

SDG1: NO POVERTY

Alleviating Child Poverty in Hong Kong

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UN Spotlight Training Program

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Introduction

Hong Kong, one of the wealthiest cities in the world, has a large population of 1,652,500 people living in poverty by 2020—constituting for 23.6% of the total population. The local economic recession due to the COVID-19 pandemic has had an especially devastating impacts on the poorer households, pushing the poverty rate 2.2% higher from 2019. Notably, the recession of local economy amid the global pandemic has brought adverse impacts on with-children poor households, leading to increasing child poverty rate. In fact, in 2020, the pre-intervention statistics estimated that 27% of children in Hong Kong live in poverty, comparing to 24.9% in 2019T.

While various poverty relief programs by the Hong Kong government have lifted a considerable proportion of with-children households out of poverty, the overall impacts were limited to short-term relief instead of long-term alleviation. What's more, there are limited programs that target child poverty alleviation specifically. Thus, long-term progress towards reducing child poverty in the city was limited.

With reviews of the causes of child poverty in Hong Kong and examination of policy responses to child poverty in Hong Kong and experiences from other regions and countries, the report proposes the Hong Kong government to eradicate child poverty in long term from four aspects: reducing financial stress of childcare, aiding house ownership, updating skills of workers from poor households with children, and promoting immigrants' integration on top of its current policies.

SDG 1 And Child Poverty

Though definition varies, child poverty is generally viewed and measured from two perspectives. First, multi-dimensional child poverty, which stresses deprivation of resources, identify child poverty by recognizing lack of access to resources critical for children's development, such as nutrition, water, health, education, and shelter. While monetary poverty reflects a family's income or standard of living, measuring child poverty with income-based poverty line (Minujin et al. 482).

Studies have found that children living in poverty are significantly more likely to present lower socio-emotional and learning outcomes later in life, as they are influenced by suboptimal living conditions and more frequent and intense stressful life events (Lee 741). In addition, children growing up in poverty are more likely to experience health issues ranging from emotional disorder, obesity to asthma (Gupta 668). In fact, child poverty has far-reaching impacts on life outcomes in adulthood as well, affecting income, self-rated happiness, and health status (Oshio et al. 98). Thus, child poverty not only has significant impacts on poverty and economic development in future generations, but social mobility and equity. Considering the crucial impacts of child poverty and the overrepresentation of children among those living in poverty, mitigating child poverty is a crucial step to realizing the vision of the first sustainable development goal (SDG 1), which calls for an end to poverty in all its manifestations by 2030.

Applying the indicators of SDG1 to child poverty, ending child poverty in all its manifestations by 2030 involves three key indicators: first, ending extreme monetary child poverty (children living below purchasing power parity US\$1.90/day); second, halving monetary child poverty as nationally defined, third, halving multidimensional child poverty as nationally defined. (UNICEF 12)

Child Poverty In Hong Kong

Since child poverty is a complex transnational issue, the report focuses on mitigation of monetary and multi-dimensional child poverty to realize SDG 1 on a regional level—Hong Kong. The city is chosen for the case study for two reasons. First, with per-capita GDP of 42644 USD in 2020, equivalent to 330% of the world average, Hong Kong is a city known for its wealth. However, the city witnesses extreme wealth concentration and high inequality, with 10% richest population making 48.2% of the city's total income (World Inequality data base). Thus, mitigating child poverty is imperative for promoting social equity and social mobility in long term. In addition, Hong Kong is one of the deindustrialized, service-oriented global cities that face salient problems of unemployment and poverty resulting from restructuring economies. Therefore, outcomes of the case study can be applied to solve child poverty in other countries and global cities with similar socioeconomic background.

Measurement of Child Poverty in HK

Hong Kong adopts the concept of relative monetary poverty, which, in contrast to absolute poverty, focuses on living standards below those of the public, or the average household income of the economy. The poverty line in Hong Kong, thus, is set at 50% of the pre-intervention median household income without taxation or other policy intervention (Hong Kong Office of the Government Economist Financial Secretary's Office.). The poverty line varies based on the household size. Therefore, the poverty line of Hong Kong fluctuates with the state of the economy.

