
ABBREVIATIONS

RF – Russian Federation
MLSD – Ministry of Labor and Social Development
MOE – Ministry of Education
MOH – Ministry of Health
MOF – Ministry of Finance
RLMS - Russia Longitudinal Monitoring Survey
HH – household
IMR – infant mortality rate
WHO –World Health Organization
MMR – maternal mortality rate
PPE - preprimary education
PE - primary education
LSE - lower secondary education
FSE - full secondary education
TE - tertiary education.
GDP – Gross Domestic Product
ECA – Europe and Central Asia
SWSCS - Social work and social care services
NGOs – non-governmental organizations
MHI – mandatory health insurance
CIS – Commonwealth of Independent States
CRC - The Convention on the Rights of the Child
UN – United Nations
PMPC – Psycho-Medico-Pedagogical Commissions
MDRI – Mental Disability Rights International

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Introduction

This study looks at child¹ welfare developments in Russia during the 1990s. Children represent future human capital, which has long been identified as one of the key determinants not only of individual welfare but also of overall socioeconomic growth and development. Like in any other country in the world, developing highly educated and skilled human capital is crucial for Russia's future economic and social development—humans are its most precious resource.

The 1990s brought about sweeping changes in Russia's political, social, and economic landscape. Many new, exciting opportunities arose. At the same time, the deep and prolonged economic decline and rapid social change weakened the capacity of Russian families and individuals to manage risks, as well as the capacity of the state to provide meaningful support. As a result, the well-being of Russian children has deteriorated. This deterioration, if not addressed, will likely lead to human capital loss, increased social costs, and ultimately economic performance that falls short of the country's potential.

WHY FOCUS ON CHILD WELFARE?

Child welfare is at the core of the World Bank's mission to prevent and combat poverty. Investing in the well-being of children allows them to acquire human capital that will reduce their chances of ending up as adults who become a burden on society. Families with children face a higher risk of being poor. Poor children are often inadequately fed; they have less access to health, education, and other social services; and are disproportionately subject to neglect, abuse, or abandonment. Ultimately they are at higher risk of having to enter the labor force with insufficient knowledge and skills. As such they will have few opportunities to break the cycle of poverty, exclusion, and deprivation. Eventually, insufficient investment in human capital translates into a low-productivity labor force, which would impede a country's prospects for socioeconomic growth and development.

THE OBJECTIVE, PURPOSE, AND AUDIENCE OF THIS STUDY

The objective of the study "Child Welfare Outcomes during the 1990s: The Case of Russia" is to (i) review the situation and trends in terms of child welfare outcomes in Russia; (ii) review and evaluate social policy responses; (iii) identify major issues and challenges; and (iv) propose policies and measures that would improve child well-being outcomes. The study provides an input into building the knowledge base on poverty and vulnerability in Russia. To a large extent the study focuses on child poverty and vulnerability and related social protection policies. While the study reviews child welfare outcomes in the areas of health, education, and nutrition as well, it does not discuss

¹ A child is defined as an individual who is 0–18 years of age. Children make up 23.3 percent of the Russian population.

extensively sector issues and policies in these areas. They may be addressed in future sector-specific analytical work.

The study relates to the World Bank Russia Country Assistance Strategy (CAS) objective to improve the Bank's knowledge base on poverty and vulnerability in Russia "as a pre-requisite for sharpening our strategic focus on poverty reduction." It also relates to the Russian Government's development program, which recognizes the need for social development, social protection, and poverty reduction and seeks ways to prevent social exclusion of the most vulnerable groups of the population. The Program points out that "investment in human capital is an undisputable social policy priority."

The targeted audience includes the World Bank, policy makers and social care and services providers at all government levels in Russia; the local research and academic community; as well as donors and local and international NGOs involved in child welfare in Russia.

THE STRUCTURE OF THE STUDY

The study consists of two parts. The first part begins with a review of child welfare outcomes during the 1990s, focusing on child poverty and vulnerability, as well as health, education, and nutrition status (Chapter 1). Chapter 2 links child well-being outcomes to the protracted economic crisis and related labor market developments, high inequality, rapid demographic and family formation changes, as well as generally insufficient, severely fiscally constrained and ineffective policy responses. Chapter 3 looks more thoroughly at public policy responses in social protection, health and education, focusing in particular on safety nets: general as well as specific policies targeting families and children. It reviews existing programs; assesses their adequacy and role as risk reduction, risk mitigation, and risk coping tools; and discusses the policy-making environment and implementation arrangements with emphasis on decentralization. It identifies major issues, constraints, challenges, and opportunities, and proposes further reform strategies and policies.

The second part of the study focuses on two groups of children identified as particularly vulnerable in Russia: children deprived of birth family upbringing and children with disabilities. The chapter on the former highlights their growing numbers against a continued decline in the child population, as well as the continued practice of costly, detrimental to child development and ineffective long-term institutionalization of such children. It reviews legal and institutional reforms undertaken so far and identifies challenges related to the design and effective implementation of the reform. It then analyzes the current public system, which provides care and protection for such children—its institutions, organization, decision-making process, its practices, human resources, and financial flows—and identifies incentives and factors that determine child care choices. Finally, it suggests steps for reducing institutionalization and moving toward cost-effective, child-focused, family- and community-based care for children deprived of birth family upbringing. This chapter also reviews the involvement of the private and nongovernmental sectors in child welfare, as well as regional experiences in child welfare reform. The chapter on children with disabilities reviews the trends in child disability, social protection policy responses, and issues related to the education of such children and

outlines strategies and policies for better, cost-effective outcomes for children with disabilities.

CHILD WELFARE IN RUSSIA DURING THE TRANSITION: THE SITUATION AND TRENDS

Child welfare in Russia deteriorated significantly during the 1990s.² Russian children face an increased risk of being poor, particularly if they have multi-children or single parent families. Their health and nutrition status has worsened. Quality education and access to it show signs of deterioration as well, with market relevance of education becoming one of the major challenges for the education system. Children face higher risk of being deprived of birth family upbringing and placed in an institution; being neglected, homeless, abused; becoming an alcoholic; or committing a crime.

(i) Poverty

Over the 1990s, the Russian economy experienced a steady decline in output and incomes, and a consequent sharp increase in poverty. Families with children have been particularly hard hit—it is estimated that every other child in Russia was poor during the late 1990s. Children in Russia face higher risk of poverty and extreme poverty relative to the population as a whole (Figure 1): (i) the poverty rate increases with the number of children in the household; (ii) single-parent families with children, particularly those with many children and relatives, have the highest poverty rates in the country (Figure 2); and (iii) children form a significant group of poor in Russia. Single-parent and multi-child families are also over-represented among the extremely poor as well as among the chronically poor.

