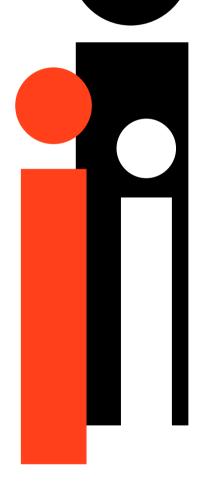# Outcomes of Social Assistance in Central and Eastern Europe: A Pre-transfer Post-transfer Comparison

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Non-technical summary

Social assistance schemes have often been termed as the ultimate measure by which a welfare state should be judged (Behrendt 1999; Kuivalainen 2005), due to the role they fulfill as a last resort safeguard against material destitution. This paper examines in a comparative setting the role social assistance plays in reducing income poverty in eight Central and East European countries while at the same time documenting consistent patterns of association between program features and program outcomes in three areas, i.e. program extensiveness, effectiveness and efficiency.

On extensiveness, social assistance programs are a marginal component of the social protection system in all eight countries. They serve small populations, spend relatively little compared to needs and the benefits they award are largely a top-up for their clients. Beyond this general pattern, two clusters of countries are visible, i.e. countries where both the number of recipients and average benefits tended to be higher (i.e. the Czech Republic, Slovenia, and the Slovak Republic) and countries where both were severely restricted (i.e. the three Baltic States). On effectiveness, the contribution of social assistance programs to poverty reduction/alleviation is limited. Both the ability to reach the poor and the ability to provide them with sufficient resources are found lacking. However, the more extensive and liberal programs achieved higher effectiveness in reducing poverty a result that held both cross-nationally and over time. On efficiency, all countries have been found to 'waist' a large share of their program resources.

Unlike Western Europe, no trade-off was found between extensiveness and benefit generosity. Programs covering larger shares of the population were also likely to disburse more generous benefits. Similarly, no generosity – efficiency trade-off emerged. This finding calls into question the utility and viability of using low benefits in combination with program application costs as a self-targeting mechanism.

Studies of West European social assistance programs have found that front-line workers use their discretionary authority to provide extra support for some households who would not receive it under ordinary circumstances. A different pattern is observed in Central and Eastern Europe. Decentralization and discretion are often used to ration insufficient resources. Discretion is linked to poor targeting performance, suggesting arbitrariness in entitlement and spending decisions.

Program performance varies slight differences across family types. Social assistance programs were more likely to shelter against income deprivation when households contained children or pensioners. On the contrary, they were less likely to offer (generous) support to single working-age adults. These findings are consistent with programs differentiating, explicitly or implicitly, between various groups and treating those seen as more 'deserving' on more favourable terms. Households with children are particularly likely to be better protected in the Czech Republic, Slovenia and the Slovak Republic, i.e. the countries with the most effective social assistance programs.

OUTCOMES OF SOCIAL ASSITANCE IN CENTRAL AND EASTERN EUROPE: A PRE-TRANSFER POST-TRANSFER COMPARISON

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Abstract

The poverty reduction potential of national social assistance programs in eight Central and Eastern European countries is examined using data from the EU-SILC. Results indicate that social assistance programs are a marginal component of the social protection system throughout the region. They serve small populations, spend relatively little compared to needs and the benefits they award are largely a top-up for their clients. However, the more extensive and liberal programs achieve higher effectiveness in reducing poverty. Unlike Western Europe, no trade-off between extensiveness and benefit generosity or between generosity and efficiency could be found. Decentralization and discretion are associated with inefficiency and arbitrariness in entitlement decisions rather than improved targeting.

1 Introduction

Social assistance schemes have often been termed as the ultimate measure by which a welfare state should be judged (Behrendt 1999; Kuivalainen 2005), due to the role they fulfill as a last resort safeguard against material destitution. Initially meant to cater only to a small minority of clients falling through the cracks of the more developed insurance system, they have grown in importance in a context of stagnating living standard and persistent unemployment. Yet, despite their potentially important part within national social policy, relatively little is known about the way they function and the results they achieve beyond standard evaluations of one-off policy reforms. More importantly, institutional variation and its impact on program effectiveness have been hardly documented. If the literature on the functioning of social assistance schemes is scarce in the West, it is virtually absent in Central and Eastern Europe. This paper sets out to explore in a comparative setting just how successful the established social assistance schemes in Central Europe[1] have been in reaching their goal, namely alleviating and diminishing poverty.

Research on European means-tested programs has largely been limited to describing, comparing and finally classifying programs based on their features, as well as constructing a few gross outcome indicators. Largely following the regime typology developed by Esping-Andersen (Esping-Andersen 1990) based on variation in insurance programs, one strand of research has attempted to build social-assistance ideal-types and subsequently classify national social assistance programs according to the newly established categorisation. Some studies (Lodemel and Schulte 1992; Guibentif and Bouget 1997; Behrendt 2000; Heikkilä and Keskitalo 2001) have implicitly or explicitly replicated the welfare state country groupings using social assistance characteristics. Scandinavian countries have been found to host the most generous and comprehensive transfer programs, whereas South European states offered only very stingy, unreliable and short-term benefits. Others however (Eardley, Bradshaw et al. 1996; Gough, Bradshaw et al. 1997; Sainsbury and Morissens 2002) have failed to find the same one to one correspondence.

In addition to typology construction, another strand of research has attempted to establish potential links between regime types on the one hand, and poverty and inequality outcomes on the other hand by using pre-transfer post-transfer comparisons. Clear-cut

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[1] Eight CEE countries are analyzed Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia; Romania and Bulgaria have been excluded due to current unavailability of data in the EU-SILC;

findings have yet to emerge from this type of exercise. A few studies using the Luxembourg Income Study (Sainsbury and Morissens 2002; Kuivalainen 2005) found that despite their being classified as residual and relatively stringent, means-tested benefits in Nordic countries were the most effective in bringing their clients above the poverty line possibly due to higher benefit levels. On a more theoretical level, several studies have suggested that social assistance programs seem to offer larger benefits and to be more effective in reducing poverty when they deal with relatively small caseloads (Ditch 1999; Kuivalainen 2005; de Neubourg, Castonguay et al. 2007). Larger benefits also seem to be correlated with strict enforcement of eligibility rules, relatively tough income and asset tests, as well as a strong emphasis on returning to work (Hanesch 1999). However, this association largely rests on the presence of Nordic countries. Somewhat contradictory results have been generated when Nordic and Continental countries have been compared to the UK (Behrendt 1999; Behrendt 2000; Hölsch and Kraus 2006). In this case, the extensive and strongly institutionalised British system outperforms other national social assistance programs, especially when reduction of severe poverty is concerned. In a study of social assistance recipients in several European cities, Saraceno et al (2002) point out that programs that serve small populations and rely on very stringent targeting increase stigma, preclude early-on interventions and may ultimately be detrimental to establishing long-term self-sufficiency. Finally, the few studies that have looked into the relationship between centralization/ decentralization and redistributive impact (Hölsch and Kraus 2004; Hölsch and Kraus 2006) could not establish any definitive link.

Based on the assumption that to have any effect on poverty, means-tested transfers have to reach the vulnerable and the destitute a third strand of studies have focused on the issue of non-take-up. up (Obinger 1999; Riphahn 2000; Gustafsson 2002; Adema, Gray et al. 2003; Mood 2006; Bargain, Immervoll et al. 2007). Generally, the take up of means-tested benefits is relatively low in Nordic and Continental countries whereas it is somewhat higher in the countries of the liberal cluster, such as UK. Most consistently, these studies have indicated that the extent of non-take-up is negatively related to expected size and duration of benefit receipt and to the extent of program participation within the population. The relatively low take-up rate in the Nordic countries is somewhat in contradiction with their means-tested programs' ability to reduce poverty found in previous studies.

Albeit the country clustering and comparisons are occasionally used to draw inferences on the interconnection between program features and outcomes, research on European social assistance is largely limited to a descriptive and classificatory exercise. To a

large extent, a thorough discussion of which program characteristics are the most important in triggering poverty reduction, as well as of the manner in which various program traits complement and interact with each other is lacking.

2   Data and Methods

All of the analyses carried out are based on the four consecutive waves (2005-2008) of the European Union-Survey of Income and Living Conditions (EU-SILC). The database is particularly suited for the endeavour since it offers detailed information at the micro level about household income levels and sources, social assistance included. Moreover, it is the first cross-national study to collect such information in a large number of former socialist countries in a framework that emphasizes comparability. The availability of SILC allows for pre-transfer post-transfer comparisons to be carried out on actual household populations rather than on hypothetical examples (such as for example in the case of work using model families)[2]. In addition to basing the analysis on 'actual' households, this approach has the important advantage that it recovers not only central measures but also distributions around it. In the second part, some of the analysis is repeated separately for several demographic groups. Even in this case, I am able to consider the entire distribution of households with a given characteristic (for example, single parenthood) rather than just a 'model' example. Last but not least, some issues such as for example the ability of the program to reach the poor can only be answered using micro-data.

With the exception of Slovenia which resorts to register data, the other countries use survey information to establish the types and corresponding amounts of income a household relies on. Hence, the quality of the data is vulnerable to intentional or accidental reporting errors. In particular, since receipt of means-tested benefits is often associated with stigma, information on this type of income is particularly susceptible to underreporting. Given the size of the informal economy throughout the former communist bloc, total net disposable income may also be underestimated. Nevertheless, keeping these shortcomings in mind, the EU-SILC still constitutes the best data source for a comparative study of means-tested benefits in Central and Eastern Europe.

Information about social assistance payments is provided through a variable termed social exclusion, elsewhere not classified. It incorporates two components, namely on income

support (periodic payments to people with insufficient resources) and other cash benefits[3] (support for destitute and vulnerable persons to help alleviate poverty or assists in difficult situations). In addition, data is also available on means-tested housing allowances (either as a rent benefit or any other form of payment that is disbursed to compensate for housing costs). The social assistance variable used throughout the remainder off the paper is constituted by adding the two components, i.e. social exclusion not elsewhere classified and means-tested housing allowance. The choice of including the latter rests both on its substantive importance and on an attempt to improve comparability. Some countries treat housing allowances as part of the general package offered via the social assistance program. Others make the benefit more widely available, that is to say they have less stringent qualifying conditions for the housing allowance compared to the social assistance means test. On the one hand, housing constitutes one of the most important components of household consumption and therefore, one of the strongest influencing factors of its living standards. As a result, housing provision represent a major channel through which the state can intervene to lift a family out of poverty. On the other hand, since in some cases the housing allowance is integrated and cannot be separated from the overall social assistance benefit, inclusion of income or means-tested housing allowance in the analysis is necessary for reasons of comparability.

Poverty is measured using a relative rather than absolute line, for two reasons. First, since the countries included in the analyses exhibit wide disparities in their wealth and living standard, the use of a single absolute line would be obviously inappropriate. A relative approach avoids the need to establish eight equivalent poverty lines. Second, since poverty is not only an economic but also a social phenomenon, a relative approach better underlines this latter dimension. In keeping with the Eurostat definition of the at-poverty-risk, the first poverty threshold is defined as having a household equivalised income below 60% of the median (equivalised income). Since this is considered to be a relatively high poverty line, a second, more conservative one, i.e. 50% of median income is also included.

The poverty reduction potential of general social assistance in the eight Central and East European countries is assessed by calculating pre-transfer and post-transfer indicators. In addition to enabling a first rough estimation of program performance, this approach carries a

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[2] An example where the model family approach is used extensively to compare social assistance programmes is the CSB-MIPI project- Van Mechelen, N., S. Marchal, et al. (2011). The CSB-Minimum Income Protection Indicators dataset (CSB-MIPI). CSB Working papers. Antwerp, CSB, University of Antwerp. **No 11/05**.
[3] The latter component may include payments or services offered by private NGOs; unfortunately, there is no way to disentangle the public provision (direct or only publicly financed) from the private one; however, it is unlikely that this shortcoming will significantly influence the results;

few advantages. First, it is relatively simple and straightforward. Second, and more importantly, any poverty reduction thus detected can be attributed relatively unambiguously to program participation. However, the method also implies a major drawback in that it completely ignores potential behavioural effects. More specifically, the counterfactual construction in this case assumes that the presence or absence of the program does not otherwise influence the behaviour of potential recipients. Such an assumption obviously is tenuous at best. Still, a pre / post transfer comparison can be considered a useful first step in examining the performance of social transfers.

Since eligibility conditions, as well as benefit generosity are often differentiated across household types (through equivalence scales, extra amounts for single parents, and large families etc.), the pre- post-transfer indicators are computed both for the general population and separately, for six family types, namely couple with two children, single person aged under 65, single person aged 65 and over, couple with 3 or more children, single parent living alone, single parent living with other adults. Together these family types constitute between 40% and 52% of the sample. Of the two poverty lines proposed above, the higher one is seen as indicating risk of rather than actual deprivation/poverty, and as such, is likely to be well above eligibility thresholds present in mean-tested programs. As a result, only indicators based on the 50% median equivalised disposable income are shown for the six family types. It should be kept in mind though that this disaggregation drastically reduces the number of cases in some instances. Consequently, depending on the family category, the computed parameters show significant instability for some country-years.

Before continuing with the analysis, a few technical remarks are in order. First, since some inconsistencies have been found in the equivalised household income variable provided in the dataset, a new variable has been constructed by multiplying the total net disposable income with the intra-household non-response inflation factor and dividing it by the household's equivalised size[4]. Accordingly, a new poverty status indicator has been computed based on the new equivalised disposable income variable. Second, for each of the two components forming social assistance, two variants are available, i.e. gross and net. Some countries have recorded only gross sums and some countries have recorded only net sums. Since social assistance benefits are usually non-taxable, gross figures have been used for countries where the net sum was missing. Third, all figures have been computed based on

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[4] The EU-SILC variable is used in this case; in turn, this amounts to the modified OECD equivalence scale of 1, 0.5 for additional adults and 0.3 for children;

personal and household weights. Fourth, in all eight countries, the income reference period refers to the year previous to the survey. As such, all information currently available in the dataset relates to program performance during periods of positive economic growth.

3   Relative Poverty in Central and Eastern Europe

Table 1 presents the value of the 60% of median equivalent income and of half the median equivalent income respectively. Despite their common communist past and transition period, countries in Central and Eastern Europe display wide disparities in living standards. The relative poverty lines are around four times higher in the richest country (Slovenia) compared to the poorest (Latvia and Lithuania). Thus, it should be kept in mind that the material situation of those considered to be poor can be dramatically different depending on the country they reside in.

Table 1. Annual poverty lines in Central and Eastern Europe (Euros)

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Poverty line-60% of median household equivalised income								
2003		1499						
2004	2539	1775	2102	1319	1278	1503	5293	1707
2005	2880	2161	2304	1553	1537	1784	5560	2002
2006	3252	2638	2341	2094	1960	2101	5934	2394
2007	3638	3328	2639	2502	2899	2493	6667	2875
Poverty line-50% of median household equivalised income								
2003		1249						
2004	2116	1479	1752	1099	1065	1253	4411	1422
2005	2400	1800	1920	1294	1281	1487	4633	1668
2006	2710	2199	1951	1745	1633	1751	4945	1995
2007	3032	2774	2199	2085	2416	2077	5556	2396

Note: Poverty thresholds are computed at the individual level, using household weights; the figures refer to the year prior to the survey, i.e. 2003-2007;
Source: Own calculation based on EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database;

All countries in the region experienced strong economic growth during the 2003-2007 period. Reflecting this trend, both relative poverty lines have increased, sometimes substantially, throughout the region. Poorer countries have grown proportionally more, sometime overtaking richer ones (for example, at the outset of the four year period the income lines are much lower in Estonia and the Slovak Republic compared to Hungary, but at the end of the period the reverse is true). Poverty lines in the eight countries are somewhat closer to one another in 2007 compared to 2004. The increases however are not proportional,

as income raises have benefitted differently the various sections of the low-income population. Thus, the increase in the incomes of the poorest has been very strong in Estonia between 2004 and 2007, whereas Hungary experienced strong growth in income for the near-poor but a much weaker expansion in the incomes of the very poor between 2005 and 2006. Nevertheless, gains in the lower poverty threshold indicate steady and substantial income boosts for the poorest in every country. Notably, no consistent cross-national or cross-temporal pattern of pro-poor growth becomes apparent.

Based on the two poverty lines, Table 2 displays the poverty rate (headcount index) and poverty gap respectively for each country and wave of the dataset. Both poverty definitions indicate that poverty is most widespread in Poland and the Baltic States (around 10 to 18% according to the more conservative definition of poverty and 17-25% according to the more liberal one) and least present in the Czech Republic, Hungary, Slovenia and the Slovak Republic (around 5-7% based on the 50% median equivalised income line and 9-12% according to the 60% median equivalised income threshold).

