs**, highlighting the contribution to the mean of income taxes, social insurance contributions paid by employees and self-employed, means-tested benefits and non-means-tested benefits.

Box 10 - Methodology for estimating the impact of child-contingent cash support on parents' employment

To estimate the impact of child-contingent cash support (both cash transfers and tax reliefs) and childcare services on parents´ employment rate, two approaches are utilised:

- **A comparative analysis of METRs across EU Member States and household types.** METRs measure the proportion of an additional 3% of earnings lost due to taxation and benefit withdrawal. METRs are evaluated for each parent, taking into consideration taxes paid by, and benefits paid to, all members of a household. The calculations are performed by EUROMOD, based on EU-SILC 2022.
- **A joint behavioural model of labour supply and childcare**. To estimate the joint decision of work and childcare at both the intensive (hours worked) and extensive (entry into employment) margins, we adopt the methodology developed in Figari and Narazani (2020)[340] and in Narazani et al. (2025).[341] This approach uses a behavioural discrete choice model of labour supply and childcare. In particular, it is an extension of the EUROLAB model (Narazani et al., 2023),[342] a labour supply-demand discrete choice model developed for the EU and on EUROMOD (2021 data), integrated with childcare options and related fees. The model computes the probabilities that each mother chooses a given labour supply choice (characterised by a fixed quantity of hours, a wage rate and other non-pecuniary attributes) and childcare option (subsidised and unsubsidised childcare, informal childcare and mother care) based on her preferences and constraints. These probabilities are not a linear function of childcare availability and fees;

[340] Figari, F. & Narazani, E. 2020. 'The joint decision of female labour supply and childcare in IT under costs and availability constraints.' *Economia Politica,* Vol. 37, No. 2, pp. 411-439.

[341] Narazani, E., Agundez Garcia, A., Christl, M. & Figari, F. 2025. 'Increased childcare to promote mothers' employment in selected EU countries.' *Journal of Policy Modelling*, 47(3): 492-511.

[342] Narazani, E., Colombino, U. & Palma, B. 2023. 'EUROLAB: A multidimensional labour supply-demand model for EU countries'. *International Journal of Microsimulation* 16(3); 49-76.

as such, the labour supply and childcare effects are not expected to be linear across the various reforms presented below.

The two sets of estimates are different in their nature, although related to one another. METRs consider the share of additional earnings taxed away due to increased taxes or reduced (income-based) benefits. As such, they provide an arithmetical measure of the incentives associated with additional work effort. They are calculated on the whole sample of parents at work. METRs do not account for potential behavioural changes of individuals to policy reforms.

On the other hand, the model of labour supply and childcare focuses on a specific sub-sample of mothers and estimates, in a probabilistic way, the individual reactions to changes in disposable income (through variations in taxes, benefits and childcare fees) and working time (considering work and childcare as substitutable activities) through the maximisation of the estimated utility. The labour supply-childcare model provides an estimated impact of individual decisions on disposable income, allowing for an assessment of the anti-poverty effect of a given policy reform. One can expect that high METRs can be associated with low labour supply reactions, as an additional hour of work provides a small change in disposable income. However, METRs do not consider other factors that enter the utility function, such as the level of disposable income, the amount of work effort, the heterogeneity in preferences due to individual and family characteristics and the availability of childcare. METRs are also only calculated for people in employment.

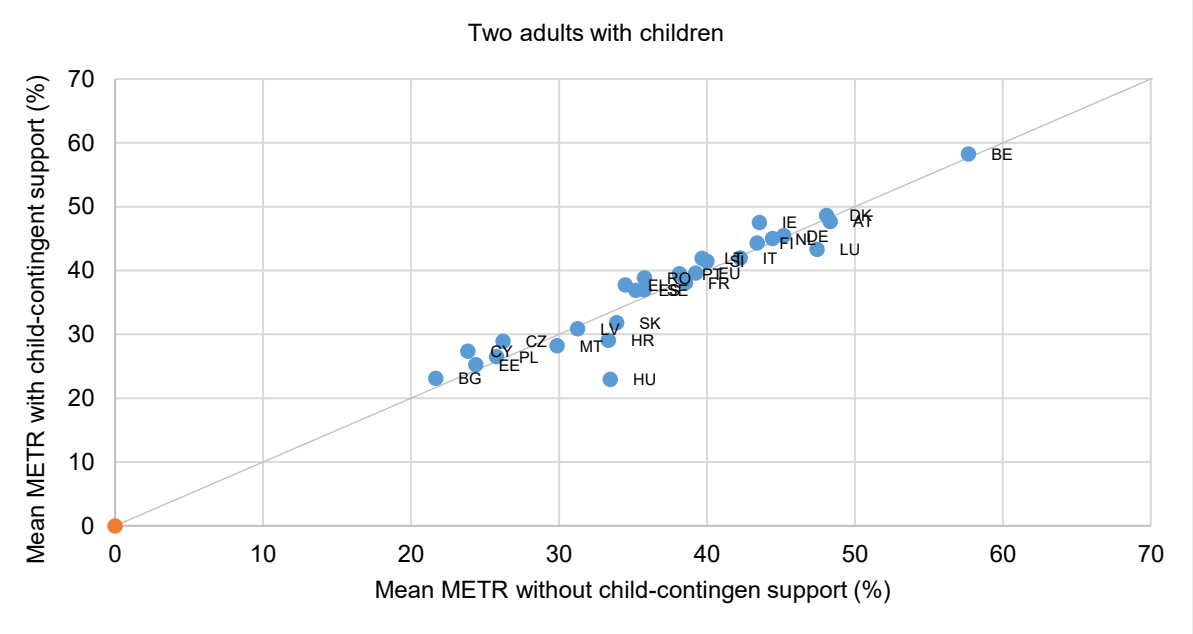
Six EU Member States were selected for the joint behavioural model (DE, FR, HR, LT, NL and PL) based on the following factors: the childcare participation rate, the child AROP rate, the rate of childcare participation for AROP children and the participation gap between non-AROP and AROP children.