The Russian economy has been growing since 1999. As a result, according to the latest estimates, poverty rates have decreased. However, rates remain high, especially among families with children, as children continue to face much higher poverty risk than other population groups.³

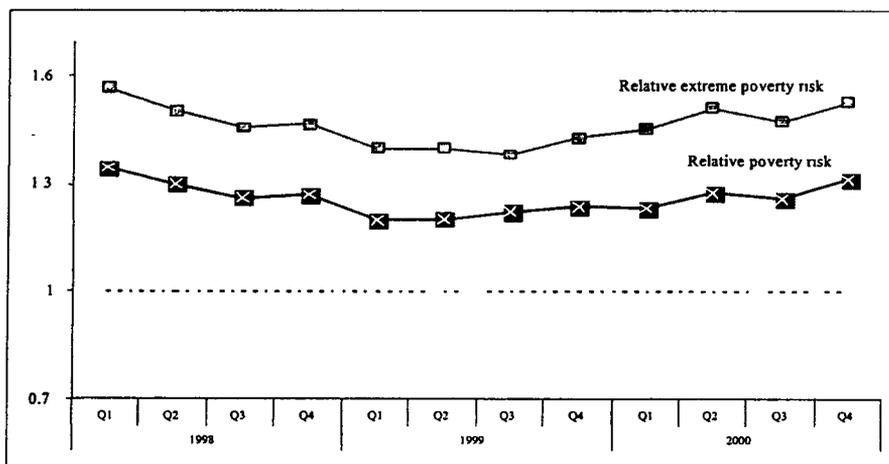
Regional poverty⁴ studies and research work in Russia indicate that children in poor families also tend to fare worse in terms of their health and their nutritional and educational status, increasing their risk of chronic poverty. Alleviating poverty among children is therefore an important element of Russia's goal of alleviating poverty for the country as a whole.

² In an attempt to summarize shifts in living standards in 27 countries in transition in the Europe and Central Asia Region during the 1990s, the latest UNICEF Regional Monitoring Report compares the 1999 to 1989 changes in 20 indicators that reflect different aspects of well-being, including incomes, health, education, and child protection. With 5 improved indicators out of 20, Russia together with Ukraine and Belarus is at the bottom of the list. The counties at the top of the list—with the highest percentage share of improvements—are Poland (74 percent), Croatia (72 percent), and Hungary (70 percent). See UNICEF (2001, pp. 9–13).

³ Goskomstat, 2002; University of North Caroline, 2002.

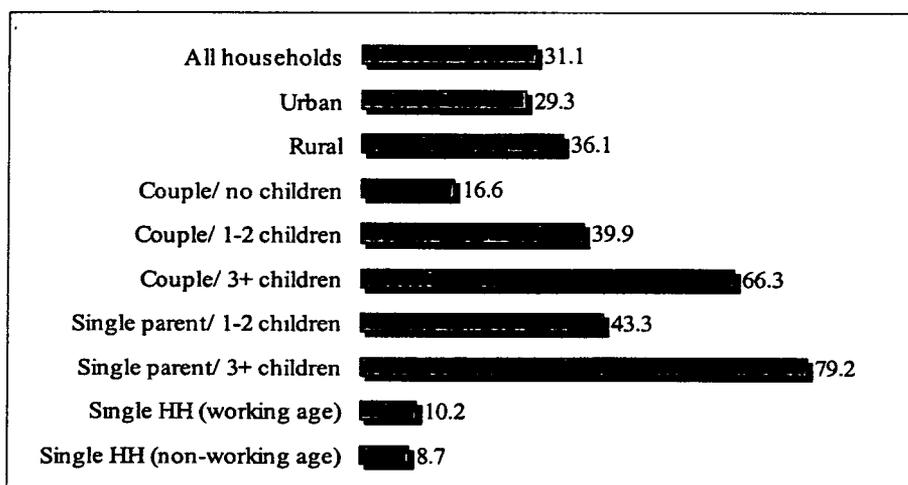
⁴ World Bank, 2000; UNICEF, 2001.

Figure 1: Relative poverty and extreme poverty risk for children under 16 in Russia 1998–2000 (over the poverty and the extreme poverty risk for the population as a whole, respectively)



Source: Goskomstat Rossii.

Figure 2: Poverty rates for households in Russia in the third quarter of 2000



Source: Goskomstat Rossii. Note: HH stands for household.

(ii) Health and nutrition

Most of the health status indicators for the population in general, as well as the health status of women and children, have either deteriorated or stagnated over the 1990s (see Table 1 for data on disease prevalence among children), reflecting the impact of a number of factors—including unfavorable lifestyle changes, environmental degradation, lax sanitation and hygiene, poor nutrition, increased economic and social insecurity and uncertainty and related stress and depression, and deterioration of the health care sector. Access to health services has deteriorated as well, particularly in rural areas and poor regions—location and ability to pay have come to play an increasingly important role in access to health care.

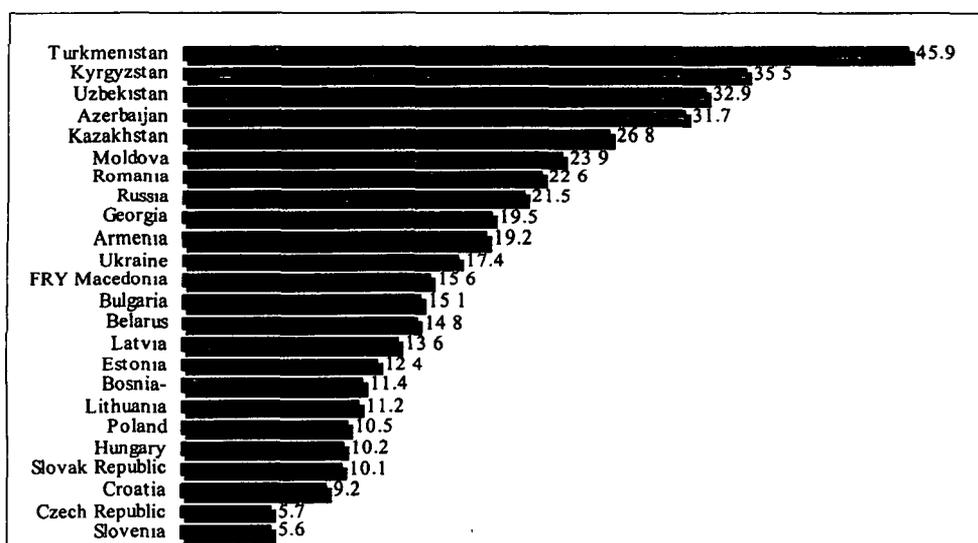
Table 1. Disease prevalence among children in Russia 1994–2000

Newborns (per ten thousand live births)		Children 0–14 (per hundred thousand relevant population)		Children 15–17 (per hundred thousand relevant population)	
1994	2000	1994	2000	1994	2000
3,450	5,491	139,970	182,980	105,680	151,140
Increase: 59%		Increase: 30.7%		Increase: 42%	

Source: MOH (2001).

According to the official statistics, some of the health status indicators improved at the end of the 1990s. As a result, infant mortality, under-five mortality, and vaccination rates for young children were slightly better than in 1990. For instance, in 1999, infant mortality rate was 16.9 per thousand live births, versus 17.4 in 1990, while under-five mortality rates were 21.5 and 22.3 per thousand live births, respectively. Similarly, the abortion rate has declined, as well as maternal mortality rate, although it is still one of the highest among the transition economies (39.7 per hundred thousand live births in 2000). Despite the improvements, the indicators remain at unsatisfactory level (see Figure 3 for under-five mortality) and it is likely that poor children have drawn little benefit from improvements that have occurred—leading causes of under-five mortality often are poverty-related, that is pre-natal conditions reflecting poor nutrition of mothers and inadequate conditions during childbirth; likewise, increases in the incidence and prevalence of childhood diseases reflect underlying poverty and poor nutrition.