Table 2 Poverty rates and size of poverty gap in Central and Eastern Europe

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Poverty rate- at 60% of median household equivalised income								
2003		19,35						
2004	10.36	18.09	12.57	18.13	21.32	20.10	12.07	12.97
2005	9.83	18.53	14.91	22.05	18.95	18.48	11.68	11.81
2006	9.68	18.69	12.52	22.20	19.03	17.24	11.52	9.68
2007	9.06	19.46	12.39	25.58	19.99	16.88	11.61	10.87
Poverty rate- at 50% of median household equivalised income								
2003		12.11						
2004	5.46	11.12	7.31	11.48	14.54	13.88	7.00	8.32
2005	4.94	11.00	9.06	15.33	11.92	11.71	6.56	6.85
2006	5.00	10.35	7.46	15.10	12.33	10.99	6.19	5.00
2007	4.71	11.49	6.41	18.58	13.74	10.25	6.26	5.74
Poverty gap (as % national poverty line)-at 60% of median household equivalised income								
2003		34.53						
2004	23.26	31.27	22.88	32.67	32.64	34.52	23.52	30.08
2005	21.24	29.02	28.64	32.56	31.62	28.95	23.72	25.02
2006	22.64	26.59	24.10	31.22	30.53	28.58	22.52	23.87
2007	22.92	26.84	22.05	32.08	31.04	27.21	22.90	26.33
Poverty gap (as % national poverty line)-at 50% of median household equivalised income								
2003		40.36						
2004	23.84	35.15	20.09	36.62	33.06	35.37	22.09	31.28
2005	21.18	32.21	31.10	31.65	34.88	29.15	22.97	24.84
2006	23.55	29.66	21.54	30.56	31.24	27.95	22.11	26.70
2007	24.69	27.27	22.86	29.12	29.59	27.50	22.94	31.91

Note: Figures are constructed on the individual level, using household weights; figures refer to the year prior to the survey, i.e. 2003-2007;
Source: Own calculation based on EU-SILC 2007 longitudinal database and the EU-SILC 2008 cross-sectional database;

Despite the strong increase in the poverty line, poverty rates remained relatively stable during the three years included in the analysis. Only Poland experienced consistent yearly declines of its poverty rate during the entire period, irrespective of which line is used to construct the poverty rate. Between 2004 and 2007, its poverty rate dropped approximately 3.5 percentage points, not an unremarkable achievement for a period of four year. The contrary pattern may be observed in Latvia, where the poverty rate consistently increased during the entire observed period by roughly seven percentage points, a very large increase. In the remaining countries, stability prevails. Albeit minor fluctuations are registered, poverty rates in 2007 are remarkably similar to those registered in 2004. With the exception of Poland, the Czech Republic and Hungary, all countries experienced a rise in poverty levels in 2007 compared to the previous year.

The lower half of Table 2 contains information relating to the average poverty gap, measured as a percentage of the relevant national poverty line. Although in this case cross-national variation is not as striking as in the case of poverty rates, two country clusters are easily distinguishable. The first one contains the Czech Republic, Hungary, Slovenia and the Slovak Republic, all countries in which the average poverty gap is about a fifth of the national poverty line. The second group, comprising the three Baltic States together with Poland, exhibits a pattern of deeper poverty. Mean poverty gaps in this cluster reach about a third of the national poverty line. Quite interestingly, the depth of poverty appears of similar magnitude whether it is based on the more stringent poverty line or on the more liberal one. The exception is the Slovak Republic in 2006 and 2007 where poverty is deeper when measured using the lower threshold. A significant reduction in the depth of poverty occurred in Poland. Quite remarkably, the gap irrespective of how it is measured, decreased by approximately 7 percentage points. Estonia was also successful in diminishing the severity of poverty, especially when measured at the lower line. The gap diminished by almost 13 percentage points, albeit from a very high base. In the other six countries, despite yearly fluctuations, poverty gaps remained relatively stable, as gains tend to be offset by weaker performance in subsequent years.

Despite the advances made by Poland, and in some cases by Estonia, as well as by adverse trends in the Slovak Republic, the broad division between the four low-poverty

countries and the four high poverty ones is maintained throughout the four year period. Notably, the high poverty countries (the three Baltic States and Poland) contain both the highest poverty rates and the largest poverty gaps. On the contrary, poverty in countries with low or moderate shares of the population vulnerable economically (the Czech Republic, Hungary, Slovenia and the Slovak Republic) is shallower, suggesting a positive correlation between spread and severity of poverty. Similarly, temporal trends in the poverty rates have broadly mirrored those in the average poverty gap, although the correspondence is far from perfect (for example, using the stricter 50% median equivalised income definition of poverty, rates have declined in the Slovak Republic, whereas the gap has increased). Overall, at the country-year level, there is a 0.65 correlation between the headcount index and the mean gap, when poverty is defined based on equivalised income below 50% of the median. The correlation increases to 0.85 when the alternative specification, i.e. equivalised net disposable income under 60% of the median, is used instead.

4   Performance of Social Assistance Schemes in Central and Eastern Europe

While poverty levels are the result of multiple factors affecting the level and distribution of income, means-tested transfers explicitly aim at dealing with poverty. Thus, since they are above all a poverty fighting instrument, social assistance programs should be primarily evaluated on how successful they are in reducing the extent and severity of poverty, a dimension termed henceforth effectiveness. Yet, there are other angles from which means-tested programs may be viewed. Social programs have to operate in a context of limited budgets and tight spending. Therefore, the cost of achieving poverty reduction amounts to a second evaluative criterion. Finally, similarly to the welfare regime research tradition, means-tested programs have been compared in terms of their size and generosity. While not directly addressing outcomes, these types of indicators provide relevant intermediary information on how the program operates, as well as on potential effects. The next three sub-sections, each deal with one of the three broad assessment criteria outlined above.

In assessing the relationship between poverty characteristics and social assistance transfers, poverty is taken to be a household concept. This approach implicitly assumes that members of the same household equally share resources among themselves. While this assumption may not always be justified, intra-household allocation issues are beyond the scope of this analysis. Having said that, social assistance schemes may not necessarily defined their unit of assessment as the household. Indeed, social assistance programs in three

out of the eight countries-namely the Czech Republic, Lithuania and the Slovak Republic assess eligibility and establish amounts using a unit smaller than the household. This may affect the results of the subsequent analyses as well as the comparability between countries. Unfortunately, SILC collects information about social assistance receipt at the household level rather than the individual level so it is impossible to tell in a multiunit household which one(s) of the units received the transfer. This prevents an analysis strictly using the unit of social assistance receipt. However, a sensitivity check may be performed by looking at results derived using only single unit households (i.e. ignoring multi-unit households). A comparison of results using all households to those using single unit households only is shown in the Appendix for the three countries where this issue is relevant. While some differences do exist, they are small and do not affect the substantive conclusions emerging from the main analysis. In the following sections, both poverty and social assistance receipt are construed at the household level.

4.1 Extensiveness\ Generosity

One angle from which social assistance programs can be looked at is extensiveness/ generosity. This dimension is concerned with how much resources a country devotes to the program and its clients. Since social assistance schemes are only one component in a much larger welfare setup, the size of a social assistance program may be interpreted in two ways. Previous research has pointed out that most countries in Continental and Northern Europe spend relatively little on their social assistance programs because other national programs usually kick in to provide resources for the needy, before social assistance does. Thus, there is little need for an extensive social assistance net. Therefore, a large social assistance budget may be indicative either of a more generous program, or of a stronger reliance on this type of program to meet various social needs. Table 3 and Table 4 summarize five extensiveness/ generosity measures, namely percent of the population receiving benefits, the average disbursed benefit in Euros, spending per poor person, spending[5] relative to the total poverty gap, and benefit amounts as a share of poor recipients' total disposable income. Each of the latter three indicators is presented in two variants, namely one based on the 60% median equivalised household income and the other on the 50% median equivalised household income.

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[5] The two spending indicators are better interpreted as measures of generosity as they refer to persons who are poor after all social transfers, except social assistance;

Table 3. Extensiveness/ generosity of social assistance transfers in Central and Eastern Europe-I

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
% of the population receiving SA								
2003		4.78						
2004	12.14	3.84	15.34	10.22	6.36	10.93	17.36	13.64
2005	11.88	2.67	12.46	7.01	5.20	11.30	15.86	8.16
2006	9.75	1.94	11.81	7.72	5.59	9.88	15.59	6.54
2007	5.21	2.91	18.04	9.26	5.92	8.14	12.02	5.18
Average disbursed benefit per person (adjusted based on the equivalence scale)								
2003		248.33						
2004	401.79	175.42	253.37	93.18	156.21	119.08	716.34	326.58
2005	464.74	207.57	121.97	103.69	105.98	169.34	740.68	416.91
2006	588.37	211.93	118.60	116.23	148.27	214.99	720.44	390.32
2007	551.88	283.07	168.56	200.36	166.13	222.92	725.37	521.23
Spending per poor person (poor defined on the 60% median equivalised income)								
2003		45.13						
2004	268.26	24.66	190.02	34.90	28.95	40.61	571.27	202.11
2005	301.96	22.34	60.65	21.64	19.09	61.35	551.71	174.52
2006	328.46	15.07	64.50	25.68	28.34	72.96	534.79	155.33
2007	200.81	30.13	143.17	52.46	29.00	67.80	443.11	146.93
Spending per poor person (poor defined on the 50% median equivalised income)								
2003		71.73						
2004	423.01	39.77	325.32	56.06	41.59	58.70	937.78	287.51
2005	526.18	37.34	98.51	30.71	30.04	94.22	954.67	289.45
2006	528.54	27.21	106.13	37.63	43.18	111.03	904.31	271.64
2007	349.55	50.24	260.58	71.52	41.32	108.69	736.87	265.62

Note: Figures are computed at the individual level, using household weights; figures refer to the year prior to the survey, i.e. 2003-2007
Source: Own calculations based on the EU-SILC longitudinal database and the EU-SILC 2008 cross-sectional database;

The highest proportion of recipients is registered in Slovenia during 2004, where around 17% of respondents live in a household that has reported receiving social assistance payments[6]. Receipt of the transfer is also relatively widespread in Hungary throughout the entire period, in the Slovak Republic in 2004, and the Czech Republic in 2004 and 2005 where the client population is in excess of 10%. At the opposite end, Estonia runs a very restricted scheme, making benefits available to between 2 and 5% of the population, depending on year. Extensiveness is also reduced in Lithuania, and in Slovakia starting with 2006, as benefit receipt is largely reduced to around 5% of the population. In between, in

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[6] It is important to remember that the social assistance variable encompassed means-tested or income-tested support for housing costs, which may be available on a wider scale than the minimum income guarantee benefit alone; however, no separate housing allowance exists in Slovenia in 2004;

Poland and Latvia means-tested benefits reach around 7-9% of the adult population. Benefit receipt fell strikingly in the Slovak Republic between 2004 and 2007 from around 13% to 5%. It is not cleared whether this decline occurred due to decreased need or whether it can be attributed to stricter entry screening and/or faster exit. It should be noted though that in 2004, the Slovak Republic enacted a social assistance reform, effectively capping guaranteed payment of benefit to two consecutive years[7]. This change of rules may be partially driving the declining receipt levels. Declines in benefit receipt, albeit less marked, are also noticeable in Estonia, the Czech Republic and Slovenia. Both countries (the Czech Republic in 2007 and Slovenia in 2006) have taken measures to reduce outlays by toughening eligibility, especially enforcing more strictly the work availability as a condition of entitlement.

The second indicator in Table 3 presents the average disbursed benefit per person, adjusted to reflect the proportionally smaller amounts normally awarded when several individuals belong to the same family. The divergence is indeed striking. As the richest country in the sample, Slovenia disburses the highest benefits. The Czech and Slovak Republics also have relatively high average disbursed benefits, approximately two thirds of the Slovenian mean transfer. Among the Baltic States, Estonia makes available markedly more generous benefits in comparison to Latvia and Lithuania. Hungary and Poland have relatively similar, moderately generous average disbursed benefits, albeit the trends in the two countries are opposed. Thus, benefits are declining in Hungary while rising in Poland. Notably, most countries have consistently raised average benefits disbursed by their social assistance programs. It should be remembered though that the poverty line also increases yearly in every country from 2004 to 2007. In fact, poverty lines rise much more spectacularly than the average disbursed benefit, a sign that, in times of economic growth, social assistance might be ill suited to equalize incomes at the bottom. The increases are proportionally highest in countries where benefits were initially lowest. Thus, as cross-national differences gradually diminish in time, a mild convergence trend is noticeable.

The next two indicators in Table 3 offer information on spending patterns in relation to existing needs. They illustrate the average amounts spent in each country in relation to the poor population, defined first using a higher and then a lower poverty line. Care must be taken when interpreting these two indexes, as richer countries obviously need to spend more

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[7] After 24 months, municipalities step in and cover the benefit; see European Commission, D. E., Social Affaires and Equal Opportunities (2010). Mutual Information System on Social Protection Database, European

to bring a person above the poverty line. Even so, it is plainly apparent that all three Baltic countries, together with Poland and to a lesser extent Hungary spend very little relative to the size of their poverty stricken population. The contrast with the highest spenders, i.e. the Czech Republic, Slovenia and the Slovak Republic could not be stronger. For example, in 2004, Slovenia spent 19 times more per poor person[8] than Lithuania, a difference that cannot be justified in terms of economic wealth alone. It is interesting to note that with the partial exception of Hungary, countries that spend little relative to the size of the poor population are characterized by soaring poverty rates. Moreover, despite the fact that the relative poverty line increased in the three year period under study, spending per poor person shrunk substantially in many countries, regardless of whether poverty is construed using the higher or the stricter definitions. In effect, only Latvia and Poland spend more per poor person in 2007 compared to 2004. Since average benefits have remained constant or have been growing, the fluctuations in the amount spent per poor person are presumably due to diminishing ability of the programs to reach the poor.

Perhaps a better indicator of spending relative to need is expenditure as a share of the total poverty gap (see Table 4). The indicator has been constructed by dividing total spending[9] by the amount that would be needed to bring all the poor above the poverty line (assuming of course no identification errors). When poverty is measured as having a household equivalised income below 60% of the median, spending is grossly inadequate in all countries. Only Hungary and Slovenia in 2004, as well as the Czech Republic in 2004 and 2005 disburse enough transfers to fill more than half of the total poverty gap. The Czech Republic and Slovenia in the remaining years, as well as the Slovak Republic together with Hungary in 2007 also spent relatively high amounts in comparison to their needs, covering between 25 and 49% of their respective national poverty gaps. In the remaining countries and years however, spending is far too low to make a meaningful contribution. For instance, the sum of all disbursed benefits in Estonia would have sufficed to fill between 5 and 12% of the total poverty gap, depending on year. Likewise, Latvia and Lithuania spend below 10% of what is needed to fill their total poverty gaps.

Comission; http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do?lang=en.
[8] Defined using the 60% median poverty line;
[9] Again, only spending on cash benefits is counted due to the information available in the dataset; administrative costs, as well as in-kind benefits (other than those related to housing) are disregarded;

Table 4 Extensiveness and generosity of social assistance in Central and Eastern Europe- II

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Total SA spending[†] as % of the national poverty gap-60% line								
2003		11,73						
2004	50.54	6.20	57.61	11.42	9.82	12.13	51.53	45.51
2005	54.60	4.90	14.49	6.37	5.82	18.83	49.99	43.31
2006	49.42	2.96	17.27	5.76	6.92	19.27	46.85	35.02
2007	28.74	4.29	33.93	7.57	5.20	15.01	33.86	26.74
Total SA spending[†] as % of the national poverty gap-50% line								
2003		18.51						
2004	86.18	10.58	124.62	19.15	16.58	19.94	94.72	68.32
2005	96.73	8.84	25.88	11.42	10.11	33.75	92.78	73.75
2006	81.88	5.79	36.27	10.43	12.50	35.42	88.27	62.88
2007	51.94	8.61	67.52	13.52	9.39	28.06	65.23	46.15
Average benefit size-as % of poor households' budget (poor based on 60% median equivalised income)								
2003		34.41						
2004	27.87	27.39	12.44	17.81	26.80	15.49	26.91	48.13
2005	28.30	26.97	8.16	12.69	15.44	16.60	27.78	38.31
2006	32.19	22.42	6.86	9.34	15.95	16.83	26.43	34.35
2007	28.49	15.26	12.91	8.83	11.79	15.39	25.05	33.59
Average benefit size-as % of poor households' budget- (poor based on 50% median equivalised income)								
2003		37.00						
2004	33.90	30.66	15.53	24.44	30.74	18.23	34.12	53.24
2005	36.60	32.18	9.65	15.14	20.08	19.83	35.82	41.78
2006	39.07	28.79	7.52	10.38	21.09	19.71	33.23	37.22
2007	33.89	17.66	17.30	9.81	14.72	18.46	30.22	39.26

Note1: Total SA spending is computed by summing total household benefit payments at the country-year level
Note2: Indicators are computed at the household level, using household weights; figures refer to the year prior to the survey, i.e. 2003-2007
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database;

In light of the results above, social assistance transfers could be considered largely trivial. However, if the total poverty gap is constructed based on the stricter 50% median equivalised line, the performance of the programs improves, sometimes considerably. Thus, during 2004 in Hungary, if no identification errors occurred, social assistance benefits would have successfully compensated for the entire shortfall in disposable income for every poor household. The Czech Republic and Slovenia (with the exception of 2007) would have also come very close to filling their respective total national gaps. Large spending levels relative to need are also registered in the Slovak Republic before 2007 and in Hungary and Slovenia during 2007 as total benefit outlays would have sufficed to bridge around two thirds of the

poor's total income shortfall. At the opposite end, spending levels remain inadequate in the Baltic States and to a lesser extent in Poland and Hungary between 2005 and 2006, where the sums of all disbursed benefits cover only 6 to 35% of the respective total poverty gap.