Further information can be found in Annex 1 (Section 8).

Across the EU-27, average METRs faced by two-adult households with children were 39.6% with child contingent support (and 39.2% without child contingent support) and were lower than those faced by one-adult households with children (i.e. 46.5% with child contingent support; 45% without child contingent support). This result means that **two-adult households face lower work disincentives than one-adult households due to the different instruments of the tax-benefit system**. When single parents increase their earnings, a larger share is taxed away or withdrawn than in two-adult households, typically due to the presence of means-tested benefits. For two-adult families with children, METRs values range from around 20% in BG (and around 30% in other Eastern European countries) to around 55-60% in continental and Nordic countries (BE, DK, LU and NL).

In the majority of countries, there are no substantial differences in the mean METRs faced by two-adult families with and without child contingent support, highlighting that the **child contingent tax credits and cash benefits do not greatly impact work (dis)incentives for partnered parents who are in employment**. The main exception is HU, where METRs are even lower when considering child-contingent support (i.e. families with children, when they receive child-contingent support, are incentivised to increase their earnings).

Figure 21 - Mean METR for two-adult families with children, with and without child-contingent support (%) in the EU-27, 2022



Notes: EU is an individual weighted average at the EU level.

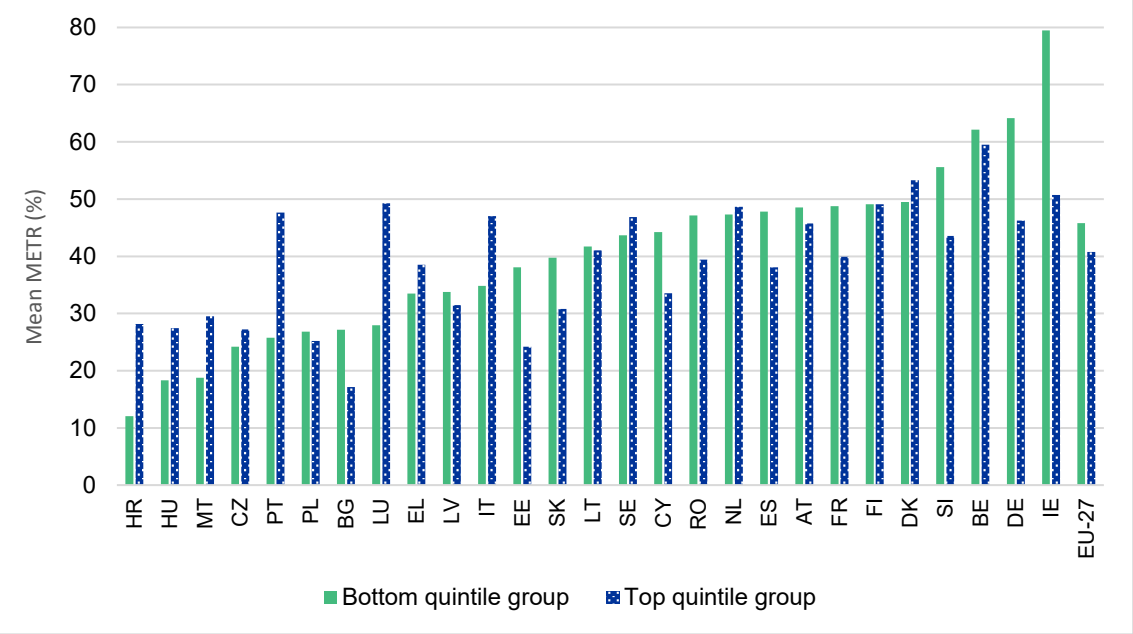
Source: calculations based on EUROMOD 2022 policies linked to 2022 EU-SILC data.