Figure 3: Under-five mortality rates in the Europe and Central Asia Region 1999



Source: UNICEF, MONEE Project Data Base.

Note: Rates are per thousand live births.

Nutrition—in terms of energy, vitamins, and micronutrients intake—has worsened as well, particularly among the poor. A particularly worrying trend is iodine deficiency

due to low consumption of iodized salt, which, according to UNICEF, is estimated at about one-fourth of total salt consumption (before 1990, all salt was iodized).

(iii) Education

Available data indicate that there still is broad access to education in Russia, although the enrollment rates estimates vary depending on the data source. The estimates based on the 1998 RLMS (Table 2) data set indicate that 76.6 percent of children 3-6 years of age were enrolled in pre-school education. Also, 97.8 percent of children 7-15 years of age and 81.7 percent of children 16-17 years of age were enrolled in education (both general and vocational). However, while access to education remains broad, its *quality* appears to be deteriorating, as a paucity of resources constrains access to teaching materials, including modern textbooks, and teaching methods fall short of requirements for the post-transition economy. Market relevance of education and in particular vocational education has become one of the most important issues. These may in particular be the case in rural and poorer areas, where local resources are scarce, and thus affect children from poor families more than other children.

Table 2: Education enrollment in Russia by age cohorts (in percent of each cohort respectively)

Age cohort 3-6	76.6
Age cohort 7-10	96.9
Age cohort 11-15	98.7
Age cohort 7-15	97.8
Age cohort 16-17	81.7
Age cohort 18-24	24.1

Source: RLMS (Round 8). **Explanation:** For the cohort 3-6 years of age the enrollment rate refers to pre-school education. For the cohort 7-10 years of age it refers to primary education only, thus excluding those who still may be enrolled in pre-school education. This explains lower enrollment rate for the 7-10 years age cohort in comparison to the 11-15 years age cohort.

(iv) Deprivation of family upbringing, and neglect, abuse and homelessness

Dramatic economic and social changes experienced by Russia during the 1990s have also placed considerable stress on families and children. As a result, in addition to systemic risks, Russian children also face a number of increased idiosyncratic risks such as becoming an orphan; being deprived of family upbringing, neglected, abused or becoming homeless.

Deprivation of birth parental care. Over the last 10 years the number of children deprived of birth parental care in Russia increased by 40.3 percent, reaching 663,000 or almost 2 percent of the child population in 2000 (Figure 4). The numbers also have been increasing on an annual basis: 2.5 times more children were deprived of parental care in the year 2000 than in the year 1990. Most of these children are social orphans (with at least one parent alive). The increase has happened against a sharp drop in the birth rate and consequent decline in the general child population in Russia.

Institutionalization—Deprivation of family upbringing. In 2000, approximately 400,000 Russian children were placed in residential institutions, because of deprivation of birth parental care (about 180,000 children), disability or poverty (approximately 220,000 children).⁵ The annual cost of their institutionalization is estimated at US\$ 720 million.

Although most of the children deprived of birth parental care are placed in a family environment—adopted, placed with relatives (under a guardianship or trusteeship), or cared for by foster families—some 27 percent are institutionalized. Moreover, over the decade, the share of residential care in the annual placement of children deprived of birth parental care has been steadily growing, and in 2000, some 29 percent of new placements were in residential institutions (versus 22.5 percent in 1990; see Figure 4). In addition, another 8.6 percent were in temporary shelters waiting to be placed (in 1990, there were no new entrants waiting to be placed into care).

In addition to children deprived of birth parental care, children with disabilities (particularly mental disabilities) and children from poor and dysfunctional families face an increased risk of being placed in residential care facilities.

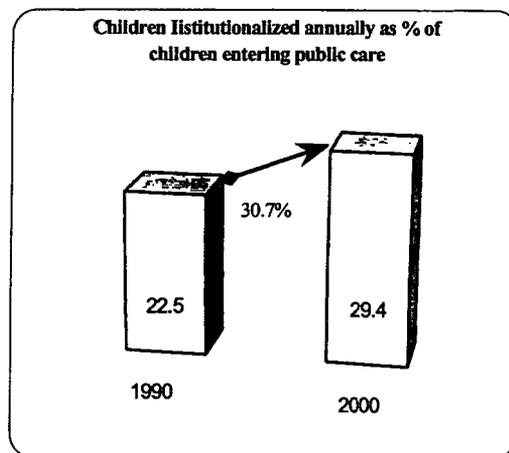
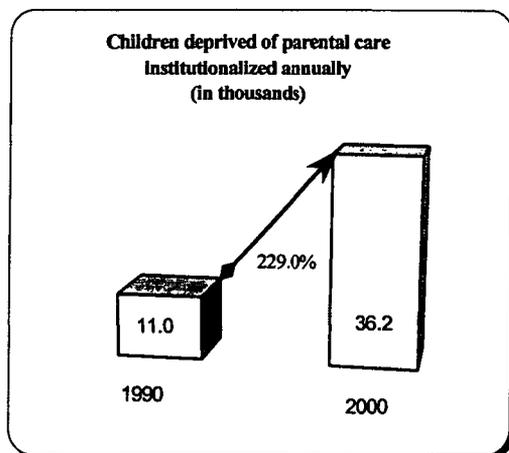
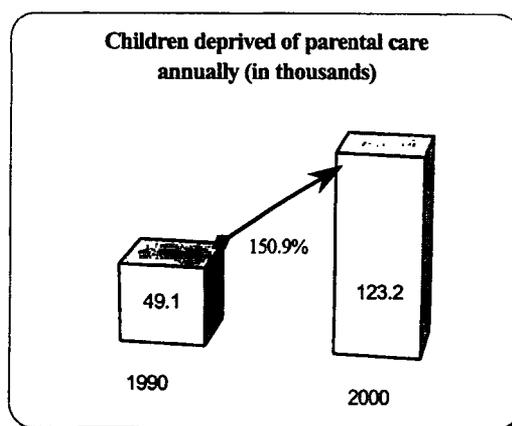
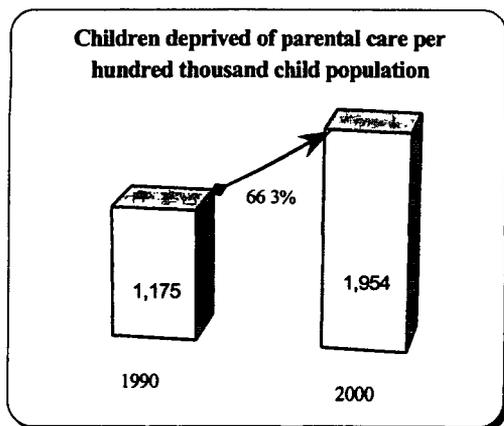
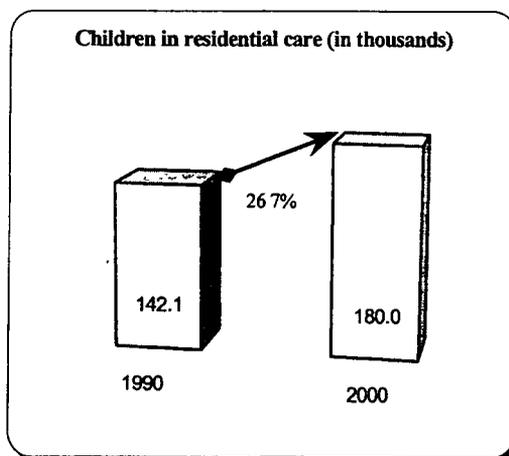
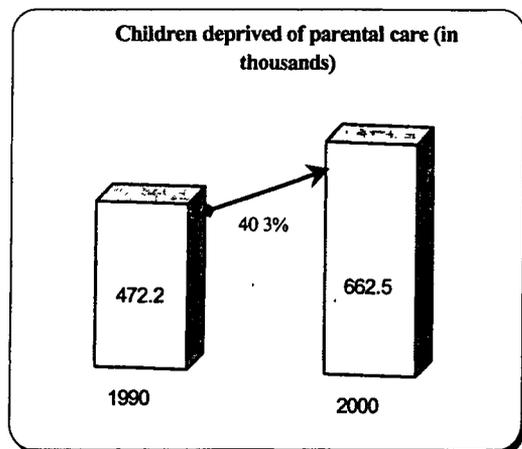
Institutionalization has been empirically found detrimental not only to the child's development, but also to his or her ability to adjust successfully to life after institutionalization.