Noticeably, the best performers during the 2004, the first year for which information is available, lost significant ground by the end of 2007, the last year observed. All four countries underwent drastic reductions in spending relative to need, as reductions range from 20 to 30 percentage points. Albeit far from conclusive, this pattern may be an indication that high social assistance disbursements may be unsustainable in the long run.

Examining the importance of the transfers in the budget of poor recipients, the case of the Slovak Republic stands out. Slovak social assistance payments make up about half of the disposable budget of the poor households that receive them. Means-tested transfers represent an important component of household resources for Czech, Slovenian poor households, as well as Estonian ones in 2003 and 2004, as benefits make up to 30% of the poor's disposable income. The lowest benefit importance for the client population is found in Hungary, where means-tested payments account for only 7-17% of the poor recipient households' budget.

Overall, social assistance schemes are a relatively small component of the larger welfare setup. Generally, they serve a small population, spend fairly little relative to existent needs and do not have a major impact on their clients' finances (see Table 4). Nevertheless, some divergence is clearly visible. Notably, the eight countries may be divided in two groups. The first group comprises Czech and Slovak Republics together with Slovenia. These countries have relatively extensive social assistance programs, serving a tenth or more of the population, with relatively generous benefits. Total spending is high enough to theoretically be able to fill the larger part of their respective poverty gaps, while actually disbursed benefits are relatively important to those who receive them, constituting between a quarter and a half of their net disposable income. A wholly contrasting pattern is observable in Estonia, Lithuania, and to a lesser extent in Latvia, the countries forming the second group. All three Baltic States run small scale social assistance programs that reach only 2 to 10% of the population. Benefits are much stingier, while comprising less than 30% of the poor recipient households' budget. Spending levels are well below what would be needed to fill the total poverty gap. In between the two country clusters are Hungary and Poland. In both countries, extent/generosity indicators exhibit significant year to year fluctuation. The Hungarian social assistance is moving from a more generous and extensive scheme towards a more restricted and stringent, whereas the opposite development emerges in Poland.

Depending on the indicator and year, each county is closer to one of the two country clusters described above.

Clearly, the distinction between the two groups of countries is much clearer in 2004 than in 2007, largely due to falling extensiveness/generosity occurring in the Czech and Slovak Republics, as well as Slovenia. In all three countries, receipt rates and total spending levels have declined precipitously. The less steep decline in benefit levels (both in absolute terms and as a percentage of household income suggests that reduction in total spending have been achieved mainly by moving people off benefit or refusing entry, rather than through less generous disbursements. The same declining pattern in number of client and total outlays is noticeable in Estonia. In the Estonian case however, relative benefit levels have declined as well.

Up to a certain point, the extent and generosity of the means test appears to be positively correlated to the general economic affluence. Thus, poorer countries such as the three Baltic States seriously under-spend when it comes to their social assistance, despite their high poverty rates and relatively deep poverty. Conversely, Slovenia and the Czech Republic, the richest countries in the sample, also operate the most extensive and generous schemes. However, the association is not unambiguous. Whereas the Slovak Republic and Hungary have similar GDP per capita levels[10], the former undoubtedly offers more and higher payments though its means-tested transfer framework (at least before 2007).

4.2   Effectiveness

The next dimension to look at is how successful social assistance schemes are in accomplishing their mission, i.e. how effective they are in reducing poverty. A total of eight indicators have been computed, each describing a different facet of effectiveness. The first task of a social assistance scheme is to identify who the needy are. Consequently, the first indicator of effectiveness, termed coverage, looks at the share of the poor population[11] that receives social assistance transfers. Table 5 shows that the Central and East European performance in this respect is disappointing. Defining the poor population based on the higher at-risk-of-poverty threshold, only the Czech Republic is successful in handing out benefits to half or more of its needy population, and only prior to its 2007 reform. Again, the

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[10] Measured in Purchasing Power Parities; based EUROSTAT figures
http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb010;
[11] The share of the poor population receiving transfers is computed relative to those poor before social assistance payments;

Baltic States have the most dismal record offering benefits through their social assistance schemes to less than a fifth of the poor. The remaining four countries reach between 25% and 46% of their poor population though means-tested transfers.

If the boundary of the poor population is pushed downwards by adopting a stricter definition of poverty, social assistance coverage improves in every country, although most substantially in the Czech and Slovak Republics and Slovenia. Between half and two thirds of the poor receive some social assistance payment in these countries. Coverage is low, averaging 15 to 20% in the three Baltic States and hovers around 30% in Poland and Hungary. Mirroring trends in benefit receipt and total spending, coverage levels drop significantly during 2007 in the Czech and Slovak Republics, Slovenia and Estonia, although in the latter case from a much lower base. The decline is especially visible when the poor are counted using the higher poverty line, suggesting that the withdrawal of support affected the near-poor to a greater extent than the very poor. Only Hungary experienced sustained and noteworthy yearly increases in its coverage rate, irrespective of how the target poor population is defined. In the remaining three countries, coverage levels have been fairly stagnant.

Table 5 Effectiveness of social assistance transfers in Central and Eastern Europe –I

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Coverage=% poor receiving SA benefits- (poor based on the 60% median equivalised income line)								
2003		16.23						
2004	56.81	13.33	29.34	17.84	13.36	27.67	46.64	45.75
2005	59.22	9.60	32.67	11.71	14.89	32.26	42.01	36.72
2006	55.36	6.81	33.88	13.38	14.99	31.24	43.99	32.16
2007	34.32	7.60	45.61	16.28	20.46	25.81	36.51	28.17
Coverage=% poor receiving SA benefits-(poor based on the 50% median equivalised income line)								
2003		23.09						
2004	68.02	18.46	31.18	17.41	15.86	29.60	51.27	56.86
2005	71.28	12.82	38.26	12.19	15.80	36.06	48.34	53.25
2006	68.97	9.13	37.80	15.06	15.99	34.71	53.07	48.38
2007	47.33	9.56	50.98	17.75	22.37	29.94	45.79	40.11
Total well-targeted SA[†] spending as % of the national poverty gap-based on the 60% median equivalent income line								
2003		6.34						
2004	35.47	4.69	9.87	3.84	6.33	6.32	24.92	32.46
2005	38.42	3.93	5.53	2.27	3.63	10.59	24.48	25.98
2006	38.05	2.02	6.01	2.40	4.06	11.18	24.84	23.67

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
2007	22.56	1.87	15.76	2.99	3.42	9.08	19.75	18.93

Total well-targeted SA[†] spending as % of the national poverty gap--based on the 50% median equivalent income line

	CZ	EE	HU	LV	LT	PL	SI	SK
2003		9.08						
2004	49.79	6.58	15.10	4.44	8.80	8.04	35.48	43.89
2005	54.27	6.26	6.90	2.58	4.13	14.59	35.57	39.76
2006	54.45	3.43	8.58	3.17	5.93	15.35	36.70	34.49
2007	34.74	2.92	22.53	4.32	4.99	13.01	29.17	26.59

Note: Coverage has been computed at the individual level, using personal weights; targeted SA spending relative to total gap has been computed using household data and weights; figures refer to the year prior to the survey, i.e. 2003-2007
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional dataset;

The previous section has presented data on expenditure amounts relative to needs. Yet, some of the sums spent unavoidably leak to the non-poor (a more thorough analysis on leakage follows in the next section). As a result, not all the resources of the program reach those who truly need them. To illustrate how much resources are *actually* made available to the poor, the well-targeted amounts of spending per poor person, and as a share of the poverty gap have been computed (figures are shown in Table 5). Targeted amounts are obtained by subtracting from overall payments the disbursements made to the non-poor as well as payments made to the poor that are in excess of bringing them above the poverty line.

As expected, correctly targeted social assistance spending constitutes a much smaller share of the total poverty gap compared to total spending. When the poverty gap is constructed based on the 60% median equivalised income threshold, five of the eight countries actually fill less than 10% (or in some years a little over 10%) of their overall poverty gap through social assistance transfers. Only in three countries, namely in Slovenia together with the Czech and Slovak Republics, do social assistance disbursements make a noteworthy contribution to filling the poverty gap.

Using the second, lower poverty line, the percentage of the poverty gap actually filled by means-tested social transfers increases somewhat. The best performance in this case is achieved by the Czech Republic, as between a third and a half of the initial total gap is closed by social assistance disbursements. Slovenia and the Slovak Republic also score relatively high on this indicator. Their social assistance schemes eliminate around 25 to 40% of the initial total poverty gap. The picture is much bleaker in the remaining countries. Figures indicate that the direst situation is to be found in the three Baltic States throughout the entire period and Poland in 2004. Virtually no meaningful contribution to poverty reduction through

means-tested transfers can be detected in these case, since less than 10% (and sometimes as little as 3 %) of the initial poverty gap is closed by well targeted social assistance spending. Although not as low, correctly channelled spending is woefully inadequate in Hungary and Poland during 2005 and 2006, as well. In addition, despite above average performance, the ability of social assistance programs to close the total national poverty gap has weakened in the top three performing countries, between 2004 and 2007.

Table 6: Effectiveness of social assistance in Central and Eastern Europe-II

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Average % reduction in the poverty rate-total population- (poor defined on the 60% median equivalised income line)								
2003		1.35						
2004	11.44	1.20	5.76	2.72	1.31	3.11	12.73	5.73
2005	14.97	0.77	3.35	1.28	2.14	4.09	12.69	5.15
2006	10.20	0.34	3.45	1.53	0.67	4.92	10.29	6.76
2007	4.56	0.56	7.28	1.18	1.05	3.75	7.27	5.73
Average % reduction in the poverty rate-total population-(poor defined on the 50% median equivalised income line)								
2003		1.90						
2004	26.35	2.05	6.21	1.06	3.29	3.25	16.95	13.95
2005	25.62	1.53	4.65	2.60	3.17	6.63	15.11	8.74
2006	25.39	0.31	5.31	1.86	1.93	7.76	18.52	15.78
2007	13.55	2.15	12.72	2.16	3.08	6.33	16.84	9.94
Average % reduction in the poverty rate-SA recipients- (poor defined on the 60% median equivalised income line)								
2003		8.31						
2004	20.13	8.99	19.64	15.26	9.83	11.24	27.30	12.52
2005	25.28	8.06	10.25	10.93	14.37	12.68	30.20	14.03
2006	18.42	4.96	10.18	11.43	4.47	15.76	23.38	21.04
2007	13.29	7.37	15.95	7.24	5.15	14.53	19.90	20.34
Average % reduction in the poverty rate-SA recipients- (poor defined on the 50% median equivalised income line)								
2003		8.22						
2004	38.74	11.12	19.92	6.10	20.73	10.98	33.07	24.54
2005	35.94	11.94	12.16	21.34	20.07	18.40	31.26	16.41
2006	36.81	3.40	14.04	12.37	12.06	22.37	34.90	32.61
2007	28.62	22.50	24.95	12.17	13.76	21.15	36.77	24.78
Average % reduction in the poverty gap- total population- (poor defined on the 60% median equivalised income line)								
2003		4.90						
2004	31.44	4.30	12.60	6.50	6.02	8.21	28.05	23.64
2005	33.43	2.95	9.43	3.48	5.30	11.44	25.61	17.62
2006	31.42	1.75	10.14	3.71	10.14	12.55	24.65	17.40
2007	16.03	2.31	19.57	3.99	4.37	9.99	19.82	14.67

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Average % reduction in the poverty gap- total population- (poor defined on the 50% median equivalised income line)								
2003		30.19						
2004	55.35	32.25	42.93	36.42	45.08	29.65	60.14	51.68
2005	56.44	30.69	28.87	29.74	35.61	35.45	60.96	47.97
2006	56.75	25.65	29.93	27.71	28.45	40.16	56.04	54.12
2007	46.69	30.39	42.92	24.53	21.38	38.72	54.29	52.09
Average % reduction in the poverty gap- SA recipients- (poor defined on the 60% median equivalised income line)								
2003		8.73						
2004	48.82	6.75	15.20	4.84	8.32	9.71	35.38	35.17
2005	49.90	5.14	12.92	5.09	6.43	15.60	32.57	29.37
2006	49.77	2.46	16.35	4.86	6.93	16.81	36.06	54.12
2007	28.51	3.98	27.51	5.70	7.21	15.06	30.72	31.40
Average % reduction in the poverty gap- SA recipients- (poor defined on the 50% median equivalised income line)								
2003		37.83						
2004	71.78	36.58	48.76	27.82	52.47	32.80	69.01	61.86
2005	70.00	40.10	33.78	41.72	40.69	43.26	67.38	55.16
2006	72.16	26.92	43.25	32.26	43.35	48.44	67.95	64.91
2008	60.23	41.63	53.97	32.12	32.25	50.31	67.08	58.07
Average % reduction in the Gini coefficient- SA recipients								
2003		7.50						
2004	26.65	14.93	5.14	5.46	18.40	7.49	17.89	24.05
2005	27.85	16.44	3.89	3.36	8.54	10.34	15.17	21.24
2006	32.04	9.88	3.63	3.67	9.47	11.72	16.98	22.97
2007	25.57	5.77	8.69	2.38	7.19	10.77	16.74	23.35

Note: Figures are computed at the individual level using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007.
Source: own calculations based on EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database;

A clear test of how successful social assistance schemes are in reaching their ultimate goal is their ability to bring the poor over the poverty line. Table 6 presents the results of precisely this type of test, even if a coarse one. It gives information on the relative reduction of both the headcount rate and the poverty gap achieved through means-tested social transfers. As usual, the reduction is computed assuming first a higher 60% median equivalised income line and then the lower half median equivalised income one. Additionally, since previous analysis has shown coverage levels to be very low, the proportional reduction has been computed both for the entire population and separately for program clients only.

Looking at the overall ability of means-tested transfers to lift the poor over the poverty line, the performance of all eight social assistance schemes is indeed unsatisfactory.

When the poor population is defined in a broader way, only the Czech Republic and Slovenia between 2004 and 2006 are successful in pulling 10% or more of the individuals in need above the poverty threshold. The Slovak Republic and Hungary achieve around 4-7% reduction scores, whereas the performance of the remaining countries is indeed dismal. Less than 5% (and sometimes less than 1%) of those defined as poor before transfer receive sufficiently high means tested transfers to bring their disposable income above the poverty line.

To some degree, the inability of means-tested transfers to achieve significant poverty reduction is unsurprising, given the relatively high chosen poverty line. In fact, since, as a rule, national official poverty definitions are well below the EUROSTAT at-risk-of-poverty boundary, more illuminating results might be obtained by drawing on a more stringent poverty definition. Indeed, when a narrower view of poverty is taken, the ability of social assistance transfers improves significantly, but only the Czech Republic, Slovenia and the Slovak Republic where the achieved poverty reduction increase from about one tenth to about one fifth in the first two countries, and from about 5% to 15% in the third. In the remaining five countries, decreases in the poverty rate attributable to social assistance remain very low, on average below 5-6%. Yet, even in the three better performing countries, the capacity of social assistance transfers to reduce the poverty headcount index diminishes severely, reflecting decreased coverage and total outlays. For example, the effectiveness of the Czech program declines from about 10% in 2004 to 4% in 2007, effectively bringing it in line with the effectiveness of the Hungarian and Polish programs. The effectiveness decline is steeper though when gauged using the higher poverty threshold, again suggesting that the near-poor are being pushed off-support.