Mean METRs for families with children by disposable income quintile groups show:

- Average values at the EU level are characterised by a U-shaped distribution, with a mean around 46% at the bottom of the distribution, lower than 40% in the middle and 41% in the top quintile group.
- In CZ, EL, HR, IT, LU, HU, MT and PT, average values increase as income increases. In the other countries, higher mean METRs are observed at the bottom of the income distribution than at the top of the distribution.
- In 16 EU Member States, individuals belonging to families with children in the first quintile group of the income distributions face higher disincentives to work than better-off families due to the withdrawal of the (child-contingent) income-dependent benefits, which have a higher impact on the marginal personal income tax rate, impacting individuals in the upper part of the income distribution.

Figure 22 reports the values at the bottom and at the top of the income distribution, showing average high values at both ends of the distribution mainly due to the withdrawal of benefits at the bottom (in particular in BE, DE and IE with values higher than 60%) and the high marginal tax rates at the top (particularly in BE and DK, with values higher than 50%).

Figure 22 - Mean METR for families with children, bottom and top quintile groups (%) in the EU-27, 2022



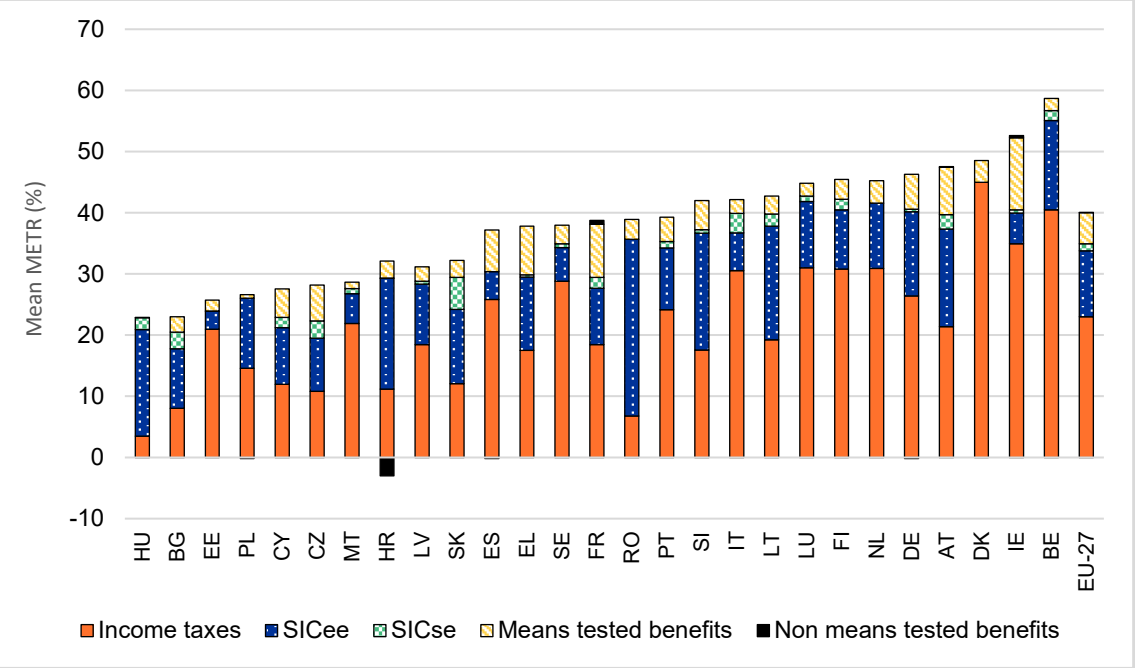
Note: a sample of families with children, taking into account child contingent benefits. Income quintile groups are defined at the national level. Countries are ordered by increasing value of mean METR in the bottom quintile group. EU-27 is an individual weighted average at the EU level.

Source: calculations based on EUROMOD 2022 policies linked to 2022 EU-SILC data.

Figure 23 provides the decomposition of mean METRs by tax-benefit instruments, highlighting:

- **A predominant disincentive effect on work attributable to income tax and social contributions when the EU is considered as a whole**: the sum of revenue-generating instruments contributes to 35 pp of the average METRs, equal to 40%.
- The disincentive effect on work attributable to income taxes (and child-related tax credits, where they exist) with a contribution around or above 30 pp in terms of METR is relevant in BE, DK, IE, IT, LU, NL, FI and SE.
- Social insurance contributions paid by employees contribute to more than 10 pp of the overall average value of METRs in BE, DE, EL, HR, LT, LU, HU, NL, AT, PL, PT, RO, SI and SK.
- **Means-tested benefits contribute to high values of METRs** – around 7-10 pp in EL, ES, FR and AT, and up to 12 pp in IE.

Figure 23 - METR decomposition for families with children (%) in the EU-27, 2022



Note: A sample of families with children, taking into account child-contingent benefits. Countries are ordered by increasing value of mean METR. EU-27 is an individual weighted average at the EU level. SICee = social insurance contributions paid by employees; SICse = social insurance contributions paid by those who are self-employed.