Family violence and abuse. Anecdotal evidence suggests frequent occurrence of violence, abuse, and neglect, particularly in families in which one or both parents are alcoholics. A recent survey conducted in several regions among the school administrators confirms these observations: 72.9 percent of surveyed administrators reported that they had to undertake measures to protect children against parental neglect; and 32.2 percent reported cases in which they had to protect children against physical abuse by their parents.

Neglect and homelessness. This is an issue of major public concern in Russia. Neglected (*beznadzornie*) and homeless (*bezprizornie*) children are children who live or spend most of their time in the streets. Their composition (Who are they and where do they come from?) and number is controversial, with estimates ranging from 100,000–200,000 children to as high as 2.5 to 4 million children. However, there is no evidence that supports the higher estimates. Estimates based on the Ministry of Interior data indicate that the number of Russian children living (homeless) or spending most of their lives in the streets for various reasons (family abuse and violence mostly because of alcoholism, work, run-away children, school drop-outs, lack of parental supervision, commercial and sexual exploitation, children from other CIS countries, and similar) could be somewhere between 100,000-150,000. However, the reliable estimate is unavailable.

Figure 4: *Children deprived of birth parental care in Russia and their placement 1990–2000*

⁵ Children placed in general education boarding schools, often because of poverty or family dysfunction, as well as children in temporary shelters (*priyomniki*) are excluded

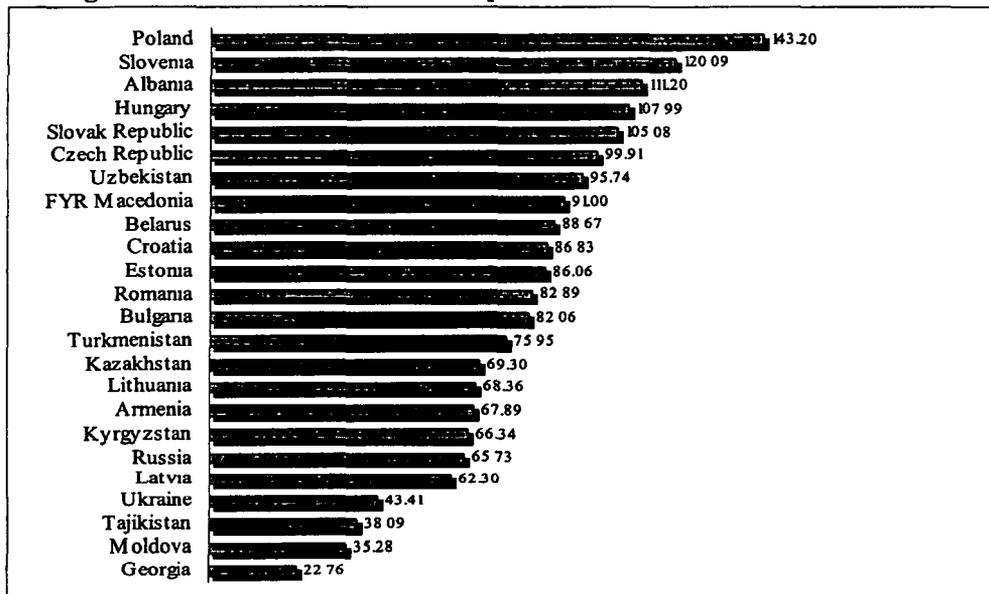


FACTORS AFFECTING CHILD WELFARE IN THE 1990S

The following groups of factors have played the most important role in determining the children’s well-being in Russia during the 1990s: (i) declined output and associated negative labor market developments (ii) rapid demographic and family formation changes; and (iii) inadequate social policy.

Economic developments. The level of income and its distribution are key determinants of the well-being of the population. Over the 1990s, Russia experienced a simultaneous decline in real income and a sharp rise in inequality. In 2000, real GDP was at 65.7 percent of its 1990 level. In comparison to other transitional economies, Russia was amongst the countries with the lowest GDP in the year 2000 as compared to the 1990 index (Figure 5). At the same time, income inequality in Russia is high compared to most of other countries in the region (the Gini coefficient for distribution of income estimates vary between 0.374 and 0.461).

Figure 5: Real GDP in 2000 in comparison to 1990



Source: The World Bank World Development Indicators Data Base

Note: GDP in constant local currency units; index.

Owing to high unemployment (10.4 percent in 2000) and a sharp drop in real wages, real household income plummeted—in 2000 it was only 35.8 percent of its 1990 level. Although wages have increased recently as a result of economic growth, they still remain low. In addition to the decline in wages, workers have been subject to wage arrears through most of the 1990s. According to 1998 RLMS survey data, 59 percent of the employed were experiencing wage arrears. These labor market developments, by affecting the economic status of parents, have had a major impact on child poverty: parents are generally of working age and likely to be in the labor market.

Demographic and social changes. The structure of the Russian families has been changing rapidly with sharply increased mortality rates among the working age population, a persistently high divorce rate, and a growing number of births to unwed mothers—all of which contribute to the growing prevalence of single parenthood and hinder the ability of many families to care for their children. Single-parent families in Russia are empirically found to be worse-off than complete (two parent) families. A shock such as parental death or divorce, in addition to psychological and emotional stress and deprivation, and in the absence of adequate public support, means less income for a family and may result in the material deprivation of children through increased poverty and vulnerability.

Social policy responses. As living standards declined and poverty and unemployment increased, the public programs in health, education, and social protection were unable—owing to lack of resources, and limited and ineffectively implemented reforms—to address the health problems of the population, provide marketable skills through the education system, and target social protection services and benefits to a population that was greatly in need. The rapid decentralization of social expenditure programs has in many cases left regional and local authorities unable to cope with their new responsibilities in social protection, health, and education, either financially or administratively. In addition, the collaboration among the main child care and protection actors—organizations providing health care, education, and social protection—has been weak, failing to provide cohesive safety net and the range and continuum of care that would ensure the harmonious development of the child.