Another measure looks at a scheme's poverty reducing effectiveness, independently of its being able to minimize exclusion errors. If social assistance schemes would be able to reach *all* of the needy, how big would their impact be? The answer is that "perfect" targeting (in the sense of no exclusion errors) would make the impact of social assistance considerably heftier compared to the actual situation, but the results would still be very weak. Using the higher poverty line, the best performance is registered in Slovenia where a fifth to a third of the client population is brought above the poverty line by social assistance transfers. Relatively good results are attained by the Czech Hungarian, and Slovak social assistance programs. Average poverty reduction rates among the recipients reach 5-15%, depending on year in the remaining countries.

Redoing the analysis based on the lower poverty definition yields similar country rankings. The best results are achieved in the Czech Republic and Slovenia where about 30-35% of the poor clients manage to climb out of poverty due to the transfers. Slightly less effective, the Slovak program pulls around 25% of its poor clients out of poverty. The lowest likelihood of exiting poverty through means-tested social assistance is registered in Estonia and Latvia during 2003-2004. In the remaining country-years, poverty reduction rates among the client population hover close to 20%. Notably, in contrast to declining poverty reduction effectiveness in the total population, program ability to bring participants over the poverty threshold remains relatively stable (exceptions are Estonia and Poland where the headcount index reduction among social assistance clients increased significantly from 2003 to 2007).

Thus, the targeting system can only partly explain the poor showing of Central European social assistance systems in terms of reducing poverty. Another explanation might be that the sums awarded are simply too small to lift recipients over the poverty line[12]. To investigate this possibility further, I take a closer look at the poverty gap.

Similarly to the headcount index measure, I compute the mean poverty gap separately for two groups, i.e. the total population and benefit recipients and separately for the two poverty lines. The underlying reasons are the same as in the case of the headcount index, namely to evaluate impact of social assistance allowance independently of targeting efficiency. The figures for the reduction of the mean poverty gap computed for the total population closely parallel those for the reduction of headcount index. Put differently, systems that manage to lift a higher number of the poor above the poverty line are also more successful in closing a higher portion of the mean poverty gap. Slovenia and the Czech Republic achieve the highest average poverty gap reduction rates, around 25-30% when the higher poverty line is used and between 50 and 60% when the gap is computed based on the lower line. The worst performing schemes are to be found in Estonia and Latvia, irrespective of how poverty is defined. Finally, the downward trend in program anti-poverty effectiveness in the Czech Republic, Estonia, Slovenia and the Slovak Republic pinpointed by trends in the headcount index reduction rates is confirmed. Poverty gap reduction (at the 60% median equivalised income) in the total population is almost halved in the Czech Republic and Estonia, whereas in the other two countries it decreases by about 30%. Although occasionally

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[12] This explanation is all the more plausible if one considers that some of the countries have considerable lower thresholds that the one used here to define poverty; hence these countries would consider ineligible for aid some of the individuals labeled as "poor" by my definition and would award much smaller benefits to the rest;

improvements in the ability of programs to alleviate poverty do occur, performance increases are usually small and seldom sustained during subsequent years.

When looking at poverty gap reduction, computed only for benefit recipients, the Slovenian, Slovak and Czech social assistance schemes emerge as the best performers. On average they close around 30-70%, depending on the year and on the definition of the poverty line. The remaining five countries succeed in eliminating around 5-50% of their recipient population's poverty gap. More interestingly, although all social assistance programs are more effective in reducing the poverty gap of their poorer clients (compare figures based on the lower and higher poverty lines), the difference is relatively small especially in Hungary and Latvia, but also in Poland and Lithuania. This patterns suggests that in these countries, transfers tend to go as much to the near-poor as to the very poor. On the contrary, in the Czech Republic, Slovenia, and the Slovak Republic, the indicators suggest a heavier focus of transfers on the very poor. Mirroring trends reflected by the corresponding headcount reduction indicators, the percentage decrease in the poverty gap achieved by means-tested transfer is relatively constant in time.

Cross-national differences in effectiveness are much larger when referring to the total population than when computed for participants only, both in the case of the headcount index and in that of the poverty gap. Targeting effectiveness is thus a major fault line differentiating among countries. Interestingly, countries with lower targeting performance (as measured by the differences in indicators computed for the entire population and for program clients only), are also less able to achieve significant poverty reduction among the poor that they do reach. Thus, poor targeting and meagre benefits seem to be associated. One possible explanation is targeting mechanisms. By setting benefits at a very low level, some countries are effectively relying on self-targeting to allocate resources. Such a mechanism though seems to be highly ineffectual in combating income poverty.

By and large, countries that have been able to more effectively reduce the poverty rate, also managed to fill a larger portion of the poverty gap. Nonetheless, the parallelism is not perfect. In particular, the Slovak Republic and Estonia during the first two years have discrepancies between the reduction in the headcount index and the mean gap that strongly favour the latter. This would seem to suggest that they direct the bulk of the resources towards the very poor, thus closing a considerable portion of the mean gap while failing to bring recipients over the poverty line. The reverse situation is present in particular in Latvia, but also Hungary. Here it seems that social assistance schemes might be plagued by a

possible "creaming" effect, i.e. resources are directed towards those immediately under the poverty line, bringing them above it but failing to reach the very poor.

To better investigate this last characteristic, namely the propensity of a social assistance to "cream" (i.e. to concentrate on the clients that are more easily handled and ignore those with more "expensive" needs), the last effectiveness indicator checks whether the program disburses larger amounts of financial support to the very poor. Arguably, "creaming" would be best exposed by a qualitative study. However, a rough approximation may be obtained by looking at the progressivity of social assistance transfers. As such, the last effectiveness indicator illustrates by how much social assistance transfers have reduced inequality (as measured by the Gini coefficient) among recipients. Two countries stand out. The Hungarian and Latvian systems are visibly less progressive than in the remaining countries. The Gini reduction in these countries is kept well within a one-digit range. Conversely, the Czech and Slovak means-tested transfer schemes are most pro-poor focused, reducing income inequality among program participants by about a fifth.

Summing up, social assistance program in the eight Central European countries under investigation are clearly not very successful in dealing with poverty. Their effectiveness is vastly hampered by (very) low coverage, but inability to reach the poor is obviously not the only problem. The low amount of resources countries actually make available to the poor, as well as potential "creaming" also contribute to reduced performance.

4.3 Efficiency

Last but not least, social assistance schemes achieve their results at very different costs to the public budget. To assess how efficient the various systems are, four indicators have been constructed. The first one, leakage, looks at the extensiveness of inclusion errors, i.e. how many of the recipients are non income poor before receiving the benefit. Table 7 shows that inclusion errors are indeed common throughout all of the eight Central European countries included in the study. Precise country rankings depend on whether individuals in households with equivalised income between 50% and 60% of the median are considered to be poor or not. The most efficient program, the Estonian scheme in 2003, still directs around a 30-40% (depending on which poverty line is chosen) of its transfers to the non-poor. Somewhat surprisingly, the Estonian scheme gradually becomes less successful at keeping the non-poor out of the program, at the same time as coverage, receipt rates and relative benefit generosity decline as well. The least efficient programs are the Hungarian, Slovenian

and Latvian ones.   Even when using the higher poverty threshold, these three countries consistently award 60% or more of their transfers to the clients that are not poor. If the lower poverty line is used, social assistance programs in almost every country leak half of the disbursements to non-poor recipients.

Table 7 Efficiency of social assistance programs in Central and Eastern Europe

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Leakage=% non-poor recipients-(poor defined based on the 60% median equivalised income line)								
2003		33.97						
2004	45,27	36.79	74.48	67.46	54.76	47.48	62.83	53.85
2005	42,35	33.00	59.56	62.68	44.48	44.99	64.57	43.93
2006	38,77	34.03	62.78	60.94	48.59	42.65	63.77	48.98
2007	37,53	48.89	66.22	54.47	30.18	44.37	61.96	37.29
Leakage=% non-poor recipients- poor defined based on the 50% median equivalised income line)								
2003		40.91						
2004	58,45	45.74	84.16	80.23	62.60	61.14	75.11	59.68
2005	60,17	46.46	70.84	72.62	62.56	59.96	76.44	50.98
2006	52,60	51.03	74.77	70.00	64.02	58.14	74.16	56.10
2007	50,51	61.44	79.26	63.58	46.41	59.75	71.31	50.61
Total well targeted SA[†] spending- as % of total SA spending[†-] poor defined based on the 60% median equivalised income line)								
2003		54.07						
2004	70,18	75.59	17.12	33.64	64.43	52.09	48.36	71.31
2005	70,36	80.17	38.16	35.57	62.45	56.25	48.98	59.98
2006	77,00	68.19	34.82	41.61	58.71	58.01	53.01	67.60
2007	78,50	43.49	46.43	39.46	65.76	60.51	58.31	70.77
Total well targeted SA[†] spending- as % of total SA spending[†] poor defined based on the 50% median equivalised income line)								
2003		49.07						
2004	57,78	62.22	12.12	23.19	53.07	40.33	37.45	64.24
2005	56,11	70.83	26.68	22.58	40.80	43.21	38.34	53.91
2006	66,50	59.24	23.66	30.39	47.45	43.35	41.57	54.85
2007	66,88	33.94	33.38	31.98	53.10	46.38	44.72	57.63

Note: Leakage is computed at the individual level, using personal weights; percent well targeted social assistance is computed using household data and household weights; figures refer to the year prior to the survey, i.e. 2003-2007.
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database;

The very high leakage figures are indeed surprising, especially if one considers them in conjunction with the low coverage performance (see figures in Table 4 and Table 7). Therefore, the low number of poor covered by social assistance is not only an artificial result of setting a poverty line that is rather high and probably well-above national measures. Yet, it

might be that all the non-poor served by these programs receive tiny amounts, and thus the bulk of the resources go to those in a disadvantaged economic situation. However, the next indicator, which computes the percentage of the total social assistance expenditure that goes to the poor[13], shows that this is not the case. Again, the Latvian, Hungarian social assistance schemes emerge as highly wasteful. They channel well below half (and in some years as little as 17%) of the program transfer resources on payments that do contribute to filling the poverty gap, even when allowing for poverty to be defined in the more liberal way. Naturally, when a stricter definition of poverty is adopted, efficiency declines. The Czech Republic, the Slovak Republic and Estonia before 2007 "waste" the least on the non-poor and overflow. Efficiency increased in the Czech Republic, Hungary and to a lesser extent in Latvia. The share of the disbursed sums funnelled towards addressing the income shortfall the genuinely income poor rose by between 8 and 20 percentage points in these countries, although in the latter two from a very low base. Unsurprisingly, countries with high leakage in terms of clients served also have high leakage in terms of the amounts spent. Slovenia is somewhat of an exception, as its program is much closer in performance to the more efficient countries when the percent well targeted transfers rather than leakage is used as an indicator of performance.

Along with being ineffective, European social assistance schemes are not very efficient either. In particular, the programs serve more non-poor than poor and often direct their funding towards households that are not in material distress. Inefficiency characterizes both the richest (Slovenia) and the poorest countries in the sample (Lithuania). Similarly, inefficiency does not seem to be related to effectiveness. For instance, Estonia had in 2003 and 2004 a comparatively efficient social assistance program, spending less on the non-poor while at the same time achieving very low poverty reduction scores. Yet, its efficiency scores deteriorated at the same time as the program became even less effective in shrinking poverty. Contrarily, Slovenia is relatively effective in reducing poverty through its means-tested transfers while simultaneously spending the bulk of its transfers on those already above the poverty line. Some countries, such as Latvia, are both ineffective and inefficient.

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[13] In fact, well targeted expenditure is considered to be only expenditure filling the poverty gap; thus non-targeted expenditure is composed by benefits paid out to the non-poor as well as benefits paid out to the poor that are in excess of bringing them above the poverty line;

5   Social Assistance Performance across Family Types

The previous analyses and discussions have been directed at the general population, without differentiating according to household characteristics. Nevertheless, eligibility rules encompassed in means-tested benefits, almost without exception take into account some household circumstances, such as the age of its members, the number of persons in the household (by establishing more or less generous equivalence scales), or the combination of adults and children (for example, single parent and families with 3 or more children may benefit from a more generous treatment). Programs that can be stingy and/or demanding with some types of clients may be generous and liberal with others. To illuminate this point, some of the indicators presented above have been computed separately for six family types. These types have been chosen both to incorporate household characteristics that are known to be correlates of an increased poverty risk (such as, for example, increased dependency ratios), and to be relatively common in the wider population. However, despite the second criterion, in some instances (i.e. country-year-family type groups), the number of cases on which the figures are computed are indeed very small. This problem becomes particularly acute when social assistance receipt rates are low within a certain family type. That being said, the six household types are: couple with two children, single person aged under 65, single person aged 65 and over, couple with three or more children, single parent family living alone, and single parent family living together with other adults. So as to keep the discussion simple, only one definition of poverty will be used, namely having a disposable equivalised household income below half of the median.

5.1   How Does Vulnerability Vary Across Family Types?

Table 8 below presents poverty rates for the six family types across countries and across time. Not surprisingly, countries rank similarly irrespective of family type, i.e. countries where poverty levels are low are so across the board and conversely, where poverty is high, it is so for all household types. Couples with two children are the least vulnerable to the risk of poverty in every country. Moreover, with the exception of Latvia and Slovenia, poverty rates declined for this group in every country. However, important cross-national differences remain. For example, couples with two children are more than twice as likely to be poor in Poland compared to the Czech Republic, Estonia or Slovenia.

Somewhat unexpectedly, with the exception of Poland and the Slovak Republic, poverty rates are very high (and in some cases, the highest) for working age adults living

alone (see Table 8). The three Baltic States together with Slovenia exhibit the highest poverty rates for this type of household.

Table 8 Poverty rates across different types of families in Central and Eastern Europe

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		8.13						
2005	5.22	5.41	6.63	8.45	13.04	16.03	4.38	13.63
2006	5.75	5.83	10.21	13.35	10.2	14.46	4.62	7.76
2007	3.13	6.03	9.81	6.42	9.94	12.63	3.93	7.47
2008	4.7	5.1	8.8	12.93	9.5	11.31	4.41	5.67
Single person aged <65								
2004		24.31						
2005	13.37	21.67	18.37	24.4	26.58	19	34.94	12.69
2006	12.79	20.68	16.83	32.28	22.71	17.3	31.87	9.87
2007	8.91	22.64	19.1	35.69	27.91	16.4	26.78	10.39
2008	12.08	22.45	15.42	32.65	29	17.99	24.64	10.59
Single person aged >=65								
2004		7.89						
2005	2.35	11.07	4.61	6.27	11.64	3.08	30.53	2.54
2006	3.15	16.12	5.99	35.13	12.38	2.57	24.03	4.67
2007	3.13	19.24	4.78	55.5	25.93	2.68	26.9	5.05
2008	3.24	35.71	3.01	72.72	34.48	6.56	22.68	5.65
Couple with 3 or more children								
2004		19.63						
2005	6.2	17.27	19.03	18.87	29.41	34.28	9.36	16.22
2006	20.74	14.43	20.73	33.5	24.06	28.76	11.7	19.17
2007	15.29	9.63	21.69	28.55	18.96	25.74	11.52	15.37
2008	9.93	10.2	13.59	24.44	38.8	21.6	6.26	20.1
Single parent family living alone								
2004		28.88						
2005	25.09	27.98	19.54	28.4	32.45	33.17	18.05	13.44
2006	24.74	29.13	27.78	25.47	25.29	22.74	15.97	27.22
2007	24.78	27.63	19.79	28.69	22.93	25.9	13.35	24.79
2008	26.13	28.25	18.9	26.35	36.39	22.16	14.24	15.04
Single parent living with other adults								
2004		13.18						
2005	9.94	11.1	9.96	14.19	21.87	21.11	5.19	12.72
2006	7.87	13.52	9.96	17.15	17.83	20.4	4.82	10.98
2007	9.71	12.44	10.43	14.84	16.44	18.31	4.68	9.23
2008	8.64	12.59	9.26	17.71	19.55	16.92	4.02	9.25

Note 1: single parenthood is based on cohabitation and not on formal marriage; figures refer to the year prior to the survey, i.e. 2003-2007.
Note2: figures are computed at the individual level, using personal weights.
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC cross-sectional databases.