Source: calculations based on EUROMOD 2022 policies linked to 2022 EU-SILC data.

6.3. The social, economic and budgetary impact of lowering childcare fees

This section describes predicted probabilities of maternal and overall female labour market participation under three childcare policy scenarios:

1. **Reform 1: childcare fees eliminated for all families with children aged under 3 attending a childcare centre**, resulting in higher income for these families;

2. **Reform 2: childcare fees reduced by 50% for all families with children aged under 3 attending a childcare centre**, resulting in higher income for these families;

3. **Reform 3: existing cash benefits increased to offset 50% of childcare fees**, resulting in higher income for all families with children aged under 3, not only for those with children in childcare facilities.

Reform 2 and Reform 3 are designed to imply (roughly) the same revenue cost, almost half that of Reform 1.

Before presenting the simulation results, Table 15 shows the monthly childcare costs for children aged under 3 years covered by the government and average fees paid by families (the *"childcare parental fee*", as simulated in EUROMOD, taking into account the legislation in place in each country and the characteristics of the families with children aged under 3). The data, expressed in PPP, reveals significant variation across countries. In NL, families bear the highest childcare-related fees, exceeding the costs covered by the government. In the other countries, families pay a fee that is less than the public contribution, and is particularly low in DE, HR and LT. Such low values might impact the results presented below and, in some cases, must be interpreted with caution as they represent specific situations not necessarily representative of the country considered. For example, parental fees estimated in DE reflect the situation in the city of Berlin where childcare is free, and parents only have to pay a lump-sum contribution for the meals provided during school hours.

Table 15 - Childcare costs for children aged under 3 in six EU Member States, 2021

	Childcare cost covered by government (a)	Childcare parental fee (b)	Share of parental fees to total cost (b)/(a+b)
DE (Berlin)	584	17	0.03
FR	418	110	0.21
HR (Zagreb)	178	22	0.11
LT (Vilnius)	293	41	0.12
NL	396	960	0.71
PL (Warsaw)	188	136	0.42

Notes: amounts expressed in PPPs, as average monthly full-time terms. In countries where the cost of childcare and the parental fees differ strongly between the cities or regions, we follow the legislation of the city (shown in brackets).

Source: calculations based on desk research and EUROMOD 2021.

6.3.1. Predicted labour participation effects

The simulation results show that childcare fee reforms have varied effects on maternal labour participation across countries (see Annex 1, Section 8). **Reform 1 consistently yields the strongest positive effects**, notably in NL, where labour market participation of mothers with children under 3 is expected to increase by 3.08 pp. This substantial increase likely reflects the high proportion of childcare costs borne by families in this country. FR sees a more modest gain (+1.77 pp). In contrast, DE sees no predicted impact under any reform due to its already very low childcare fees, which pose minimal barriers to maternal employment. Reform 2 produces similar results in direction but smaller, almost half in size, given the lower resources allocated to the reform. It suggests that partial fee reduction may be less effective in stimulating mothers'

labour participation. When considering equal resource allocation, Reform 3 appears to be less effective.

Error! Reference source not found.The effects on weekly working hours largely mirror participation trends but also reveal differences in the intensive margin of labour supply (see also Annex 1, Section 8). Reform 1 again shows the most positive outcomes, with notable increases in NL (+2.8%) and FR (+2.3%), suggesting that **fee elimination not only encourages mothers to join the workforce but also to work longer hours**. DE shows no change, consistent with earlier findings that childcare costs are not a barrier there. Reform 2 tends to mirror similar effects (same direction but half the size, due to the resources allocated). Reform 3 tends to have much smaller positive or neutral effects (even a small negative in the case of NL) on working hours, paralleling its modest impact on participation.

Overall, **these findings highlight that reductions in childcare fees can positively affect both the probability of working and the number of hours worked.** However, the magnitude of these effects varies significantly across countries, reflecting the complexity of labour supply decisions, which depend on labour market characteristics, the availability and affordability of childcare, and the overall tax-benefit system. The estimated labour supply model takes these aspects into consideration. **Childcare fee reforms tend to be most impactful in countries where childcare costs are high**, particularly when the support is conditional on actual childcare usage rather than channelled to all children. The impact of eliminating childcare fees on maternal employment can be understood through the lens of substitution and income effects. By removing childcare fees, the financial cost of working is reduced, making employment more attractive than staying home – particularly when the net wage rises substantially. This substitution effect is most pronounced in countries with high childcare costs, such as NL and FR. Conversely, eliminating fees increases household disposable income, which can ease financial pressure and reduce the necessity to work. This income effect may lead some mothers to reduce their working hours or exit the labour force.[343] Overall, in high-cost countries, the substitution effect tends to outweigh the income effect, resulting in increased maternal labour participation. Furthermore, an increased generosity of cash child benefits might have no substantial effects on labour supply incentives due to (a) income

[343] In the estimated model, childcare usage is treated as an endogenous variable, so that each mother can choose from an individual-specific opportunity set that combines childcare alternatives and labour supply choices. The labour supply choice set encompasses various options, including non-work alternatives and part-time or full-time work arrangements, each defined by specific hours, wage rates and other non-pecuniary features. Similarly, the childcare choice set comprises formal, informal and maternal childcare options, where the formal option further differentiates between part-time and full-time arrangements. Combinations of labour supply and childcare choices that are not feasible or relatively infrequent (e.g. full-time labour supply and maternal childcare options) are excluded from the choice set.

effects (mothers have higher income and hence less need to work) and (b) given resources distributed among a larger number of beneficiaries.