SOCIAL RISK MANAGEMENT POLICIES OVER THE 1990S

The safety nets. During the 1990s, the role of social protection in assisting Russian households in managing risk—that is, to reduce it, mitigate its effects, and cope with it when it materialized—was limited. It consisted of numerous, largely insignificant privileges, subsidies, and in-kind and cash benefits granted by federal, regional, and local authorities. The programs mostly lacked poverty and vulnerability focus. The system overemphasized merit-based subsidies and privileges favoring the better-off population. It has excessively relied on expensive and ineffective forms of risk-coping mechanisms (such as the institutionalization of vulnerable individuals) at the expense of more desirable and cost-effective risk reduction and mitigation interventions (such as social work and care services, as well as family-centered, community-based risk-coping programs). The system was overwhelmed with shortage of resources at all levels, reflected in nonperformance and arrears. This not only undermined the potential impact of the safety net, but also compromised efforts to reform it. Important changes introduced during the decade have failed to produce the expected outcomes. Necessary institutions are not in place, administration remains ineffective, resources are insufficient, and there continues to be significant resistance to abolishing many outdated privileges and subsidies.

Family and child welfare policies. Since the beginning of the 1990s, the family and child welfare system has undergone some important changes.

(a) The legal and institutional framework has been revised. A new Family Code was introduced in 1995, and it serves as the centerpiece for a new rights-based, family- and child-centered approach to family and child welfare. It reflects the UN Convention on the Rights of the Child and other UN documents

on family and child well-being, giving clear priority to family based care of vulnerable children and development of preventive, community based social work and care services. Extensive changes have been introduced in legal and regulatory acts at federal, regional, and local levels, and further changes continue to be introduced, as family legislation is being brought up to standard, and the family and child welfare system adapts to new realities on the ground.

(b) The family and child welfare system has been decentralized, with framework legislation and general policy development undertaken at the federal level, while responsibility for detailed legislation and accompanying regulation, implementation oversight and service provision, including financing, has been assigned to regional and local governments.

(c) Preventive social welfare policies for families and children have been introduced, including a limited targeted poverty benefit, and community-based social work and care services for children and families at risk.

The changes that have taken place over the last 10 years have established a good foundation for the development of a rights-based, child- and family-centered, efficient, and effective family and child welfare system.

However, while new policies have set a sound framework for improving family and child welfare and as a consequence new initiatives and programs have been introduced in numerous municipalities across Russia, their introduction have not had a nationwide impact on the family and child welfare. Instead, paradoxically, there has been a continued increase in the number of children at risk, particularly those deprived of a birth family upbringing. Moreover, the number of such children placed in costly, ineffective residential institutions has increased by 26.7 percent over the 1990s, reaching 180,000 children in 2000. The number of children deprived of birth parental care institutionalized annually tripled: while in 1990 11,000 such children were placed in residential care, in 2000 their number was 36,200.

To a certain degree, these trends reflect the harsher economic climate and the above-mentioned (demographic) changes in family structures, which have accentuated the need to provide care for growing numbers of children deprived of birth parental care, as well as insufficient availability of family-based placement alternatives, as economic hardship has reduced the number of families able and willing to take on children deprived of parental care. However, more importantly, it reflects systemic issues: (i) lack of a comprehensive strategy to implement the new national child-centered policy, with de-institutionalization as an explicit goal; (b) insufficient focus on promoting, developing, and supporting preventive, community based social work and care services, as well as family-type substitute care arrangements; (c) too rapid decentralization of policy implementation in view of limited administrative capacities and resources, including financial resources at subnational levels; (d) ineffective implementation of national policies at the regional and local levels; (e) functional fragmentation of the system, with three ministries (Ministry of Health, Ministry of Education, and Ministry of Labor and Social Development) responsible for various segments of child welfare, resulting in inconsistent and uncoordinated approaches; (f) unclear accountability, inadequate and outdated principles and methods of case management and decision making in assisting vulnerable individuals, coupled by lack of monitoring and evaluation; and, possibly,

vested interests that support maintaining an important role for institutionalization—residential institutions often are significant employers in their communities.

Protection of children with disabilities. While there was a gradual shift from the medical model toward a more functional approach to disability during the 1990s, there is still a significant need for further change. The assessment system still condemns too many children to lifelong institutionalization in residential facilities for the disabled. Social care and rehabilitation services for children with disabilities and support services for their families—aiming to foster integration of children with disabilities into the community and enable families to take care of such children—have been introduced, but very slowly. Access to such services remains severely limited and varies from region to region as a function of regional and local fiscal capacities. Moreover, an elaborate system of cash and in-kind benefits was introduced for children officially certified as “disabled.” Still, although benefits to families are numerous in principle, little such assistance reaches them, and when it does, it is insufficient.

Policy making and implementation environment. The management and financing of health services, basic education and safety nets, including family and child welfare, are decentralized in Russia to regional and local levels. Child allowances are financed from the federal budget. The federal government sets the general legal and institutional framework and general policy directions, and provides methodological guidelines and instructions.

There are large differences among Russian regions in administrative, human, and financial resources. Thus, while some regions have covered the entire population with social work and care services, many have barely started introducing them. A few regions pay a regular poverty benefit in cash, while most cannot afford even occasional assistance in kind. Inter- as well as intraregional inequities in access to education, health, and social assistance and services have become pronounced. Federal and regional transfers mechanisms have not been able to ensure equity in providing access for citizens throughout Russia to public services and minimum social guarantees. Hence, location is turning into one of the most important determinants of access to human capital formation.

Mechanisms to ensure that national policies and strategies are correctly interpreted and implemented at subnational levels are lacking. Consequently, the policy and strategy intentions are diluted, the more so as one goes down administrative levels.

TOWARD COST-EFFECTIVE AND AFFORDABLE FAMILY AND CHILD WELFARE POLICIES

While the Government is pursuing more child- and family-centered policies, defined in the legal and institutional framework adopted in the mid 1990s, the process is impeded by systemic constraints that could be anticipated and better addressed through a *national family and child welfare reform strategy*. Such a strategy would set out its main policy objectives as follows: safeguarding the family, providing family settings for children at risk, and reducing and eventually eliminating the role of institutions in the care of vulnerable children. Accordingly, it would comprise a plan for decreasing the number of families and children at risks and reducing the number of children in need of substitute care, as well as increasing family placement of such children, including the plan for transforming and closing down of institutions, with an appropriate staff redeployment

plan. It would spell out the measures needed to bring this about: promoting a healthy environment and safeguarding maternal and child health care; ensuring adequate basic education; strengthening social risk management programs by means of increasing and improving income support to poor families with children, such as child allowances and targeted cash benefits; expanding social work and care services; and strengthening family-type placement of children at risk. The strategy would delineate functional and administrative responsibilities, and it would be designed and developed with careful attention to implementation capacity and financial resource availability. The strategy should be accompanied by an action plan, with the time frame, targets and benchmarks.

Preventive policies. One of the most important priorities in reforming the family and child welfare system is development and strengthening of preventive policies—policies aiming at preserving, supporting and strengthening the capacity of the families to take care of their children. Preventive policies comprise two major groups of programs: social work and care services and cash benefits.