Older persons are probably one of the best deprivation insulated groups in Western Europe, largely thanks to generous pension provisions. In Central Europe as well, pension systems are a well-developed component of the social protection system, not least as a result of social program construction during the communist era. However, pensioners living alone are often women who were less likely to accumulate full pension rights and were likely to retire from less well-paid jobs. As a result, single person pensioner households may be prone to a higher than average poverty risk. This hypothesis is however rejected by the data in the Czech and Slovak Republics, Hungary, and Poland, where single person pensioner households have very low poverty risks in every year for which data is available. Much higher poverty rates are registered for this group Slovenia and Latvia[14], as well as Lithuania and Estonia during 2007.

The unfavourable dependency ratio, as well as potential child-care costs makes large families with many children vulnerable to the risk of material deprivation. Indeed, poverty rates for this family type are above average in all countries and for all years. Despite an extensive and complex web of family benefits[15], around one fifth of large families fall into poverty in Hungary. Poverty risks for this group are even higher in Latvia, Lithuania and Poland, where between 20 and 30% of individuals living in this type of household experience income poverty. Another family type potentially plagued by dependency and child-care concerns is the lone parent household. To be sure, despite special support made available in some countries, poverty rates are very high for single parents living by themselves, even higher than for large families. In the three Baltic States and in Poland, no less than a third of adults in this group find themselves with an equivalised income below half median in almost every year observed. The situation is not much better in the remaining countries either. Even in the country with the lowest risk, Slovenia, between 13 and 18% of lone parents fall into poverty. However, single parents stand a much higher chance of escaping poverty when they share a household with other adults[16], albeit poverty rates remain slightly above average. Again, households containing single parents and other adults are most vulnerable to material

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[14] A very steep yearly increase in the risk of poverty for single persons aged 65 or over is observable in Latvia; it is not clear what drives this trend; the yearly differences are so high that almost indubitably they are at least partly a statistical artifact; however, the rising poverty risk trend is probably true to reality.
[15] See European Commission, D. E., Social Affaires and Equal Opportunities (2010). Mutual Information System on Social Protection Database, European Comission; http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do?lang=en.
[16] Since I explicitly excluded cohabiting partners, the other adults are probably members of the extended family.

deprivation in Lithuania and Poland. Quite the contrary, they are relatively well protected particularly in Slovenia, but also in the Czech and Slovak Republics.

Not only the extent of poverty, but also its severity varies across family types both within and across countries. Poverty is deep in all households containing children, a worrisome finding. With the exception of couples with two children in the Czech Republic and Slovenia, the average income shortfall surpasses 20%. Countries experiencing extensive poverty are also the ones where poverty is more severe. Couples with two children experience particularly high poverty gaps in the three Baltic States, Poland, but also in Slovakia. In fact, relative to other household types couples with two children are in a particularly disadvantaged situation in the Slovak Republic. Incomes are most inadequate for large families and single parents living alone. The one exception to this pattern is Hungary, where both groups find themselves significantly closer to the poverty threshold. It is possible that the extensive Hungarian family benefit system while not being able to push them above the poverty line, nonetheless is successful in preventing the worst forms of economic deprivation among these two family types.

Table 9 Poverty gap levels across different family types

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		41.17						
2005	18.16	73.29	19.82	27.18	24.55	33.39	15.01	35.28
2006	12.83	28.83	31.42	32.79	32	32.98	18.38	24.84
2007	9.67	25.03	14.01	33.81	35.56	34.43	26.12	27.47
2008	19.96	36.12	21.81	28.92	32.32	37.23	19.6	42.56
Single person aged <65								
2004		62.45						
2005	29.24	50.57	25.29	52.62	50.79	53.22	32.11	34.64
2006	26.45	44.5	38.97	45.63	46.25	38.4	34.67	34.6
2007	28.11	41.31	41.51	46.21	45.22	31.07	34.69	34.37
2008	30.13	45.18	35.47	45.93	51.06	41.49	34.08	41.28
Single person aged >=65								
2004		27.14						
2005	11.25	14.2	12.77	15.96	13.35	54.95	20.77	11.21
2006	9.31	16.16	20.67	8.16	17.82	23.63	20.48	13.2
2007	9	13.25	18.71	14.15	16.14	15.63	19.46	14.96
2008	11.28	10.08	23.82	23.98	12.54	12.47	17.36	13.17
Couple with 3 or more children								
2004		33.65						
2005	20.06	24.79	16.52	49.29	32.36	38.56	21.51	39.15
2006	25.57	26.55	22.56	32.26	28.9	30.72	14.22	20.39

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
2007	27.19	34.04	17.82	36.97	30.37	28.35	19.5	24.4
2008	21.33	17.92	16.71	36.99	33.16	31.14	12.86	29.64
Single parent family living alone								
2004		36.53						
2005	25.28	34.57	22.59	32.37	32.07	39.9	30.83	25.52
2006	24.67	36.74	29.83	37.94	45	36.86	28.1	25.55
2007	25.89	30.22	24.38	38.52	34.73	26.59	22.49	35.89
2008	36.68	23.61	27.09	33.55	36.41	29.99	28.67	29.92
Single parent living with other adults								
2004		31.19						
2005	19.79	33.08	18.49	27.9	32.36	32.23	20.2	20.05
2006	22.29	32.72	31.65	34.38	27.69	28.37	20.29	25.86
2007	23.09	24.49	22.26	32.61	31.28	27.78	23.18	28.17
2008	23.33	28.63	22.08	27.91	26.35	25.05	19	28.82

Note1: Single parenthood based on cohabitation and not on formal marriage;
Note2: Figures computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007
Source: own calculations using the EU-SILC 2007 longitudinal database and the EU-SILC 2008 cross-sectional database;

Deep poverty is especially prevalent among single working age adults. In some cases, their average poverty gap may exceed 60% and is never and nowhere less than 20%. Conversely, with the exception of Poland in 2004, single person pensioner households are the household type most likely to be exposed to shallow rather than deep poverty. Finally, although sharing living arrangements with other adults improves somewhat the economic resources of poor lone parents, poverty gaps for the two groups are remarkably similar.

5.2 Receipt and Size of Social Assistance Benefits According to Family Characteristics

Next, Table 10 illustrates the prevalence of social assistance receipt across the six family types. Notwithstanding Latvia and Lithuania, single person pensioner households are least likely to be in receipt of means-tested benefits. The low participation rates of this group correspond to the lower than average poverty rates and poverty gaps, suggesting that other social programs, notably the national pension schemes are relatively successful in preventing material deprivation among the elderly. To the contrary, in Latvia and Lithuania, single person pensioner households are, among the six household types, most likely to receive means-tested transfers. In addition to the potential inadequacy of pensions, this pattern also points to possible divides between the deserving and the non-deserving poor in these two countries.

Unsurprisingly, among families with children, couples with two children are least likely to obtain means-tested income support. Only in the Czech Republic and Poland do these households have a slightly higher than average probability of receiving social assistance payments. Conversely, both large families and single parent families living without other adults have a much higher likelihood of income support receipt. Despite facing an only somewhat lower poverty risk, households containing single parents and other adults are much less likely to be social assistance clients in all countries, with the possible exception of Latvia where receipt rates are low for both groups. The discrepancy raises issues of deservingness and subsidiarity in the operation of social assistance programs in the central region of Europe.

Table 10 Social assistance receipt rates across different family types in Central and Eastern Europe

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		1.43						
2005	16.12	1.22	13.19	9.21	5.29	11.57	10.06	8.92
2006	14.59	0.53	10.94	5.14	2.44	12.75	9.21	5.86
2007	8.25	0.54	10.22	7.95	3.03	10.5	7.16	6.22
2008	6.12	1.01	18.76	10.02	3.38	8.22	3.85	2.29
Single person aged <65								
2004		13.53						
2005	8.94	3.4	11.78	9.81	9.14	10.99	16.34	15.07
2006	8.94	5.47	14.47	8.5	8.97	11.31	17.41	9.85
2007	8.17	2.42	7.77	7.35	7.75	12.32	13.06	7.99
2008	6.11	2.76	12.44	10.56	8.38	10.49	12.44	5.72
Single person aged >=65								
2004		0.6						
2005	2.98	0.9	14.36	25.65	20.24	4.08	2.45	4.67
2006	3.83	3.13	14.11	22.13	17.91	5.04	6.8	3.42
2007	2.74	1.78	9.15	19.38	18.06	5.82	6.97	3.13
2008	1.97	3.06	14.33	27.51	20.06	4.5	4.12	2.84
Couple with 3 or more children								
2004		12.84						
2005	36.76	16.43	24.46	34.82	8.66	26.85	22.78	26.01
2006	42.7	2.51	26.45	17.3	4.98	27.53	18.61	9.72
2007	31.62	0.6	31.62	16.56	18.63	23.93	16.41	7.81
2008	12.17	4.43	36.01	15.85	22.71	21.37	15.06	5.38
Single parent family living alone								
2004		19.46						
2005	38.2	15.83	35.57	12.65	16.35	24.61	27.1	50.89
2006	38.06	11.04	18.98	10.82	17.67	29.99	19.21	19.2
2007	40.91	8.99	25.7	14.59	14.01	24.76	22.49	10.11
2008	31.63	7.52	33.49	14.92	14.78	24.88	23.91	6.77

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Single parent living with other adults								
2004		4.22						
2005	23.77	5.13	22.94	10.34	7.94	16.77	23.91	21.44
2006	21.01	4.42	19.18	5.64	8.61	16.8	21.47	10.95
2007	17.58	2.14	16.48	7.46	7.26	16.37	22.39	13.03
2008	7.94	5.17	27.67	10.17	7.5	14.5	17.13	9.91

Note 1: single parenthood based on cohabitation and not on formal marriage;
Note 2: figures computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007
Source: own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database;

The embedded nature of deservingness and dependency concerns becomes most visible in the case of single working-age adults. The previous tables (Table 8 and Table 9) have shown that working-age adults living alone are exposed to an elevated risk of poverty (and especially deep poverty) in all of the eight CEE countries. Nevertheless, despite their higher than average vulnerability, receipt of means-tested transfers is narrow among this group, not exceeding the average for the entire population.

Whereas considerable cross-national convergence can be observed when examining average disbursed benefits in the general population, the same is not true for every type of family. In fact, there are striking differences in the average received benefit (equivalised for household size) among the six family types within the same country. In the Czech Republic and Slovenia, the social assistance system is most generous towards single working age adults, and least generous towards single person pensioner households[17]. Single parents, especially when living alone, together with couples with two children, also receive relatively high average benefits. The Slovenian income support program also pays out relatively large amounts to couples with three or more children.

Table 11 Average yearly social assistance payments (equivalised for household size; in Euros)

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		44.59						
2005	328.473	86.11	195.507	62.709	153.404	145.909	761.139	435.851
2006	370.959	298.584	130.841	68.901	281.952	158.98	833.138	632.342
2007	409.651	131.292	106.547	181.722	53.595	215.701	677.472	420.301
2008	498.438	684.703	169.405	144.955	123.963	201.079	750.356	800.243

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[17] In all likelihood, this is due to other programs kicking in to tackle old-age poverty before social assistance does;

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Single person aged <65								
2004		314.17						
2005	928.058	310.682	273.878	152.356	87.445	277.529	1248.071	598.985
2006	969.769	331.707	147.574	175.141	106.123	467.802	1554.786	734.888
2007	924.276	343.106	168.129	189.711	135.603	435.508	1367.815	765.229
2008	1101.954	512.457	270.9	415.132	138.48	583.14	1354.94	922.138
Single person aged >=65								
2004		379.4						
2005	152.494	31.96	214.825	82.16	62.054	215.675	151.479	275.792
2006	137.477	64.75	122.667	91.038	83.843	251.089	270.216	582.014
2007	183.401	88.129	110.223	127.168	95.484	320.25	116.176	313.365
2008	329.244	498.01	136.336	208.318	27.677	326.34	200.58	545.714
Couple with 3 or more children								
2004		226.641						
2005	207.473	194.131	176.791	59.565	188.333	99.594	1085.425	615.492
2006	520.826	82.601	112.2	86.522	189.593	153.98	1536.397	307.514
2007	456.327	353.986	102.694	103.536	125.786	182.205	1777.333	607.979
2008	392.979	134.264	163.594	154.657	121.251	179.332	1118.187	960.601
Single parent family living alone								
2004		190.823						
2005	428.508	240.335	479.059	112.338	231.051	133.92	888.648	128.121
2006	555.805	192.17	110.474	149.124	143.893	232.573	1118.727	436.161
2007	753.924	164.016	210.253	127.78	234.99	266.465	1018.299	344.024
2008	517.759	244.727	250.821	199.693	235.112	284.269	1621.493	206.98
Single parent living with other adults								
2004		175.819						
2005	361.742	179.832	362.595	136.574	167.999	89.428	611.105	295.975
2006	491.944	199.31	108.564	66.22	122.852	137.749	646.568	373.704
2007	469.801	178.476	100.391	84.052	95.406	164.496	638.756	359.259
2008	533.528	201.316	143.592	109.318	216.196	172.993	674.21	431.542

Note: benefits levels are computed at the household level and 'equivaised' for household size using the modified OECD scale; figures refer to the year prior to the survey, i.e. 2003-2007.
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database.

In the three Baltic States, average amounts are much smaller across the board, although substantial rises have been registered especially in Estonia. Average payments are particularly low in all countries (except Estonia in 2007) for couples, both those with two and those with three or more children. The most vulnerable family type, single parents living alone, receives in the Baltic countries about an eighth to a half of the transfers it obtains in the other countries. Indeed, Latvia has the lowest average benefits for single parents living alone. Albeit their benefits are very low in absolute terms, single person pensioner households outrank couples with children and in some cases single working age adults.

Average equivalised social assistance benefits are fairly constant across family types in Hungary. Single parents living alone receive, on average, somewhat higher transfers, but in the remaining household categories received benefits amount to between 100 and 200 Euros per year per equivalent person. In Poland, the best protected category is that of single person pensioner households. Couples with three or more children and single parents living with other adults are least protected. This finding is not surprising given that the Polish social assistance program has a very low family cap, thereby effectively putting larger households at a disadvantage. Finally, the Slovak program probably shows the largest variations in generosity across family types. Couples with three or more children, single working age adults and couples with two children receive relatively large transfers, comparable to those in the Czech Republic and Slovenia. Single person pensioner households also benefit from larger than average transfers. In fact, of all eight countries, the Slovak income support scheme disburses the largest amounts (in absolute terms) received by single person pensioner households in the region. Contrarily, average benefits are low for single parents living with other adults and very low for single parents living alone.

Whereas average paid out benefits increased constantly across time for single person households, both pensioner and working age, substantial fluctuations occurred in the case of the other four family types in virtually every country. Both increases and decreases have been registered. It is unclear what triggers these oscillations as they do not follow trends in the poverty gap (for example, poverty gaps fall for single person pensioner households while average disbursed benefits increase; for some years, the reverse is true for single parents living alone.

A different perspective on benefit generosity is offered in Table 12. It presents the average share of a poor household's budget made up by social assistance disbursements. For most family types, it becomes quickly apparent that means-tested income support largely tops-up income from other sources. Means-tested income support is least important for single person pensioner households. In almost every country and year, the benefit rarely comprises more than a fifth of a poor household in this category. There is a clear outlier however, namely Poland during the entire period, but especially during the first three years. There, single person pensioner households have to rely for between a third and half of their income on means-tested benefits.

Table 12 Average yearly benefit as % of poor households' budget

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		34.74						
2005	31.8	8.63	10.12	5.15	23.95	18.89	34.91	64.05
2006	38.59	18.3	9.64	4.47	52.52	17.59	31.09	32.8
2007	39.47	1.06	5.07	20.24	6.38	17.63	25.06	37.68
2008 (	31.67	29.58	14.61	6.84	20.77	15.48	28.8	65.58
Single person aged <65								
2004		62.79						
2005	64.9	81.4	22.58	41.53	22.98	51.44	60.09	68.17
2006	57.77	51.48	21.02	31.64	30.07	53.21	64.1	75.33
2007	58.93	64.83	13.56	22.01	15.26	43.79	55.6	64.21
2008	69.73	30.19	25.61	17.26	25.72	50.71	56.81	64.23
Single person aged >=65								
2004		44.23						
2005	8.72		3.46	6.36	8.61	49.99	5.12	2.95
2006	9.86		12.57	7.03	10.95	33.94	10.87	23.46
2007	12.27		10.1	7.9	7.67	43.05	3.07	16.09
2008	23.28	4.38	20.01	9.67	1.75	25.26	4.16	27.59
Couple with 3 or more children								
2004		29.91						
2005	20.63	16.31	3.59	17.25	23.3	10.85	39.09	78.26
2006	41.99	7.02	5.31	8.22	45.63	13.06	46.92	29.87
2007	29.93	26.57	7.62	3.99	13.08	11.95	51.41	54.87
2008	17.71	8.32	14.3	12.66	6.26	12.61	31.39	59.98
Single parent family living alone								
2004		26.3						
2005	24.7	27.36	28.45	21.16	47.25	14.83	33.97	26.18
2006	27.29	16.63	6.26	17.15	42.95	30.36	34.68	36.67
2007	34.8	17.88	10.88	10.6	54.83	25.74	35.8	15.08
2008	26.88	10.85	17.36	9.78	19.98	25.34	37.63	12.02
Single parent living with other adults								
2004		30.38						
2005	31.6	28.01	15.64	9.29	25.41	10.62	24.97	50.8
2006	32.28	29.73	7.4	12.26	14.58	14.24	31.47	36.57
2007	34.44	10.55	5.44	7.53	12.95	15.57	32.43	42.01
2008	28.69	29.72	13.24	6.44	14.37	13.87	27.05	34.19

Note 1: figures computed at the household level, using household weights; figures refer to the year prior to the survey, i.e. 2003-2007
Note 2: missing values denote too low a number of cases in the respective cell;
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the 2008 cross-sectional database.