6.3.2. Predicted formal childcare effects

The joint model of labour supply and childcare also estimates expected changes in formal childcare participation (see Annex 1, Section 8 for further results). **Reform 1, which eliminates childcare fees, consistently leads to the largest increases in formal care usage across countries**. The most pronounced effect is observed for NL (+14.36 pp), indicating high sensitivity to fee eliminations. FR (+4.82 pp) and PL (+3.59 pp) also show substantial gains, suggesting that reducing financial barriers can significantly boost formal childcare uptake in these countries. Reform 2 produces similar positive effects in terms of direction but is roughly half the size, while Reform 3 yields smaller increases across the countries. Overall, these findings highlight that reducing childcare costs can substantially increase formal childcare usage, which may in turn support higher maternal labour participation and working hours.

6.3.3. Predicted poverty effects accounting for parental fees

In the poverty-related literature, poverty is measured based on the concept of equivalised disposable income. However, to capture the effects of (reforms of) childcare fees on monetary resources of families, we show the poverty effects for children aged under 3, based on a definition of disposable income net of parental childcare fees that can capture the full monetary effect of these reforms.[344]

This definition highlights the poverty reduction occurring through both direct and indirect channels: directly through increased resources from reduced childcare costs or increased child benefits, and indirectly through higher labour supply, which further boosts household income.

The childcare fee reforms can have a noticeable impact on the poverty rates of children aged under 3 (further results can be found in Annex 1, Section 8). The most significant reductions are observed in NL, where Reform 1 leads to more than a 7 pp reduction in the poverty rate and the other reforms to

[344] Poverty estimates presented in the report might differ from those reported by Estat as they are derived from EUROMOD and EUROLAB and take into account simulated income components and the probabilistic nature of the behavioural model. See Annex 1 for the results based on disposable income using a poverty line anchored in the baseline for children aged under 3, under 18 and the overall population. Under the flexible poverty line – which adjusts the poverty threshold in line with overall income levels experienced in a given scenario – the impact of childcare fee reforms on child poverty is generally more muted compared to the anchored line. This is expected, as rising household incomes can shift the poverty threshold upward, dampening the measured effect of reforms.

half of it. LT, FR and PL also show relevant declines of around 1.1 pp, 0.8 pp and 0.5 pp in poverty rates, respectively, especially with childcare fees set to zero (Reform 1). In contrast, DE and HR see no change, indicating limited effectiveness of these reforms in contexts where the childcare fees are very low.

Reform 2 has a more limited impact on poverty reduction in all countries. The comparison of the anti-poverty effect between Reform 3 and Reform 2 highlights mixed results with the same aggregated resources used: slightly stronger anti-poverty effects of childcare fees versus cash benefits in FR and NL, while the opposite is true in LT and PL.[345]

6.3.4. Predicted budgetary effects

The last set of estimates relates to the behavioural budgetary costs. Behavioural costs account for the net fiscal burden of each reform, given by the cost of expanding childcare slots minus the reduced revenue in terms of fees (set to zero in Reform 1, and halved in Reform 2) or plus the cost of increased cash benefits (Reform 3). In addition, the increased tax revenues (and reduced benefits) from higher maternal employment are considered, offering a more plausible picture of net budget impact.

Reform 1 (full fee elimination) is the most expensive across countries, as expected. FR and NL dominate in cost and impact. The net fiscal burden of Reform 1 is around 0.6% of national GDP in NL, 0.2% in PL and 0.1% in FR, reflecting their extensive childcare infrastructure and cost. DE, HR and, to some extent, LT have the lowest costs across all reforms, indicating either lower childcare fees or smaller populations of eligible children. As expected, the cost of Reform 2 is almost half. Reform 3 is simulated to cost roughly the same as Reform 2, using the resources related to 50% of childcare fees to make the cash child benefits more generous.

These budgetary cost estimates indicate that the financial resource required to eliminate childcare fees is consistently falling well below 1% of national GDP across all countries. This finding carries significant implications for the implementation of the *European child guarantee*, which recommends that Member States guarantee free access to ECEC for AROPE children. Therefore, investing much less than 1% of GDP to remove these barriers would not only

[345] Measuring poverty based on a definition of disposable income leads to smaller poverty reduction because the reduction of childcare fees is not accounted for by the disposable income definition, although it results in more resources available to the families. Table 14 shows that in NL, the poverty reduction is about 0.2 pp under Reform 1 and 2 and 1.7 pp under Reform 3. This is an interesting case where the amount corresponding to 50% of the high childcare fees devoted to cash benefits contributes to a relevant reduction in monetary poverty.

fulfil EU social recommendations but also yield significant returns in maternal labour participation and long-term child well-being.