Social work and care services include programs such as psychosocial counseling and work with dysfunctional families and children with disturbed behavior, legal counseling, shelters for temporary placement of families and children, rehabilitation services to children with disabilities and assistance to their families, respite care services, etc. They are provided by the centers for social work and care centers that were introduced in Russia in 1993. The centers currently cover approximately 20 percent of needs, with huge regional variations. Centers are overloaded and often lack programmatic focus. A much needed rapid expansion of the system and its administrative, functional, organizational, professional and financial strengthening may be severely constrained by limited availability of financial resources, administrative capacity, and adequately educated and trained staff. These constraints could at least partially be overcome by developing partnerships with nongovernmental organizations. Already, the NGO sector plays an important role in promoting and protecting children's rights and interests. By raising awareness and advocacy for child welfare reform and in particular de-institutionalization, NGOs can significantly contribute to building public support and constituency for reform, and resource-constrained public authorities should make use of this capacity to further the child welfare agenda. Moreover, private nonprofit and non-governmental organizations can provide social welfare services on its own, or can be contracted out by the public authorities to provide them. Currently, the non-profit, non-governmental provision of social welfare services is at an early stage of development in Russia and operates in a highly unregulated environment. Regulation has to be introduced that strikes an appropriate balance between safeguarding families and children at risk and allowing nongovernmental organizations sufficient freedom to operate, often as proving grounds for new and innovative approaches to care.

Targeted cash benefits. Targeted cash benefits can play an important role in strengthening the capacity of poor and vulnerable families to take care of their children and preventing family dysfunction and disintegration. Among those, the child allowance is one that potentially can play an important income-supporting role in Russia. To that end, its level needs to be increased (minimally, an adjustment for inflation since 1998 should be made) and then preserved in real terms. More generally, the administration of benefit programs, including in

particular their targeting, needs to become more rigorous. The numerous individually insignificant privileges, subsidies, and in-kind and cash benefits granted by regional and local authorities should be consolidated into one (regional) targeted cash poverty benefit for families.

Systematic efforts at *family-type placement* will have a decisive impact on reversing the flow of children into long-term institutional care. This will require more rapid development of counseling services and support, including regular income support, to families at risk to decrease demand for placement of children in substitute care. It will also require active advocacy for adoption, guardianship, and foster care and better databases on available children and potential families. Family-type placement should also be encouraged by reducing the length and complexity of the placement process, particularly for adoption; and reducing and eliminating delays in the payment of benefits and remuneration to substitute families. The placement decision making process, and its organization and implementation arrangements (the so called “gate-keeping”) needs to be revisited and substantially improved through the introduction of case management—individual care plan—principles and practice and mandatory annual review of placement decisions, clear guidelines giving a strict priority to family placement, regular monitoring and evaluation, clear division of roles and responsibilities and accountability for the policy implementation its outcomes. Awareness-raising and advocacy for child welfare reform and in particular de-institutionalization, can significantly influence public attitudes, contribute to building public support, and create a constituency for reform.

De-institutionalization. If one of the outcomes sought by the reform is increased numbers of children in family-based care, a central and explicit element of the reform strategy should be de-institutionalization. Therefore, in addition to the efforts to decrease entry into care and increase and strengthen family-based placement for children who enter care as discussed above, successful de-institutionalization requires efforts to increase exit from institutions and their closing down or transformation into family support centers. To that end the following is needed: (i) mandatory annual review of placement decisions; (ii) actions to provide family based care (birth or substitute) at least for some children currently in residential care; (iii) explicit strategies for closing down or transforming residential care facilities; and (iv) strategies and policies for the redeployment of staff of residential institutions. The experience with the patron families shows that it is feasible to move children out of residential care. Once thoroughly evaluated and accordingly adjusted, the patron families arrangement could gradually be scaled up, provided that arrangements and institutions required for its successful implementation are put in place. Also, a mandatory review of currently institutionalized children should be carried out, in order to assess the prospects of such children being placed in a substitute family setting or reunited with their birth family. The review should result in a care plan for each child currently placed in residential care facilities for children deprived of birth parental care (including children placed for poverty or other similar reasons). The best interest of the child should be the only criterion in the drawing of individual care plans and subsequent decision making.

Improving service provision. Notwithstanding notable efforts to build public service capacity, particularly in newly opened social work and care centers, child care services, especially in residential care facilities, are in need of substantial improvements: (i) physical plant is in need of repair; (ii) equipment needs to be modernized; (iii) care that includes the mental and social well-being of the child needs to be introduced in order to

balance the current focus on physical well-being; and (iv) staff is in need of renewal and upgrading of knowledge and skills.

Protection of children with disabilities. The following specific measures to improve the well-being of children with disabilities are recommended:

(a) *A better balance needs to be attained between medical and functional criteria in determining disability.* This should not only help reduce the numbers of children with disabilities, but would, through increased emphasis on integrating them into the community, reinforce policies that aim at de-institutionalization and rehabilitation in child care.

(b) *A national strategy* incorporating prevention of disability, its early detection and rehabilitation, and the conscious integration of individuals with disabilities into society needs to be developed with an action plan for its implementation.

(c) In line with the shift toward a greater emphasis on the functional definition of disability, *procedures guiding the disability assessment should be revised and evaluation methods and techniques improved toward a more balanced consideration of both medical and functional factors in determining disability.* Also, an independent appeals process relating to decisions by the commissions should be put in place.

(d) *Reduced dependence on special education facilities for individuals with disabilities should be an explicit element of policy,* and it should include strategies that create opportunities for them to participate in mainstream education; likewise, systematic monitoring and evaluation of the quality and relevance of education provided to children with disabilities should be undertaken, and it should feed into a decision-making process aimed at improving their education.

(e) *Socioeconomic data on families of children with disabilities should be generated to advise policy,* including the provision of benefits to allow for more cost-effective targeting.

(f) *Awareness-raising* about disability should be a priority among public officials, parents, nongovernmental and community organizations, and the general public to help remove the stigma that often accompanies the state of having a disability.

Redefinition of functional responsibilities. The division of functional responsibility for family and child welfare among three ministries results in inconsistencies and inefficiency in the application of strategies and policies, as well causing duplication of tasks. Most important, it appears to inhibit the development of a comprehensive and coordinated strategy for implementing the principles and policies introduced in the mid 1990s, that is for moving toward a family- and child-centered welfare system. To reach this goal, consistency among the three ministries—in their approach to strategy and the delineation of strategic responsibilities—is imperative as is systematic communication, especially in major strategic areas. Formal interministerial arrangements should be considered to drive the shaping of strategy, its full harmonization and consistency and serve as a focal point for reform.

In the immediate future, at the administrative level, consideration should be given to the establishment of a family and child welfare coordinating body that would serve as a

clearinghouse for policy formation and implementation—ensuring that policy formulation is administratively feasible, is being implemented in accordance with existing laws and regulations, and feeds the impact of policy implementation back into the policy formulation process. This is particularly important at the regional and local governments level. For the medium to longer term, consolidation of functional responsibilities under one government agency, as is the case in other developed countries, should be considered.

Consolidation of the decentralization process. Mechanisms to ensure that national strategies and policies are correctly interpreted and implemented at subnational levels need to be developed and effectively implemented. In order to address large regional disparities in access to and in the quality of social services and benefits, the current equalization mechanism needs to be evaluated and accordingly made more effective.