In every country, single poor working-age adults are most reliant on social assistance transfers. The finding most likely reflects the lack of other income sources available for this group rather than a high level of transfers.

Single parents derive between 10 and 50% of their income from social assistance, depending on country and year. The strongest reliance is registered in Lithuania and Slovenia, while the lowest is found in Hungary and Poland. Throughout the four year period, apart from the Czech Republic, Slovenia and Poland where the size of the transfer relative to the household's budget is stable or slightly increasing, social assistance benefits become less important for single parents living alone. If cross-country differences are limited in the case of single parents living alone, the opposite is true in the case of single parents living with other adults. Two patterns are clearly noticeable. On the one hand, the Czech, Slovak, Estonian and the Slovenian social assistance programs contribute about 25 to 40% to their poor clients that live in households with single parents and other adults. On the other hand, in Hungary, Latvia, Poland and Lithuania, social assistance disbursements make up only 5 to 15% of this type of household's resources. Poor couples, whether with two or more children, receive around 20-30% of their income from their respective social assistance program. Finally, social assistance is much more important for every type of recipient (with the partial exception of single pensioner households) in the Slovak Republic compared to the other countries.

5.3   Targeting Mechanisms' Results Across Family Types

By their very nature, social assistance programs are highly selective. In principle, they screen their clients through the program's entitlement rules. These rules often do not refer solely to income, but incorporate asset limits and, perhaps more importantly, work tests that represent barriers to entry. Moreover, since all programs encompass varying amounts of discretion at the local level, the strict implementation of formal rules cannot be taken for granted. As a result, poor households may be sometime refused support (exclusion errors)[18] while better off ones may nonetheless receive extra resources from the program. As eligibility rules and their implementation, likely depend on household size and composition, Table 13 illustrates the extent to which the poor in various family types are reached by the social assistance program in their country.

The importance of family characteristics in determining the extent of exclusion errors is particularly striking in the Czech Republic, Hungary, Slovenia and the Slovak Republic. In these four countries, poor families are much more likely to receive social assistance payments

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[18] Figures presented in Table 13 refer to poor receiving benefit; the data does not allow for a distinction to be made between benefit refusal and non-take up among the poor who do not receive any transfers; moreover, coverage levels may be artificially low due to underreporting of means-tested income.

if they contain children. In fact, coverage levels for all four family types that do contain children are very high, sometimes exceeding 80%[19]. They fall to 30-50% for those household types that do not contain children. The best covered households are single parent (both with and without other adults) and large families in the Czech Republic and Slovakia. High coverage rates (above 50%) are present in Hungary as well, albeit mainly for couples with children. Conversely, the poor single elderly are much less likely to receive any means-tested transfers[20].

Table 13 Coverage (exclusion errors) levels in Central European social assistance programs

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		2.2						
2005	73.18	2.08	50.44	5.41	18.34	30.67	75.74	33.26
2006	60.17	9.22	27.95	2.24	13.85	37.34	63.21	47.54
2007	59.58	4.78	28	14.42	15.04	26.61	53.02	42.74
2008	50.64	11.51	52.14	18.81	20.3	22.81	27.91	23.41
Single person aged <65								
2004		44.56						
2005	49.4	13.56	16.61	19.18	13.93	32	38.83	58.66
2006	52.79	20.82	34.72	11.14	16.59	42.52	43.98	64.02
2007	62.4	8.04	26.89	15.14	17.96	46.89	46.58	52.64
2008	42.54	11.01	27.68	23.8	12.71	36.73	42.23	46.64
Single person aged >=65								
2004		3.97						
2005	12.74	0	25.4	26.99	13.2	24.04	5.04	27.23
2006	14.46	0	37.55	26.08	12.53	29.6	12.02	15.47
2007	10.91	2.89	26.86	21.99	22.34	29.8	13.87	18.05
2008	18.96	3.43	32.56	32.06	27.92	16.91	13.11	20.66
Couple with 3 or more children								
2004		37.43						
2005	82.17	55.41	21.73	56.11	9.39	36.18	72.53	71.4
2006	87.61	13.42	50.27	30.54	10.87	46.32	67.28	45.48
2007	75.56	6.14	47	33.04	13.62	39.91	70.57	34.24
2008	59.62	13.11	62.69	26.06	32.68	38.9	71.8	23.13
Single parent family living alone								
2004		50.81						
2005	72.52	37.83	32.43	21.82	32.14	50.12	74.53	85.67
2006	72.12	24.98	36.45	17.52	30.01	69.18	59.54	53.31
2007	72.01	26.19	41.69	22.09	23.1	49.54	77.29	26.57
2008	68.74	18.65	64.15	25	29.71	45.39	69.78	31

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[19] The Slovakian system is however much less successful in reaching poor coupled with two children;
[20] It is possible that members of this group have incomes close to the poverty line and as a result, may be potentially ineligible for benefits;

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Single parent living with other adults								
2004		19.08						
2005	77.69	22.38	30.48	11.06	13.06	29.95	71.17	58.62
2006	80.61	14.62	39.46	7.83	27.19	36.21	57.19	46.26
2007	77.24	7.42	49.13	12.08	12.17	36	66.81	57.82
2008	44.03	13.52	65.95	14.98	27.81	32.81	63.73	40.31

Note: figures are computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007.
Source: Own calculations based on the EU-SILC 2007 longitudinal and on the EU-SILC 2008 cross-sectional databases.

Coverage rates are more uniform across household types in Poland, and the three Baltic States, although poor single parents living alone are clearly more likely to be social assistance clients. Coverage levels are also lower in the latter four countries for virtually every type of household, with the exception of single person pensioner households[21]. Coverage rates for this group, albeit still low, are approximately twice as large as those encountered in the first group of countries. Finally, only the Czech Republic, Slovenia, Poland and the Slovak Republic have coverage rates of the poor single working age adults that exceed 30%. Both the Czech and Slovak Republic exhibit falling coverage rates for almost every type of household.

The opposite of exclusion errors are inclusion errors. Leakage rates (i.e. share of the total client population that is not income poor before the transfer) are shown in Table 14 for each country and each year in the dataset. Single person working age adults are least likely to receive means-tested cash transfers if they are not poor. The rate of inclusion errors for this category is particularly low in the Czech Republic and Slovenia (under 20%). Only in Hungary, do very large sections of the working age adult client population receive transfers while being non-poor. However, Hungary has very high leakage rates, irrespective of the household type for which they are computed.

Table 14 Leakage (inclusion error) levels in Central European social assistance programs

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		87.55						
2005	66.49	90.82	70.93	95.03	54.82	55.51	53.68	46.89
2006	71.07		73.16	94.18	39.59	54.36	62.31	32.69
2007	73.18	47.35	70.61	88.36	50.75	64.06	66	40.24

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[21] In Estonia, during two years there are no poor single person pensioners receiving benefit; all the recipients in this category are non-poor;

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
2008	57.05	42.06	72.3	75.73	43.04	65.76	55.64	39.87
Single person aged <65								
2004		20.49						
2005	19.03	14.29	73.61	51	59.71	42.55	14.79	39.61
2006	18.45	17.54	57.62	56.82	56.76	27.55	15.16	30.96
2007	15.31	24.81	31.02	23.63	34.51	29.42	4.52	17.52
2008	14.69	8.4	64.22	25.15	56.03	32.31	15.31	8.99
Single person aged >=65								
2004		45.63						
2005	89.52	100	91.55	93.21	92.07	79.22	37.32	85.15
2006	87.55	100	82.76	51.8	91.03	84.45	56.13	77.11
2007	87.56	68.74	84.64	33.6	65.81	84.48	45.44	67.55
2008	66.83	59.58	92.71	12.69	51.85	73.52	25.99	52
Couple with 3 or more children								
2004		40.65						
2005	72.91	40.24	82.63	69.58	66.03	51.34	65.46	44.46
2006	46.21	22.88	59	40.88	45.59	48.59	41.96	10.35
2007	40.14		65.78	43.02	86.13	52.92	37.81	32.6
2008	50.73	65.88	71.7	56.53	44.15	59.08	53.97	10.86
Single parent family living alone								
2004		24.96						
2005	38.34	27.06	79.45	50.61	35.39	29	38.82	64.39
2006	34.16	31.93	45.68	57.18	57.05	36.51	35.45	20.77
2007	43.39	19.48	63.09	55.98	60.86	38.62	27.27	34.87
2008	34.02	27.01	60.88	54.38	26.85	56.59	29.27	25.86
Single parent living with other adults								
2004		38.52						
2005	59.31	51.6	84.5	84.74	62.17	61.34	76.96	56.41
2006	55.22	55.28	77.95	75.63	43	53.81	83.14	52.21
2007	48.83	56.92	67.19	75.97	72.09	57.66	79.5	53.08
2008	44.57	66.89	74	73.26	21.19	59.83	76.96	58.4

Note1: Figures computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007
Note 2: Blank cells indicate a too small number of cases on which the indicator should be computed;
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database.

Apparently, low coverage levels are not indicative of unavailability of income support among single person pensioner households. With few exceptions, leakage rates within this family type are well in excess of 50%, and sometimes reach 90%. The least prone to award benefits to non-poor single pensioners are Slovenia during 2004 and 2007 and Latvia during 2006 and 2007.

Leakage rates are generally lower for single parents living alone than for other types of households with children. The lower leakage rates point to fact that single parents without the support of other adults are extremely vulnerable to income poverty in every country. As a result of being more likely to be poor, the social assistance program is less likely to make an inclusion error when selecting a household of this type.

Last, a clear decreasing trend in the likelihood of making inclusion errors is observable in the Czech and Slovak Republics. This tendency manifests itself across the board, for all family types. In the other countries, leakage rates fluctuate but cannot be shown to follow a clear increasing or decreasing trajectory.

Thus, both inclusion and exclusion errors are relatively widespread in Central European social assistance programs, irrespective on which family type the focus is directed at. However, some interesting differentiations do emerge. Single person working age adults have the second lowest coverage rates and the lowest leakage rates indicating that income support schemes tend to shun this type of poor household. On the contrary, families with children have both relatively high coverage and leakage rates reflecting potential concerns with avoiding child poverty. Single parents living alone are somewhat of an exception. Due to their particularly high poverty risk, they are less likely to be non-poor while in receipt of means tested benefits.

Cross-national distinctions are apparent both regarding inclusion and exclusion errors. The Czech, Hungarian Slovenian and Slovak programs are much more effective in reaching families with children than other poor households. In the remaining four countries, coverage levels for the various family types cluster closer together. Interestingly, this latter group is also characterized by very low benefits. Meagre support is often thought to deter participation of the non-poor population and to restrict payments to the truly needy. This is obviously not the case. All four countries waste large portions of their transfers on the non-poor. Indeed, for most household types, recipients are more likely to be non-poor than poor prior to the transfer. Again, this finding underscores the failure of self-targeting to weed out the better off and thus, to maximize efficiency.

5.4   Anti-poverty Effectiveness of Social Assistance Programs Across Family Types

The previous sections have accounted for program variation in outreach, generosity, and capacity to correctly identify the poor across six family types in eight Central and

European countries between 2003 and 2007. However, for an income support program, the bottom line is its ability to effectively reduce poverty. Consequently, the four poverty reduction indicators presented in section VI for the general population, have been computed separately for each of the six family models. As previously, poverty is defined as having an equivalised household disposable income below half of the median. Partly due to the low incidence of poverty (according to this stricter definition), partly due to the low incidence of social assistance receipt within some family groups, absolute numbers in some country/year/family types cells are very low. Correspondingly, standard errors are high. Figures are missing when standard errors could not be computed (too little or no variation and a very small N).

Given the very limited ability of social assistance schemes to reduce the number of poor in the general population (Table 6), the decline in the poverty headcount index attributable to social assistance transfers is, unsurprisingly, generally low for all family types and all country-years. In line with program generosity patterns, headcount reduction is much more vigorous among families with children compared with childless households in the Czech Republic, Slovenia and, to a lesser extent in the Slovak Republic. In fact, in the former two countries up to 30-40% of families with children are brought above the poverty line by the social assistance payments. Perhaps due to their shallower poverty and overall smaller likelihood to experience material deprivation, couples with children are least likely to be pulled from poverty by social assistance disbursements. In the Czech Republic however, program effectiveness declines sharply in 2007 for all family types, but especially for families with children. In Poland and Hungary, and the Baltic States, headcount reduction among families with children is much lower, usually within a one digit range.

Table 15 Social assistance effectiveness-average poverty headcount reduction (all) I

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004								
2005	29.21		12.68			4.49	28.75	4.31
2006	17.94		2.73		4.28	7.18	15.75	6.54
2007	15.63		8.49			10.86	14.33	14.15
2008	9.35		11.7			8.33	11.54	3.79
Single person aged <65								
2004		0.28						
2005	8.78	0.23	1.83	2.6		3.73	2.57	18.21
2006	7.36	4.94	4.63	2.01	2.85	10.17	5.11	7
2007	19.64		4.21	3.78	1.16	11.54		17.01

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
2008	1.44	2.28	4.05	1.68		6.97	1.25	5.14
Single person aged >=65								
2004		3.97						
2005	3.4		3.27	2.68	4.12	12.46		
2006	4.46		7.39	14.09	3.39	2.76	3.09	7.66
2007			8.51	5.17	6.15	11.59	1.93	10.44
2008	5.81	0.83	5.9	2.92	0.33	6.92	2.54	14.43
Couple with 3 or more children								
2004		3.57						
2005	48.82	2.56	2.65		6.11	5.05	13.72	19.82
2006	20.88		3.9		3.44	5.86	27.08	
2007	38.97		5.72			8.81	20.3	
2008	1.26	11.51	16.51	7.53		3.9	35.06	3.13
Single parent family living alone								
2004		2.58						
2005	22.72	8.33	13.19	0.85	1.25	4.86	18.87	36.44
2006	28.78	3.58	1.75	3.73		17.35	23.32	4.62
2007	22.94		12.99	1.31	3.37	15.55	36.91	
2008	13.92	3.96	7.42		2	6.85	41.26	7.07
Single parent living with other adults								
2004		3.16						
2005	20.15		14.51	0.48	4.91	2.45	32.89	20.2
2006	32.54	0.56	7.03	2.35	1.2	4.77	23.73	2.97
2007	32.92		5.25		1.18	4.91	31.75	12.73
2008	13.61	0.27	15.03	2.42	8.06	4.66	34.96	9.57

Note: Figures are computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007.
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database.

Average percent reduction is very low in all countries for single working-age adults and also, except Poland, for single person pensioner households. The least effective programs, irrespective of family type are the Baltic ones.

As shown in Table 13, some family types are more likely to be recognized as poor, and thus, be awarded benefits. In effect, the ability to correctly identify the poor constitutes a large first step in tackling poverty. Once a household has been identified as poor, the next challenge is to lift it above the poverty line. To better understand how programs treat the various types of families, the next set of figures quantifies effectiveness in reducing the poverty headcount index after targeting, by looking at program clients only.

Reiterating the pattern found using both clients and non-clients, the four family types that contain children show higher percentage reductions compared to other household types in the Czech Republic and Slovenia but not in the Slovak Republic. It seems that in the Slovak Republic, families with children are more likely to be recognized as poor but not more

likely to receive comparatively much higher benefits. On the contrary, in the Czech Republic and Slovenia, households with children are both more likely to be accepted as program clients and to receive more generous protection against material deprivation compared to other family types.