Table 16 - Predicted budgetary costs (behavioural) by child benefit reform scenarios in six EU Member States, 2021

Behavioural budgetary costs (predicted annual budget cost given by the reforms' cost net of the increased tax revenues and reduced benefits due to the increased labour market participation)

	Reform 1	Reform 2	Reform 3	Reform 1	Reform 2	Reform 3
	Absolute annual values			% of GDP		
DE	152 492 229	76 246 860	75 362 759	0.004%	0.002%	0.002%
FR	2 609 702 441	1 310 249 395	1 303 556 270	0.104%	0.052%	0.052%
HR	12 015 292	6 001 886	5 163 266	0.021%	0.010%	0.009%
LT	19 657 831	9 823 100	9 166 035	0.035%	0.017%	0.016%
NL	5 597 960 898	2 825 154 794	2 705 825 040	0.628%	0.317%	0.303%
PL	1 112 921 892	555 924 946	510 052 012	0.191%	0.095%	0.087%

Note: Reform 1 childcare fees are set to zero for everybody; Reform 2 childcare fees are reduced by 50%; in Reform 3, the generosity of the existing cash benefits is increased to offset 50% of childcare fees. The predicted annual budget cost is given by the costs of additional childcare slots and zero fees (Reform 1), reduced fees (Reform 2) or increased cash benefits (Reform 3) net of the increased tax revenues (and reduced benefits) due to the increased labour market participation.

Source: EUROLAB model based on EUROMOD 2021 policies linked to EU-SILC 2021 data.

The NL can be singled out as a critical case study (**Error! Reference source not found.**). The Dutch system has been defined for decades as one with the highest childcare fees in the EU. High childcare fees create a significant "cost barrier" that is visible in the baseline data. While the child poverty rate for children aged under 3 is estimated at around 10%, this figure surges to 16.5% when we account for the actual disposable net of parental childcare fees. This nearly 6-pp gap is the largest in our study, confirming that childcare costs are a significant driver of child poverty.

As shown in the simulations, a complete elimination of fees (Reform 1) triggers a jump of 14.36 pp in childcare participation, and a 3.08-pp increase in mothers' employment. This results in a 7.4-pp reduction in poverty (net of fees), suggesting that a significant portion of Dutch families are not "income poor" but are "cost poor". By eliminating fees, nearly half of these families are instantly lifted out of poverty without any change to their gross salary.

The Dutch simulations reveal an intriguing divergence in how different policy levers tackle poverty. While Reform 1 (fee elimination) has a negligible impact on child poverty measured on disposable income (-0.17 pp), it is profoundly effective at slashing "child poverty net of fees" by 7.4 pp. In contrast, while Reform 3 (cash benefits) is the most successful at improving poverty statistics (-1.71 pp), it is nearly half as effective as fee elimination at relieving the actual "net" financial pressure on household budgets (-3.81 pp vs -7.41 pp).

These simulations indicate that in a country with high childcare fees like NL, cutting childcare fees is twice as effective at increasing families' resources as providing an equivalent amount in cash benefits.

Table 17 - Effects of childcare fees and child benefit reforms in NL, 2021

	Baseline	Reform 1	Reform 2	Reform 3
Labour market participation	90%	3.08	1.88	0.37
Working hours	23.66	2.80%	1.80%	-0.60%
Childcare participation	77%	14.36	8.75	0.26
Child poverty under 3	9.91%	-0.17	-0.17	-1.71
Child poverty under 3 (net of fees)	16.53%	-7.41	-4.17	-3.81
Budgetary costs (% GDP)		0.63%	0.32%	0.30%

Note: in Reform 1, childcare fees are set to zero for everybody; in Reform 2, childcare fees are reduced by 50%; in Reform 3, the generosity of the existing cash benefits is increased to offset 50% of childcare fees. "Labour market participation" refers to the share of mothers of children aged under 3 in the income reference period working. "Working hours" refers to the average number of weekly working hours of mothers of children aged under 3 in the income reference period. "Childcare participation" refers to children aged under 3 in the income reference period in the baseline attending childcare. "Child poverty under 3" refers to the share of children aged less than 3 with disposable income lower than 60% of the median equivalised disposable income. "Child poverty under 3 (net of fees)" refers to the share of children aged less than 3 with disposable income net of parental fees lower than 60% of the median equivalised disposable income. "Budgetary costs (% GDP)" refers to predicted annual budget cost of the reforms net of the additional tax revenues (and withdrawn benefits) due to the increased labour market participation. Impact of reforms in percentage points with respect to the baseline, except for the effects of "Working hours" and "Budgetary costs", expressed in per cent.