Improving efficiency. Strategies need to be developed that optimize the use of resources for family and child care by prioritizing only the most cost-effective interventions—in other words, those services that make it most likely that children will stay with their families, be returned to families, or placed in family-like environments. Also, administrative procedure needs to be adapted to better serve prevention, family and family-like placement, and benefit targeting strategies. To achieve this goal, staffing and staff skills need reconsideration; information on children at risk and children deprived of parental care, as well as on those on assistance and service provision needs to be developed; management information systems need upgrading; monitoring and evaluation mechanisms need to be introduced to inform decision making and program implementation; key decision making agents, such as guardianship authorities that place children into substitute care or the medico-psycho-pedagogical commissions that evaluate children's fitness for regular education and place children into special education need to renew and improve guidelines and methods and techniques they apply; principles and methods of case management in assisting vulnerable individuals, as well as a mandatory annual review of placement of children in substitute care arrangements, need to be introduced.

Strengthening the database. Data on family and child welfare are currently dispersed and inconsistent. Such data are inadequate for policy analysis and policy-making purposes. Data needed for performance monitoring and impact assessment—in other words, data that would allow policy makers, managers, and administrators to consider whether to expand, curtail, or alter the design of existing strategies, policies, and programs—are not collected. Successful implementation of strategic objectives will require the determination of indicators necessary at each level of the system, and the identification of appropriate data that need to be collected.

Systemic planning and program implementation should be developed and designed with careful attention to *financial resource availability*. So far resources have failed to keep pace with new initiatives, reflecting weaknesses in allocation mechanisms, in planning and budgeting processes, and in part, a general shortage of financial resources in the system. To the extent that there may be only limited opportunities to channel additional resources to family and child welfare, available resources will need to be used more efficiently. This means consolidating or eliminating some of the entitlements and benefits and targeting remaining benefits at needy families better; it also means the active consolidation, downsizing, and elimination of residential institutions and the reallocation of released resources to preventive, community and family-type care. It further means that

consideration has to be given to the contracting of some services to nongovernmental organizations and other outside entities.

More generally, it is unlikely that a more efficient system of care for children at risk will generate substantial financial or budget savings in the short to medium term. This will require changes in the socioeconomic environment that come with equitable growth, which in turn will reduce pressures on the child welfare system. In the meantime, preventive measures and community and family support mechanisms are the most cost-effective approaches, both in financial terms and in terms of longer-term social returns to investing in children at risk now.

Health and nutrition. In *health* care, measures should focus on (i) improving *health status* through incentives and educational programs aimed at changing lifestyles, reducing or preventing environmental damage and occupational hazards (and they should target the poor and less educated); (ii) strengthening *preventive health services* for pregnant women and children; immunizations and programs for controlling infectious diseases; and education and services for women and their babies; and (iii) developing *curative health services* that focus on early childhood diseases. In *nutrition*, all salt should be iodized to eliminate iodine deficiency and wheat should be fortified with iron to eliminate iron deficiency–related anemia.

In *education*, the focus should be on maintaining broad access to *basic education* and ensuring its high quality and market relevance by guaranteeing adequate public financing for education inputs and protecting poor regions against inequitable financing arising out of decentralization.

POTENTIAL FINANCIAL IMPACT OF THE REFORM

While there are no adequate national level data on expenditures on children deprived of parental care, estimates indicate that ineffective institutionalization of vulnerable children “locks in” significant amount of public resources. It is estimate that in 1999 the cost of residential care for children deprived of parental care and children with disabilities—approximately 380,000 children—absorbed some 0.45 percent of GDP; excluding children with disabilities puts the cost at 0.21 percent of GDP; see Table 2 in the Annex. In comparison, in 1999, expenditures on child allowances covering about 32 million children made 0.32 percent of GDP. While **monthly** cost of residential care for one child was about 4,500 rubles (1999), **annual** public expenditures per child in general education was 7,273 rubles (2000). At the same time, the guardianship allowance (an allowance to guardian/trustee families taking care of the child deprived of parental care) was about 1,250 rubles per month—almost four times less than the cost of residential care per child.

Therefore, de-emphasizing the role of institutions in providing for children deprived of birth parental care, disabled and poor children in favor of family based substitute care options, mainstream education for disabled children and preventive measures would generate significant savings. Such savings could be applied to strengthening family-based care – the capacity of birth families to take care of their children; enhancing family-based substitute care; and introducing and developing social work and care services. De-emphasizing institutions would also increase the likelihood of

significant positive longer term returns to society through better adaptation of the child to its environment.

BUILDING THE KNOWLEDGE BASE FOR POLICY MAKING: DATA AND RESEARCH AGENDA

Data. The data on which our analysis of child welfare is based are drawn from official sources at the national level. Seemingly plentiful, the data is deficient when the intention is to measure progress toward expected outcomes and inform the policy making. This is the case in all areas of child welfare. The informed policy making requires reliable data that (a) allow the development of monitoring indicators and evaluation capacity that can measure the effects of policies, and (b) provide timely identification of problems and point to solutions, that is, allow policy makers and managers to consider whether to expand, curtail, or alter the design of existing strategies, policies, and programs. Definition of indicators is often unclear, and collection and reporting practices could be improved substantially. Frequent incompatibility between different data series creates additional difficulties; this incompatibility arises from the functional division of responsibilities in the area of child welfare and different data needs of three ministries—Health, Education, and Labor and Social Development. Data shortcomings also reflect generally relatively moderate use of data for performance monitoring and evaluation purposes beyond the monitoring of adherence to formal rules and instructions.

Therefore, in education, health and social protection alike, there is a need to assess the reliability and usefulness of the currently collected indicators for policy making and accordingly change the list of indicators, as well as take steps to improve their reliability.

Research. While statistical indicators provide information on general performance of policies over time, policies impact evaluation and their consequent changes require in-depth research. For instance, understanding the impact of transition on different socio-economic groups of the population, including their health status, access to education, access to social services and the like would be extremely useful for better tailoring and targeting of policies. Similarly, a longitudinal study on the well-being of children in different forms of substitute care, could contribute to the policy focus on the care arrangements that are most cost-effective.

ANNEX I

Table 1: A Summary of major social protection programs in Russia

Programs	Eligibility	Benefit	Main funding source/Administration
<i>Cash benefits</i>			
Pension (labor)	Women 55+, men 60+, people with disabilities and survivors	Monthly cash benefit	Contributory. Federally mandated. PAYGO funded part (recently introduced). Financed by the social tax paid to the tax authority. Administered by the Pension Fund at all administrative levels.
Unemployment benefit	Officially registered unemployed	Monthly cash benefit for a limited period of time	Non-contributory. Federally mandated. Funded by the federal budget. Administered by the Employment Services administration.
Sick-leave compensation	Employed, temporary incapable of working	Monthly cash benefit for a limited period of time	Contributory. Federally mandated. Funded by a tax paid to the Social Insurance Fund (SIF). Administered by enterprises.
Social pension	Women 60+, men 65+ and people with disabilities (including those disabled since childhood) ineligible for labor pension and with no other source of income; orphans not eligible for survivor's pension, and children with disabilities who are certified as "child invalids"	Monthly cash benefit	Non-contributory. Federally mandated. Funded by the federal budget. Administered by the Pension Fund and at all administrative levels.
Housing allowance	Low-income households; income tested	Monthly housing subsidy	Non-contributory. Federally mandated. Funded by local budgets. Administered by local governments.
Child allowance	Children from low-income households (income tested: per capita household income below regional subsistence minimum)	Monthly cash benefit	Non-contributory. Federally mandated. Funded by the federal budget. Administered by MLSD at all administrative levels.
Payment to pregnant women	Pregnant women (early pregnancy, up to 12 weeks of gestation) at registration for prenatal care	One-time cash payment	Non-contributory. Federally mandated. Funded by the SIF for the employed and local governments for the unemployed. Administered by enterprises and local social protection administration.

