

# **Child Poverty, Family Policies and the Effect of Economic Crisis**

**Christos Koutsampelas, Alexandros Polycarpou, Panos Pashardes**

## ***Abstract***

The recent economic crisis is likely to have a considerable impact on families with children, thus endangering EU's effort to promote children's well-being. Our analysis provides an assessment on issues surrounding child poverty in Cyprus, a country hardest hit by the on-going recession in South Europe. Using a variety of microsimulation techniques that take into account policy changes and the rise in unemployment - and by adjusting incomes in accordance to macroeconomic figures - we synthesise the 2013 income distribution from 2009 microdata drawn from the 2009 Cyprus Family Expenditure Survey. The aim of the analysis is twofold; to estimate the current levels of child poverty and explore the role of family policies in dampening the impact of economic crisis. According to our estimates, child poverty in Cyprus increased from 13.1 per cent in 2009 to 13.9 per cent in 2013. Child poverty varies across age groups, with single parent families continuing to face the highest risk and intensity of poverty. High and rising poverty also occurs among families with children in the 12-17 age group and multi-child families with a large number of children. Family transfers were found to be play a significant role in providing income support to families and thus fencing off child poverty. Furthermore, we find that child poverty estimates are, in general, sensitive to the choice of equivalence scales used to measure the cost of children. This argument gains more importance when considering that equivalence scales are used in many countries to determine the levels of various family benefits.