Source: EUROLAB model based on EUROMOD 2021 policies linked to EU-SILC 2021 data.

6.4. The social, economic and budgetary impact of increasing childcare participation

Using the parameters of the labour supply-childcare model (**Error! Reference source not found.**), we simulated the effect on mothers' labour supply of increasing the availability of formal childcare under the assumption that childcare fees remain unchanged. We also assumed that families fully take up the additional childcare slots available, based on their predicted preferences.

In particular, we modified the estimated coefficient reflecting the availability of childcare captured by the systematic part of the utility function, in order to consider two scenarios:

1) **Increase total formal childcare participation rates to three new targets (i.e. low, medium and high).** The targets of total childcare participation are:

- 45%, 50% and 55% in DE, LT, PL and HR - countries where observed childcare participation rates fall below these thresholds.

- In NL, where observed childcare participation rates are already above the thresholds defined in the other countries, the same targets (i.e. 45%, 50%, 55%) are defined in terms of full-time childcare participation in addition to the existing part-time childcare participation.

- In FR, where even full-time childcare participation rates are already above the thresholds defined in the other countries, the targets are defined in terms of full-time childcare participation on a country-specific basis (i.e. 68%, 70%, 75%) in addition to the existing part-time childcare participation.[346]

2) **Set childcare participation for AROP children equal to the one observed for non-AROP children in a given country.**

Table 18 - Observed childcare participation and childcare targets in six EU Member States, 2021

	Observed participation			Targets		
	All children	AROP children	Non-AROP children	Low	Medium	High
DE	43%	37%	43%	45%	50%	55%
HR	44%	23%	46%	45%	50%	55%
LT	39%	17%	41%	45%	50%	55%
PL	36%	23%	38%	45%	50%	55%
FR	73%	46%	74%	82%	83%	86%
NL	77%	52%	81%	84%	86%	87%

Note: observed participation rates differ from those reported by Eurostat as they refer to the estimation sample of mothers derived using EUROLAB, considering for each mother the youngest child aged under 3 in the income reference period. In DE, HR, LT and PL the targets (low, medium, high) correspond to 45%, 50% and 55% of total childcare participation, respectively. In FR, the targets (low, medium, high) correspond to 82%, 83% and 86% of total childcare participation, respectively. In NL, the targets (low, medium, high) correspond to 84%, 86% and 87% of total childcare participation, respectively. See footnote 330 for explanations.

Source: EUROLAB model based on EUROMOD 2021 policies linked to EU-SILC 2021 data.

Based on the estimated model of labour supply and childcare decisions, we provide the following outputs:

- changes in labour supply of mothers at the extensive margin (participation) and intensive margin (number of hours per week);

- effects on AROP with anchored poverty line for (a) children aged under 3 and (b) children aged under 18;

- Net budgetary effects for the government, accounting for the increased cost for the additional childcare slots net of the additional revenues generated through the higher participation of mothers in the labour market

[346] In FR we impose targets related to full time childcare participation equal to 68%, 70% and 75% while in NL equal to 45%, 50% and 55%, in addition to the existing part-time childcare participation which can change in the final estimate due to the probabilistic nature of the model (i.e. a mother with a child observed in part-time childcare can end up in the full time childcare once there is higher availability). The final overall childcare participation in the three scenarios is set equal to 82%, 83% and 86% in FR and 84%, 86% and 87% in NL.

in forms of more taxes and social insurance contributions paid and less (means-tested) benefits received.

6.4.1. Predicted labour participation effects

An increase in formal childcare provision to 45% for children aged under 3 (see Annex 1) is expected to increase mothers' labour market participation by almost 2 pp in LT and PL (where labour market participation of mothers is equal to 69% and 72%, respectively), where the formal childcare participation is relatively low. Reaching more ambitious targets of 50-55% would have a stronger impact on labour participation rates, in particular for DE and LT. HR shows a slightly smaller impact, although the high target would trigger an increase in labour market participation of around 4 pp.

The impact observed in FR (3.2 pp) is higher than in other countries due to the more ambitious childcare participation targets reached for full-time care that is complementary with full-time work in the model setting. Increasing formal full-time childcare participation to 70% and 75% in FR is expected to increase labour participation of mothers by approximately 4 and 5 pp, respectively. Despite the ambitious targets defined for NL, the impact results are expected to be more limited, due to the already high labour market participation of mothers.

The predicted changes in the mothers' hours worked mirror the patterns observed in labour market participation (see Annex 1, Section 8). In the low target scenario, the largest increases at the intensive margin of labour supply are observed in DE, FR, LT, PL and NL, while lower effects are observed in HR. If the high target were reached, the changes at the intensive margins would be the highest in DE and FR, while relatively smaller in the other four countries.