Table 16 Social assistance effectiveness-poverty headcount reduction (recipient population)II

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004								
2005	39.91		25.15			14.64	37.95	12.97
2006	29.82		9.79			19.22	24.92	13.77
2007	26.23		30.34			40.8	27.03	33.11
2008	18.45		22.45			36.54	41.35	16.19
Single person aged <65								
2004		0.64						
2005	17.78	1.71	11.03	13.56	0	11.65	6.63	31.04
2006	13.94	23.75	13.34	18.04	17.2	23.93	11.62	10.94
2007	31.47	0	15.65	25.01	6.48	24.62	0	32.32
2008	3.39	20.78	14.63	7.06	0	18.98	2.97	11.02
Single person aged >=65								
2004								
2005	26.75		12.9	9.95	31.22	51.83		
2006	30.89		19.69	54.03	27.08	9.34	25.73	49.54
2007			31.69	23.52	27.55	38.88	13.97	57.87
2008	30.64	24.29	18.14	9.12	1.18	40.92	19.38	69.83
Couple with 3 or more children								
2004		9.53						
2005	59.41	4.62	12.19		65.11	13.97	18.92	27.75
2006	23.83		7.76		31.7	12.64	40.24	
2007	51.57		12.17			22.08	28.77	
2008	2.11	87.74	26.38	28.89		10.04	48.83	13.55
Single parent family living alone								
2004		5.08						
2005	31.33	22.02	40.66	3.91	3.9	9.69	25.33	42.54
2006	39.9	14.36	4.82	21.3		25.08	39.16	8.66
2007	31.85		31.15	5.96	14.62	31.39	47.75	
2008	20.25	21.24	11.57	12.96		15.1	59.13	22.83
Single parent living with other adults								
2004		16.55						
2005	25.94		47.61	4.33	37.63	8.18	46.22	34.45
2006	40.37	3.86	17.83	29.98	4.42	13.17	41.5	6.43
2007	21.5		10.69		9.71	13.64	47.53	22.01
2008	30.9	2.05	22.79	16.17	28.98	14.21	54.85	23.73

Note 1: figures are computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007.
Note 2: in some cases, the figure is missing due to a too low N in the respective cell;

The likelihood of the social assistance program pulling single working-age adults above the poverty line is greatly increased when ignoring targeting issues. In some years, the reduction surpasses 30% in the Czech and Slovak Republics. Even in the Baltic States, it usually exceeds 10%. The strongest divergence between the achieved reduction among the program clients and the one achieved for the total population is undoubtedly registered in the case of single person pensioner households. For every country and year, the conditional likelihood of escaping poverty given that one is a program client is much higher than the unconditional probability. This suggests that single person pensioner households are unlikely to receive social assistance payments, but when they do, the transfers tend to be substantial relative to the household's income shortfall. Assuming poor identification has been successful, Poland and the Slovak Republic are most likely to lift a single person pensioner household out of poverty.

Headcount reduction effectiveness is obviously always higher when computed among program clients only rather than the entire corresponding sub-population. However, the size of the discrepancy varies. It is greater for single person households, whether pensioner or working age, than for the other households and in Poland and the three Baltic countries compared to the rest. Thus, exclusion errors appear to be much more prevalent in Poland and the Baltic States for all family types and among single person working age and pensioner households compared to family types that contain children. Not surprisingly, countries/categories with high exclusion errors are also the ones where overall poverty headcount reduction is smallest, indicating that inadequate targeting mechanisms play a major role in diminishing program effectiveness.

Social assistance plays a role not only in poverty reduction, but also in poverty alleviation. Thus, while not providing for enough resources to bring the poor over the poverty line, transfers may make up for a substantial portion of income shortfall, thereby dampening significantly the severity of poverty. Table 17 shows how the extent to which the poverty gap is filled by social assistance benefits varies across family types, countries and years. A review of the table quickly points out that the Baltic social assistance programs fill, on average, very small amounts of a poor household's income gap. In particular, the programs' contribution to poverty alleviation is almost nonexistent in the case of coupled with two children.

Table 17 Social assistance effectiveness-poverty gap reduction (all) I

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		0.29						
2005	53.29	0.65	27.2	1.11	6.34	13.21	57.37	20.82
2006	43.3	3.9	9.42	0.29	7.15	16.13	39.13	17.22
2007	44.18	0.27	15.51	3.36	1.83	15.88	30.25	26.03
2008	30.2	2.85	26.25	4.37	3.11	11.52	18.3	13.06
Single person aged <65								
2004		11.67						
2005	35.57	3.13	7.55	6.75	3.51	13.62	17.07	36.59
2006	33.11	9.27	10.64	3.88	5.82	22.6	26.14	36.6
2007	41.98	1.84	8.46	6.86	4.92	25.45	18.92	36.83
2008	23.64	4.9	10.3	6.11	2.24	22.32	16.56	27.77
Single person aged >=65								
2004		3.97						
2005	6.92		7.8	8.3	8.15	19.41	1.71	4.92
2006	9.8		15.83	19.62	7.2	13.87	6.1	12.56
2007	5.68	1	14.57	10.82	11.85	22.19	3.32	15.23
2008	12.29	1.67	13.4	11.22	3.41	11.82	3.89	19.35
Couple with 3 or more children								
2004		15.4						
2005	62.71	27.1	7.18	6.9	6.62	12.22	57.35	48.38
2006	57.89	1.5	16.05	9.32	5.04	17.24	59.56	17.75
2007	55.37	2.23	16.24	1.22	4.72	17.79	58.47	19.1
2008	23.08	12.09	35.14	9.87	6.63	15.44	65.09	12.36
Single parent family living alone								
2004		18.74						
2005	45.97	14.36	23.11	10.59	17.34	15.02	43.88	47.72
2006	50.31	12.92	7.03	6.33	10.54	34.27	35.06	24
2007	49.06	4.44	18.42	7.07	14.35	30.29	55.95	11.9
2008	32.03	7.73	27.49	8.9	6.68	25.87	60.76	10.66
Single parent living with other adults								
2004		9.06						
2005	52.03	10.08	21.01	2.73	7.1	7.4	51.43	38.63
2006	59.4	5.01	14.83	3.78	10.46	13.19	40.39	21.06
2007	49.15	2.74	16.91	2.34	4.85	13.35	49.63	30.18
2008	24.68	2.84	31.9	4.74	11.84	13.54	50.48	21.54

Note: figures are computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007.
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the EU-SILC 2008 cross-sectional database.

The Czech and Slovenian schemes are the most successful in eliminating a substantial (over 30%) portion of the poverty gap for all family types, with the exception of single person pensioner households. Small poverty gap reductions (between 1 and 20%) for this family type are typical for all countries in the analysis. Hungary, Poland, Latvia and the

Slovak Republic achieve the greatest poverty gap decline for single person pensioner households.

The highest drop in poverty gap attributable to social assistance schemes is found among families with children in the Czech and Slovenian systems. Thus, once again, the superior protection that households with children enjoy in these two countries is confirmed. However, just as in the case of the headcount index, the share of the poverty gap filled by social assistance transfers plummets in the Czech Republic during 2007, from 50-60% to barely over 20%. Families with children, except couples with two children, also have a substantial portion of their poverty gap filled in the Slovak Republic. At the opposite end, the three Baltic States, and to a certain extent also Poland, do not fill more than 15% of the average poverty gap of a household which has children. Single parents living alone are somewhat of an exception. Their poverty gap is decreased by about a third in Poland.

Compared to the headcount reduction index, the average gap decline shows a somewhat different picture in the case of single working age adults. Thus, in the Czech Republic, Poland, Slovenia and the Slovak Republic their pre-transfer income shortfall shrinks by between 20 and 40% after receipt of means tested benefits. This constitutes a sizeable cutback. Much smaller decreases are registered in the remaining four countries.

Although the exact country ranking changes depending on the year and family type, cross-national patterns in poverty gap reduction effectiveness are visible. The Czech and the Slovenian social assistance programs contribute most to improved economic conditions among the poor, followed closely by the Slovak Republic. Hungary and Poland achieve much weaker results, while still bringing about noteworthy gap declines, in the range of 10-25%. Finally, in all Baltic States, but particularly in Estonia, achieved poverty reduction is very low. In these countries, single parents living alone are the group with the highest share of the gap closed by means-tested transfers.

The last table, Table 18 , shows average poverty gap reduction for the various family types, but computed using only program clients. The rationale, as in the case of the headcount index, is to provide for a measure of program effectiveness that in some way factors out targeting performance. Indeed, the portion of the gap that would be filled by social assistance transfers is much higher when ignoring exclusion errors. However, almost nowhere and never is the poverty gap fully closed for a family type. Slovenia comes closest to filling the entire poverty gap for couples with three or more children in 2007.

Program participants have almost three quarters of their poverty gap closed by means-tested income support if they belong to a household that has children and live in the Czech Republic, Slovenia or the Slovak Republic. Single working age adults also receive generous assistance compared to their income shortfall, albeit this is much less true in Slovenia where only about half of single working-age adults' poverty gap is filled by social assistance transfers. On the other hand, single person pensioner households receive much less generous resources compared to need, especially in Slovenia but also in the Slovak Republic in 2004.

In Hungary, couples with two children and single parent households (whether living alone or with other adults) have most (between 30 and 70%) of their poverty gap filled by the social assistance program. In Poland, single person pensioner households stand out. Whereas average poverty gap reduction fluctuates between 30 and 60% for the other types of households, in the case of single person pensioner households, it occasionally surpassed 80%. In fact, Poland achieves the highest gap reduction rates for this group of households.

Table 18 Social assistance effectiveness-poverty gap reduction (recipient population) II

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
Couple with two children								
2004		13.41						
2005	72.82	31.5	53.92	20.5	34.61	43.07	74.35	75.73
2006	71.96	42.3	33.7	13.07	51.62	43.21	61.9	36.23
2007	79.19	5.73	55.41	22.58	12.19	59.68	57.07	60.9
2008	59.64	24.76	50.34	23.24	15.32	50.51	65.56	55.8
Single person aged <65								
2004		26.19						
2005	71.99	23.13	45.49	35.23	25.2	42.57	43.96	62.37
2006	62.71	44.54	30.65	34.85	35.07	53.14	59.44	57.17
2007	67.27	22.93	31.46	45.31	27.42	54.29	40.61	69.97
2008	55.58	44.49	37.24	25.66	17.67	60.78	39.22	59.51
Single person aged >=65								
2004								
2005	54.36		30.7	30.76	61.78	80.76	33.9	18.08
2006	67.76		42.17	75.22	57.5	46.88	50.78	81.21
2007	52.05	31.15	54.26	49.22	53.06	74.45	23.93	84.37
2008	64.82	48.66	41.15	35	12.21	69.9	29.69	93.67
Couple with 3 or more children								
2004		41.13						
2005	76.31	48.91	33.04	12.29	70.53	33.78	79.07	67.75
2006	66.07	11.22	31.93	30.53	46.41	37.21	88.52	39.03
2007	73.28	36.42	34.56	3.7	34.71	44.58	82.86	55.79
2008	38.71	92.16	56.14	37.87	20.28	39.69	90.65	53.41
Single parent family living alone								
2004		36.88						

Indicator	CZ	EE	HU	LV	LT	PL	SI	SK
2005	63.39	37.96	71.26	48.55	53.94	29.97	58.87	55.7
2006	69.76	51.73	19.28	36.15	35.14	49.54	58.88	45.02
2007	68.13	16.97	44.19	32.04	62.11	61.14	72.39	44.78
2008	46.59	41.43	42.85	35.59	22.5	56.99	87.07	34.4
Single parent living with other adults								
2004		47.48						
2005	66.97	45.04	68.92	24.7	54.37	24.72	72.26	65.89
2006	73.68	34.29	37.6	48.28	38.49	36.44	70.63	45.53
2007	63.62	37.04	34.42	19.36	39.89	37.07	74.29	52.19
2008	56.04	20.98	48.36	31.67	42.57	41.26	79.21	53.43

Note: figures are computed at the individual level, using personal weights; figures refer to the year prior to the survey, i.e. 2003-2007.
Source: Own calculations based on the EU-SILC 2007 longitudinal database and on the 2008 cross-sectional database.

In the three Baltic countries, gap reduction rates are lowest for couples with two children. Apparently, this type of participating households receives much less resources relative to need compared to the other household types. Reduction rates are also relatively low for single working age adults, whereas they are highest for single person pensioner households.

Although precise country rankings are not entirely consistent across family types and year, a clear distinction emerges between the Czech Republic, Slovenia and the Slovak Republic on the one hand and the remaining countries on the other. Social assistance transfers in the former three states are successful in closing, on average, much larger portions of the various households' income shortfalls, despite a visible downward trend in the Czech Republic and substantial yearly fluctuations in the Slovak Republic. In the other countries, in spite of substantial variation, the share of the poverty gap that is closed suggests that received transfers are probably too small relative to the income needs of the recipient household[22].

6   Social Assistance and Poverty Outcomes in Central and Eastern Europe

First of all, it should be noted that, generally speaking, social assistance schemes are a marginal element of the welfare state in Central Europe. Benefits are directed towards a small number of recipients, while benefit levels are relatively meagre. Nonetheless, a clear demarcation may be drawn between Slovenia and the Czech and Slovak Republics on the one hand and the three Baltic States on the other hand. The first group of countries clearly possess more developed means-tested programs compared to the second. In particular, resources

devoted to social assistance in Estonia, Latvia and Lithuania are tiny in comparison with existing needs. The remaining two countries, Hungary and Poland, are situated somewhere in between the other two groups. While it is true that the three small Baltic States are somewhat poorer than the CEE average, a clear positive correlation between country wealth (as determined by the national poverty line) and resources made available to social assistance is not confirmed. For instance, while Estonia, Hungary, and the Slovak Republic enjoy similar levels of economic growth but have widely diverging levels of social assistance spending and size of the client population. Furthermore, the countries that have the highest receipt rates also offer the highest benefits. Unlike West European patterns (Obinger 1999; Sainsbury and Morissens 2002), extensiveness and generosity seem to be positively associated in Central Europe.

There is a region wide downward trend in the resources committed to this type of programs, as well as to the share of the population serviced. The pattern is most visible during the last year of the observation period, i.e. 2007. Only Poland seems to have slightly increased total spending relative to needs, but neither average benefits nor coverage rates exhibit corresponding increases. Hungary also seems to devote more resources to means-tested income support in 2007, although this result is observed solely during the last year of observation, and thus, potentially unreliable. Most troublesome, the strongest decline is found in the most developed systems, namely the Czech Republic and Slovenia. In these two countries, the drop in spending seems to be reflected mostly in a smaller number of clients rather than in diminished transfers. Estonia's decline in overall funding has registered both in declining average benefits and in lower receipt rates, whereas Lithuania and Latvia have simply maintained both low levels of spending and low benefits. Thus, means-tested income support schemes are less extensive throughout the region in 2007 compared to 2004. While a detailed analysis of the political economy of means-tested income support is beyond the scope of this work, the cutbacks suffered by social assistance schemes in the recent years can be interpreted as a lack of political sustainability for this type of protection program. In spite of relatively superior performance, both the Czech and the Slovenian programs have been slashed or made more stringent.

Given their relatively small size and lack of overall resources, it is unsurprising that social assistance programs in Central Europe do not have a major impact on poverty outcomes. Particularly in the Baltic States, but also in Poland and Hungary, the level of

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[22] Another possible explanation is that benefit receipt triggers directly or indirectly the loss of other incomes;

resources devoted to income support/ means-tested housing is abysmally low and hence, unlikely to effectively combat poverty levels or poverty severity. In addition to the overall resource level, the ability of social assistance programs to cut poverty is severely hampered by their inability to reach the poor. Even when the poor are defined in a moderately restricted fashion, three out of eight countries fail to disburse any payments to four fifths of the poor. In the best case scenario, a poor person has roughly a 70% probability of receiving income support. The existing data does not allow for the disentangling of the mechanisms behind the low coverage levels. More specifically, it is not clear whether voluntary non-take-up or the program administration rejecting claims[23] are responsible for low coverage figures. However, in countries where entitlement rules are comparatively stringent, such as the Baltic States, the thin coverage is at least in part due to the too low level of the income support threshold.