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Birth grant	Newborn children	One-time cash payment	Non-contributory. Federally mandated. Funded by the SIF for the employed and local governments for the unemployed. Administered by enterprises and the local social protection administration.
Maternity leave	Employed mothers before and after delivery: 70 calendar days before and 70 (86 for complicated delivery, 110 for more than one child) calendar days after delivery	Monthly cash payment	Contributory. Federally mandated. Funded by a tax paid to the SIF. Administered by enterprises.
Child care allowance	Mothers (employed and unemployed) until a child is 18 months old	Monthly cash payment	Non-contributory. Federally mandated. Funded by the SIF for the employed and local governments for the unemployed. Administered by enterprises and local social protection administration.
Other benefits	Various categories of individuals and families; merit or needs based; often based on double eligibility requirements: categorical + income/means test	Various one-time and regular cash and in-kind benefits and subsidies	Non-contributory. Mandated at all government levels. Funded and administered by regional and local governments.
<i>Privileges and subsidies</i>			
Privileges and subsidies	Various categories of individuals and families; merit or needs based	Discounted or free-of-charge goods and services (for food, transportation, housing and utilities, recreation and rehabilitation, medical services, preschool and training, and so on)	Non-contributory. Mandated and administered at all government levels. Funded by federal, regional, and local budget and non-budgetary funds and enterprises. Administered by local governments and enterprises.
<i>Services</i>			
Social work and care services	Vulnerable children and youth and their families; adults and elderly	Counseling services, at-home services, rehabilitation, day care, temporary shelters, psycho-social support, legal counseling, and so on.	Non-contributory. Mandated at all government levels. Funded by regional and local governments. Administered by local government administration.
Residential institutions	Children deprived of parental care, poor children, children with disabilities; adults with disabilities and the elderly; frail elderly.	Long-term placement (in some cases, lifelong)	Non-contributory. Mandated at all government levels. Funded by regional and local governments. Administered by local government administration.

Source: Various legal and administrative documents.

Table 2: Expenditure on social protection in Russia: An estimate for 1999

	Number of beneficiaries (millions)	Expenditure (Billion Rb)	Share in GDP (%)	% Share in total expenditure
1. Cash benefits				
(1) Pensions (labor, disability, and survivor's)	37.0	244.3	5.37	79.8
(2) Unemployment benefit		7.5	0.16	2.4
(3) Sick-leave compensation		19.6	0.43	6.4
(4) Social pension ¹	1.4	5.5	0.12	1.8
(5) Housing allowance ²	7.9	1.96	0.04	0.6
(6) Child allowance ³	32.0	14.5	0.32	4.7
(7) Birth grant	1.1	1.5	0.03	0.5
(8) Maternity leave	0.8	2.4	0.05	0.8
(9) Child care allowance	0.85	1.9	0.04	0.6
(10) Other benefits ⁴		7.2	0.16	2.4
(11) Total		306.36	6.73	100.0
(12) Total without labor pension		62.06	1.37	20.2
(13) Total without labor pension and sick-leave		42.46	0.93	13.9
2. Privileges and subsidies				
(14) Total⁵	32.8	32.3	0.71	
3. Social work and care services				
(15) Social work and care services for children ⁶		3.8	0.08	8.6
(16) Residential institutions for children ⁷	0.38	20.5	0.45	46.2
(17) Social care services for adults and elderly ⁸		8.7	0.19	19.4
(18) Residential institutions for adults and elderly ⁹	0.21	11.3	0.25	25.5
(19) Total		44.3	0.97	100
TOTAL (1+2+3)		382.96	8.41	

Source: Compiled based on various tables from (1) *Rossiiskii statisticheski ezhegodnik 2000* and (2) *Social'noe polozenie i uroven' zhizni naselenia Rossii 2000*. Goskomstat Moscow.

Notes 1. See Source (2), p 230, Table 5.23. 2. Housing allowance was received by 2.63 million families (6.5 percent of the total number of families). The number of individual recipients calculated based on the assumption that the average recipient family had 3 members; average calculated monthly subsidy per family was 62 Rb. 3. In 1999, the estimated number of children eligible for child allowance was 32–33 million. The mandated monthly benefit amount was 58.4 Rb; for children of a single parent, 116.9 Rb. The arrears for child allowances amounted to 11.5 billion Rb (only 20 percent lower than the amount paid to children). 4. Includes payments to the victims of Chernobyl catastrophe, benefits to refugees and migrants, funeral assistance, cash social assistance, and so on. 5. The number of recipients and the amount of expenditures estimated based on the Goskomstat Household Survey data on decile shares of recipients and the average monetary value of the subsidies/privileges received. See Source (2), pp. 222–23, Tables 5.15 and 5.16. 6. Assuming that 73,000 employees received the national average net wage, that average labor taxation coefficient was 1.45, and that labor cost made up one half of the total cost. 7. Estimated based on the assumption that there were about 380,000 institutionalized children deprived of birth parental care and children with disabilities in various institutions and that average monthly cost per child was 4,500 Rb. The cost is normative; no information that would allow an estimate of actual spending is available. The estimate does not include children in general boarding schools and children institutionalized for poverty or family dysfunction. 8. Same as in the case of services for children; total number of employed estimated at 200,000. 9. Same as in the case of residential institutions for children.

Table 3: Public expenditures on health in Russia 1991–99

	1991	1992	1993	1994	1995	1996	1997	1998	1999
<i>In % of GDP</i>									
Total	2.9	2.6	3.7	4.0	3.5	3.6	4.2	3.6	3.3
Consolidated budget ¹	2.9	2.6	3.3	3.1	2.6	2.6	3.1	2.5	2.3
Compulsory Medical Insurance Fund	n.a.	n.a.	0.4	0.9	0.9	1.0	1.1	1.1	1.0
<i>Index 1991 = 100</i>									
Total	100	76.6	99.4	93.3	73.6	75.3	92.2	78.2	75.5

Source: Goskomstat, various publications. For consolidated budget expenditures 1992–94, see World Bank, *Fiscal Management in the Russian Federation, 1996*.

Notes: 1. Includes public expenditure on sport.

Table 4: Consolidated public spending on education in Russia 1992–2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<i>In % of GDP</i>									
Total	3.58	4.03	4.36	3.40	3.49	3.48	3.34	3.47	3.58
General	2.37	3.27	3.49	2.88	3.01	2.89	2.93	2.95	2.95
Professional	1.21	0.76	0.87	0.52	0.48	0.59	0.41	0.52	0.63
<i>Index: 1992 = 100</i>									
Total	100	102	96	68	69	72	69	75	
General	100	126	117	87	90	91	91	97	
Professional	100	57	57	31	36	36	25	33	

Source: MOE (2001a).