Closing the childcare participation gap between non-AROP and AROP children

The childcare participation gap between children aged under 3 living above and below the AROP threshold is positive, indicating higher enrolment among children not AROP. The largest disparities are observed in FR, LT and NL, while DE stands out with the narrowest gap. It is important to note that these statistics refer to AROP children – based on equivalised household income below 60% of the national median as estimated by EUROMOD and EUROLAB. The share of poor children in the sample used for the analysis ranges from 6% in FR to 12% in NL, highlighting notable variation in the prevalence of income poverty across countries. As mentioned above, they may differ from Eurostat figures as they are based on EUROMOD and EUROLAB and take into account simulated income components and the probabilistic nature of the behavioural model. Moreover, Eurostat figures often rely on the broader AROPE indicator. AROPE includes not only income poverty but also severe material deprivation

and low work intensity, offering a more comprehensive measure of social disadvantage. However, these additional dimensions are not captured in the EUROMOD data used for this analysis.

The last reform scenario targets mothers with AROP children and assumes that formal childcare coverage is increased to match that of non-AROP children. This simulation targets equity in access, aiming to remove barriers that disproportionately affect low-income families.

The predicted changes in labour market participation and total working hours are positive in all countries, confirming that **improving childcare access for disadvantaged children can enhance maternal employment.**

The strongest increases in maternal labour market participation are observed in FR (+1.3 pp) and NL (+1.1 pp). These pronounced responses can be directly linked to the large childcare participation gap in both countries. LT and HR also show meaningful gains, with participation rising by nearly 1 pp. In contrast, PL sees a more modest effect (+0.24 pp), and DE shows virtually no change, which may stem from the narrower participation gap than in other countries.

6.4.2. Predicted poverty effects

Increased childcare participation has a potential effect on poverty reduction through higher labour market participation and, hence, higher disposable income for mothers. However, only a share of mothers benefiting from additional childcare participation are poor and hence potentially experiencing a reduction in their poverty risk.

These childcare reforms have a clear impact on the poverty risks of children under the age of three (Annex 1, Section 8) as they are the segment of the population directly involved. Depending on the targets, the largest reductions are shown in PL (-0.4 pp in the low target), DE (-0.7 pp in the medium target) and NL (-2.2 pp in the high target).

A targeted reform aimed at closing the childcare participation gap between non-AROP and AROP children does not necessarily translate into a reduction of poverty rates. While new childcare slots may be allocated to AROP children, this does not translate into immediate income gains for their families. Any potential poverty reduction would depend on how much the mothers increase their labour market participation and the type of employment they can obtain as a result of improved childcare access. Moreover, many AROP children live in households with very low baseline incomes, meaning that even modest earnings gains may be insufficient to lift them above the poverty threshold. Nevertheless, the impact is sizeable in HR (-0.7 pp) and visible in NL and PL.

Furthermore, it is important to consider that increased childcare participation might imply additional childcare fees whose negative effects on families'

monetary resources can be mitigated through well-targeted reforms. Specifically, reducing childcare fees – especially for families at or near the poverty line – can significantly impact their resources while improving access to ECEC.

6.4.3. Predicted budgetary effects

Based on public expenditure per pupil in ECEC, we estimate the fiscal costs of increasing childcare participation to meet simulated childcare targets. These estimates reflect the gross fiscal burden of expanding childcare slots and behavioural budgetary costs, which account for increased tax revenues and reduced means-tested benefits resulting from higher maternal employment, taking into account both margins (employment take-up and hours spent working).

Simulation results (Table 19) show varying fiscal impacts of increasing childcare participation to the different targets across selected EU countries. In comparison to national GDP, PL would face the highest costs (0.05%) under the low target reform, while DE and HR are expected to face the lowest costs (0.01%). PL and LT would face the highest budget cost compared to other countries of around 0.1% of national GDP in the high scenario.

Table 19 also reports the cost of the targeted reform aimed at closing the childcare participation gap between non-AROP and AROP children. These costs are relatively modest, highlighting that targeted expansions focused on disadvantaged groups may offer a cost-effective way to improve equity, especially in countries where the gap in childcare access is wide, and the labour market response is strong.

Table 19 - Predicted budget costs (behavioural) of new childcare targets as a per cent of GDP for six EU Member States, 2021

Behavioural budgetary costs (predicted annual budget cost given by the costs of additional childcare slots net of the increased tax revenues and reduced benefits due to the increased labour market participation and net of parental fees)

	New childcare targets			Closing the childcare participation gap
	Low	Medium	High	
DE	0.00%	0.01%	0.02%	0.01%
FR	0.01%	0.01%	0.01%	-0.01%
HR	0.00%	0.02%	0.03%	0.01%
LT	0.02%	0.04%	0.06%	0.01%
NL	0.02%	0.02%	0.02%	0.01%
PL	0.03%	0.05%	0.07%	0.00%

Notes: see targets defined in Table 18.
Source: EUROLAB model based on EUROMOD 2021 policies linked to EU-SILC 2021 data.

7. Annex 1 – Technical annex

See separate document.

8. Annex 2 – Country profiles

See separate document.

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