Looking at the two most important indicators, namely reduction of the headcount index and of the poverty gap among the total population, the achieved results are strikingly poor, albeit somewhat better in the latter case. Notably, the country ranking in performance, albeit somewhat dependent on the exact indicators and year, is largely consistent. Thus, the Czech Republic, Slovenia and the Slovak Republic consistently outperform the other five countries, irrespective of which measure of effectiveness is used. Conversely, the three Baltic States constantly rank at the bottom. Consequently, countries that operate more extensive and liberal income support schemes do appear to be better able to effectively reduce poverty. This correlation is also verified in a cross-temporal perspective. More specifically, the stricter entitlement rules and, in some cases, lower benefits that have come about in the Czech Republic, Slovenia and the Slovak Republic have been accompanied by a drop in program performance. Programs have become simultaneously less able to reach the poor, less likely to pull them out of poverty and less successful in alleviating deep poverty.

The lack of effectiveness of Central and Eastern European income support schemes goes along with low efficiency. Quite strikingly, given the relatively strict entitlement tests used for separating the poor form the non poor, a large section of the client population has a disposable income that is above the poverty threshold before benefit receipt. The leakage and well-targeted spending criteria yield somewhat different country rankings. Yet, Estonia, the Slovak Republic and the Czech Republic are relatively more efficient, whereas Hungary, Slovenia and Latvia run the most wasteful programs. Unlike effectiveness, efficiency does

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[23] It is also possible that respondents underreport received payments or informal income that is known to social workers; coverage levels may also be artificially inflated due to coverage being constructed exclusively on income

not seem to be correlated with the scheme's generosity. To illustrate, the Slovak and Czech income support programs are ranked high in terms of extensiveness and benefit generosity but also in terms of program efficiency. At the opposite end, the Latvian social assistance is both small and meagre and inefficient. Nor does there emerge a trade-off between effectiveness and efficiency, as indicated by previous studies (Hölsch and Kraus 2006). The largest reductions in the poverty rate and poverty gap are brought about both by relatively efficient means-tested transfer programs (as in the Czech Republic) and by relatively inefficient ones (as in Slovenia). One pattern is supported though by the data. Less efficient countries "wasting" more of their resources, are also more likely to "cream", in this case have social assistance transfers that are less progressive and that fare poorly in cutting the poverty gap relative to the headcount index reduction.

One the most striking findings emerging from the analyses consists in the very poor targeting performance, with low coverage and high leakage, in all eight countries. Interestingly enough, there does not seem to be an inverse relationship between leakage and coverage. Thus, systems that cover less of the poor do not necessarily leak less to the non-poor. For example, Latvia has one of the lowest coverage but it also ranks high in terms of leakage. On the contrary, the Czech Republic, and the Slovak Republic have, relatively speaking, both higher coverage and lower leakage. This would seem to indicate that the efficiency of means testing depends primarily on its implementation and has little to do with the stringency of the means test itself. Nevertheless, it is difficult to establish a clear correspondence between targeting efficiency and the quality of the administration. The Slovenian civil service is probably among the more developed and dependable in the region, yet the Slovenian social assistance is highly inefficient.

There are clear distinctions among countries regarding program complexity. Slovenia, the Slovak Republic and the Czech Republic, especially before 2007, have relatively complex programs with multiple rules and benefit types. On the contrary, rules are much more straightforward and simple in the Baltic countries and in Poland. Benefits are set per capita instead of varying depending on the age and position of the household members. There are virtually no income disregards and little individual counselling and few national programs to help push recipients into the labour market. It may be said that the very low benefits offered by means-tested income support in these four countries also act as a self-targeting mechanism. Instead of complex rules, these systems rely on the very low amount of the

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information, whereas eligibility most often contains an asset and a work test;

benefit to keep out the non-poor. In addition, all these countries employ local discretion as a de facto rationing device when resources are limited. Yet, this combination-simple rules, self-targeting through low benefits and local discretion as a rationing device, is proven both ineffective and inefficient. Both exclusion and inclusion errors are very widespread and the programs' effectiveness in reaching the poor and disbursing them enough support to make a difference in their living standard are severely hampered. Moreover, although local discretion has successfully been used by some countries such as Sweden, it has yielded very poor results on Central and Eastern Europe. In combination with few resources and in the absence of an experienced and professional body of social workers, it is equivalent to arbitrary spending and very poor targeting results. Recognizing the fact that discretion is unworkable, Latvia partly centralized its social assistance program in 2002. Hungary, which has a large number of discretion-bound benefits, registered significant oscillations in the effectiveness of its safety net to reduce poverty. It also has one of the most inefficient programs.

The three countries that achieve the best effectiveness scores not only have higher benefits but also a regular indexation mechanism in place. Another feature that they share is having a relatively centralized administration running the income support program and delivering benefits. In addition, spending levels on this type of program is higher, at around 0.4-0.5% of GDP. Only Slovenia makes use of a large number of income disregards when establishing eligibility. The weakest effectiveness of means-tested benefits is registered in the Baltic States. These countries tend to be somewhat poorer, to spend little on their social assistance schemes (on average, around 0.1% of GDP), and to entrust the delivery of transfers to the local municipalities, while also relying, to a larger extent, on local finances to pay for benefits.

Efficiency indicators are not clearly linked with program characteristics, with perhaps one exception. Local administration of the program is more likely to lead to high leakage rates, as well as more "creaming", i.e. benefits are being channelled towards the near-poor instead of the very poor. This finding contradicts (at least for the CEE context) previous assumptions (Sipos 1994; The World Bank 2001; The World Bank 2003; Sipos and Ringold 2005; Ringold, Kasek et al. 2007; The World Bank 2007) that a local administration of targeted benefits is better able to separate the poor from the non-poor due to improved information.

To sum up, despite the variation in program performance, it is relatively clear that means-tested transfer programs are rather ineffectual and inefficient in dealing with poverty

in all eight CEE countries. More resources spent on income support, as well as higher benefits are however visibly associated with increased effectiveness. The relationship between other program characteristics and effectiveness is more ambiguous. Targeting based on a means-test however does not live up to expectations regarding efficiency. A substantial number of non income-poor benefit from program participation whereas a large number of the poor are excluded from transfer receipt. Overall, the results mirror similar findings emerging from research on West European countries (Nelson 2004; de Neubourg, Castonguay et al. 2007). Just as in the Western part of the continent, social assistance schemes in Central Europe are residual in nature and play a relatively minor role in poverty prevention and alleviation. Programs might also be vulnerable to budgetary cutbacks even when they achieve results that are, comparatively, superior. Both Slovenia and the Czech Republic reduced funding for these schemes, a fact that negatively affected performance.

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APPENDIX: Comparison of social assistance performance in the Czech Republic, Lithuania and the Slovak Republic- all households vs. single unit households only

Assessment units for evaluating social assistance entitlements have been constructed using program rules. For a detailed description of these see the corresponding EUROMOD country reports (https://www.iser.essex.ac.uk/euromod/resources-for-euromod-users/country-reports). The same rules have been used in each year. The share of households that contain just one social assessment unit differs slightly from country to country and from year to year (see Table 1 below) but generally hovers around 70%.

Table 1: Share of 1 social assistance unit households among all households

	CZ	LT	SK
2004	74.56	76.73	73.25
2005	72.98	74.59	70.22
2006	71.43	69.63	66.54
2007	74.00	74.11	67.92

Source: Own calculations based on the EU-SILC 2007 longitudinal dataset and the 2008 cross-sectional dataset.

Table 2: Extensiveness/ generosity measures

	CZ		LT		SK	
	All hh	1 unit hh	All hh	1 unit hh	All hh	1 unit hh
Average disbursed benefit per person (adjusted based on the equivalence scale						
2004	401.79	383.17	156.21	151.51	326.58	369.34
2005	464.74	427.64	105.98	115.62	416.91	477.08
2006	588.37	598.01	148.27	146.14	390.32	497.67
2007	551.88	559.94	166.13	149.25	521.23	655.95
Spending per poor person (poor defined on the 60% median equivalised income)						
2004	268.26	224.69	28.95	29.34	202.11	184.98
2005	301.96	246.28	19.09	19.80	174.52	130.88
2006	328.46	283.31	28.34	30.08	155.33	118.73
2007	200.81	194.98	29.00	27.19	146.93	104.07
Spending per poor person (poor defined on the 50% median equivalised income)						
2004	423.01	365.57	41.59	43.14	287.51	265.67
2005	526.18	436.61	30.04	33.28	289.45	229.00
2006	528.54	503.55	43.18	48.51	271.64	217.26
2007	349.55	368.62	41.32	40.31	265.62	201.89
Sum of social assistance benefit spending as % of the national poverty gap-60% line						
2004	50.54	41.13	9.82	9.73	45.51	39.73
2005	54.60	42.88	5.82	5.85	43.31	32.69
2006	49.42	43.49	6.92	7.03	35.02	24.03
2007	28.74	27.85	5.20	4.66	26.74	19.29
Sum of social assistance benefit spending as % of the national poverty gap-50% line						

	CZ		LT		SK	
	All hh	1 unit hh	All hh	1 unit hh	All hh	1 unit hh
2004	86.18	69.85	16.58	16.34	68.32	58.48
2005	96.73	75.69	10.11	10.04	73.75	56.66
2006	81.88	74.95	12.50	12.82	62.88	41.51
2007	51.94	50.74	9.39	8.33	46.15	33.98
Average benefit size-as % of poor households' budget (poor based on 60% median						
2004	27.87	27.70	26.80	26.34	48.13	50.51
2005	28.30	28.35	15.44	16.76	38.31	42.20
2006	32.19	31.76	15.95	16.78	34.35	46.68
2007	28.49	29.34	11.79	11.02	33.59	44.27
2004	33.90	33.62	30.74	30.35	53.24	55.72
2005	36.60	38.21	20.08	24.93	41.78	45.72
2006	39.07	40.27	21.09	23.01	37.22	49.98
2007	33.89	35.79	14.72	14.66	39.26	47.54

Source: Own calculations based on the EU-SILC 2007 longitudinal dataset and the 2008 cross-sectional dataset.

Table 3: Effectiveness measures

	CZ		LT		SK	
	All hh	1 unit hh only	All hh	1 unit hh only	All hh	1 unit hh only
Coverage=% poor receiving SA benefits- (poor based on the 60% median equivalised income line)						
2004	56.81	50.87	13.36	15.70	45.75	43.81
2005	59.22	51.36	14.89	14.71	36.72	26.72
2006	55.36	46.62	14.99	18.84	32.16	22.56
2007	34.32	33.55	20.46	21.14	28.17	16.51
Coverage=% poor receiving SA benefits- (poor based on the 50% median equivalised income line)						
2004	68.02	64.19	15.86	18.85	56.86	55.45
2005	71.28	62.20	15.80	14.61	53.25	42.17
2006	68.97	61.30	15.99	20.36	48.38	37.91
2007	47.33	49.52	22.37	22.24	40.11	29.20
Sum of well targeted social assistance benefit spending as % of the national poverty gap- based on the 60% median equivalent income line						
2004	35.47	32.55	6.33	7.02	32.46	30.87
2005	38.42	33.97	3.63	4.00	25.98	21.12
2006	38.05	34.96	4.06	5.09	23.67	20.49
2007	22.56	23.14	3.42	3.15	18.93	15.88

	CZ		LT		SK	
	All hh	1 unit hh only	All hh	1 unit hh only	All hh	1 unit hh only
Sum of well targeted social assistance benefit spending as % of the national poverty gap-based on the 50% median equivalent income line						
2004	49.79	46.99	8.80	9.93	43.89	41.41
2005	54.27	50.15	4.13	4.20	39.76	34.95
2006	54.45	51.91	5.93	7.39	34.49	31.19
2007	34.74	36.73	4.99	4.84	26.59	24.49
Average % reduction in the poverty rate-total population- (poor defined on the 60% median equivalised income line)						
2004	11.44	6.61	1.31	1.73	5.73	3.74
2005	14.97	9.40	2.14	2.79	5.15	1.72
2006	10.20	7.45	0.67	0.97	6.76	3.42
2007	4.56	3.97	1.05	1.36	5.73	1.81
Average % reduction in the poverty rate-total population-(poor defined on the 50% median equivalised income line)						
2004	26.35	23.92	3.29	2.74	13.95	12.12
2005	25.62	19.51	3.17	4.68	8.74	3.29
2006	25.39	21.36	1.93	2.44	15.78	10.08
2007	13.55	12.27	3.08	1.68	9.94	6.56
Average % reduction in the poverty rate-SA recipients- (poor defined on the 60% median equivalised income line)						
2004	20.13	12.99	9.83	11.24	12.52	8.53
2005	25.28	18.29	14.37	12.68	14.03	6.45
2006	18.42	15.98	4.47	15.76	21.04	15.15
2007	13.29	11.83	5.15	14.53	20.34	10.99
Average % reduction in the poverty rate-SA recipients- (poor defined on the 50% median equivalised income line)						
2004	38.74	37.27	20.73	14.53	24.54	21.85
2005	35.94	31.38	20.07	32.00	16.41	7.80
2006	36.81	34.85	12.06	11.99	32.61	26.59
2007	28.62	24.77	13.76	7.57	24.78	22.46
Average % reduction in the poverty gap- total population- (poor defined on the 60% median equivalised income line)						
2004	31.44	26.46	6.02	6.76	23.64	21.33
2005	33.43	26.36	5.30	5.92	17.62	10.15
2006	31.42	26.16	10.14	5.60	17.40	11.29
2007	16.03	15.66	4.37	4.04	14.67	7.85
Average % reduction in the poverty gap- total population- (poor defined on the 50% median equivalised income line)						
2004	48.82	44.76	8.32	9.71	35.17	32.67

	CZ		LT		SK	
	All hh	1 unit hh only	All hh	1 unit hh only	All hh	1 unit hh only
2005	49.90	41.45	6.43	15.60	29.37	18.67
2006	49.77	43.75	6.93	16.81	54.12	23.08
2007	28.51	30.88	7.21	15.06	31.40	16.98
Average % reduction in the poverty gap- SA recipients- (poor defined on the 60% median equivalised income line)						
2004	55.35	52.01	45.08	43.08	51.68	48.69
2005	56.44	51.32	35.61	40.22	47.97	38.00
2006	56.75	56.11	28.45	29.72	54.12	50.03
2007	46.69	46.66	21.38	19.11	52.09	47.55
Average % reduction in the poverty gap- SA recipients- (poor defined on the 50% median equivalised income line)						
2004	71.78	69.72	52.47	49.43	61.86	58.92
2005	70.00	66.64	40.69	46.26	55.16	44.28
2006	72.16	71.38	43.35	42.89	64.91	60.89
2007	60.23	62.35	32.25	27.50	58.07	58.15
Average % reduction in the Gini coefficient- SA recipients						
2004	26.65	29.29	18.40	23.41	24.05	25.76
2005	27.85	30.48	8.54	12.11	21.24	25.80
2006	32.04	35.06	9.47	14.36	22.97	30.99
2007	25.57	29.70	7.19	7.41	23.35	31.65

Source: Own calculations based on the EU-SILC 2007 longitudinal dataset and the 2008 cross-sectional dataset.

Table 4: Efficiency measures

	CZ		LT		SK	
	All hh	1 unit hh only	All hh	1 unit hh only	All hh	1 unit hh only
Leakage=% non-poor recipients-(poor defined based on the 60% median equivalised income line)						
2004	45.27	42.80	54.76	46.76	53.85	43.74
2005	42.35	41.82	44.48	38.18	43.93	31.41
2006	38.77	35.43	48.59	38.76	48.98	34.95
2007	37.53	33.99	30.18	29.34	37.29	29.05
Leakage=% non-poor recipients- poor defined based on the 50% median equivalised income line)						
2004	58.45	55.64	62.60	56.53	59.68	50.41
2005	60.17	60.26	62.56	63.48	50.98	38.12
2006	52.60	52.23	64.02	58.96	56.10	40.27
2007	50.51	48.47	46.41	49.87	50.61	35.32

	CZ		LT		SK	
	All hh	1 unit hh only	All hh	1 unit hh only	All hh	1 unit hh only
Sum of well targeted benefits as a % of the sum of all benefits (poor defined based on the 60% median equivalised income line)						
2004	70.18	79.13	64.43	72.13	71.31	77.69
2005	70.36	79.23	62.45	68.32	59.98	64.61
2006	77.00	80.40	58.71	72.42	67.60	85.26
2007	78.50	83.10	65.76	67.46	70.77	82.32
Sum of well targeted benefits as a % of the sum of all benefits (poor defined based on the 50% median equivalised income line)						
2004	57.78	67.27	53.07	60.79	64.24	70.82
2005	56.11	66.26	40.80	41.88	53.91	61.68
2006	66.50	69.25	47.45	57.63	54.85	75.14
2007	66.88	72.39	53.10	58.04	57.63	72.06

Source: Own calculations based on the EU-SILC 2007 longitudinal dataset and the 2008 cross-sectional dataset.