Poverty line (HK\$)	1-person	2-person	3-person	4-person	5-person	6-person+
2010	3,300	7,000	10,000	11,800	12,300	13,500
2011	3,400	7,500	10,500	13,000	13,500	14,500
2012	3,600	7,700	11,500	14,300	14,800	15,800
2013	3,500	8,300	12,500	15,400	16,000	17,100
2014	3,500	8,500	13,000	16,400	17,000	18,800
2015	3,800	8,800	14,000	17,600	18,200	19,500
2016	4,000	9,000	15,000	18,500	19,000	20,000
2017	4,000	9,800	15,000	19,900	20,300	22,500

2018	4,000	10,000	16,500	21,000	21,500	21,800
2019	4,500	10,000	16,600	21,400	22,100	23,000
2020	4,400	9,500	16,000	20,800	20,000	21,900

Table 1: Poverty line in Hong Kong (2010-2020)

Child poverty rate in Hong Kong is measured by the percentage of children who live in households living below the poverty line. In Hong Kong, people aging below 18 are considered children. As there is no official indicator of multidimensional child poverty, this report will examine monetary poverty as the major indicator, which correlates with multidimensional poverty. The key indicators of child poverty in Hong Kong, thus, include number of poor households with children and number of children in poverty.

Trend of Child Poverty

Between 2009 and 2020, poverty rate of children fluctuated between 23% to 27%, with two peaks in 2009 and 2020, under the influences of the financial crisis and the COVID-19 pandemic respectively. While the overall poverty rate in Hong Kong fluctuated between 19.6% and 23.6% during the period, the increases and decreases of the two indicators were overall consistent.

The trend of GDP per capita and poverty rate during the period shows that

economic performance of Hong Kong correlates with the overall poverty rate and child poverty rate strongly. More specifically: during 2009 and 2012, as the economy recovers from the financial crisis steadily, the child poverty rate declined as the GDP per capita rose; between 2010 and 2018, the economy grew modestly, with an increase in child poverty rate in 2014; the city experienced a recession between 2018 and 2020 with declining GDP per capita and increasing child poverty rate.

Year	GDP per capita	Poverty rate	Child Poverty rate
2009	35938.37	20.60	25.40
2010	38089.78	20.10	24.30
2011	39887.58	19.60	24.10
2012	39656.08	19.60	24.20
2013	41796.59	10.90	23.70
2014	40959.73	19.60	23.50
2015	43084.77	19.70	23.20
2016	42431.89	19.90	23.00
2017	45284.86	20.10	23.10
2018	44384.77	20.40	23.30
2019	44189.69	21.40	24.90
2020	41644.32	23.60	27.00

Table 2: Overall poverty rate and child poverty rate in Hong Kong (2009-2020)

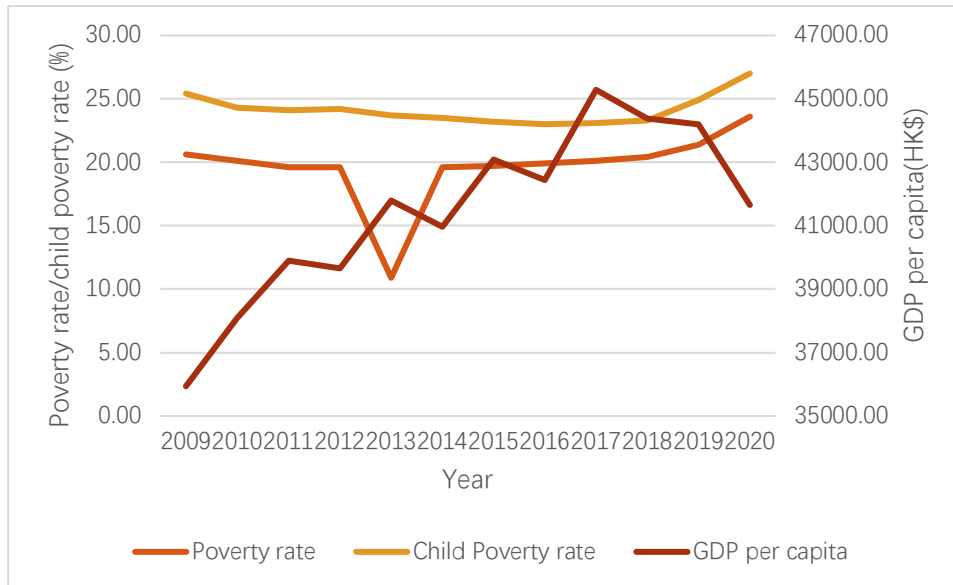


Figure 1: GDP per capita (HK\$), overall poverty rate(%) and child poverty rate(%) in Hong Kong (2009-2020)

Another trend noteworthy during the period is that the total child poverty gap, or the sum of difference between the poverty line and income of all poor families with children increased significantly, which indicates increased inequality and increased reliance on government intervention to reach an adequate standard of living.

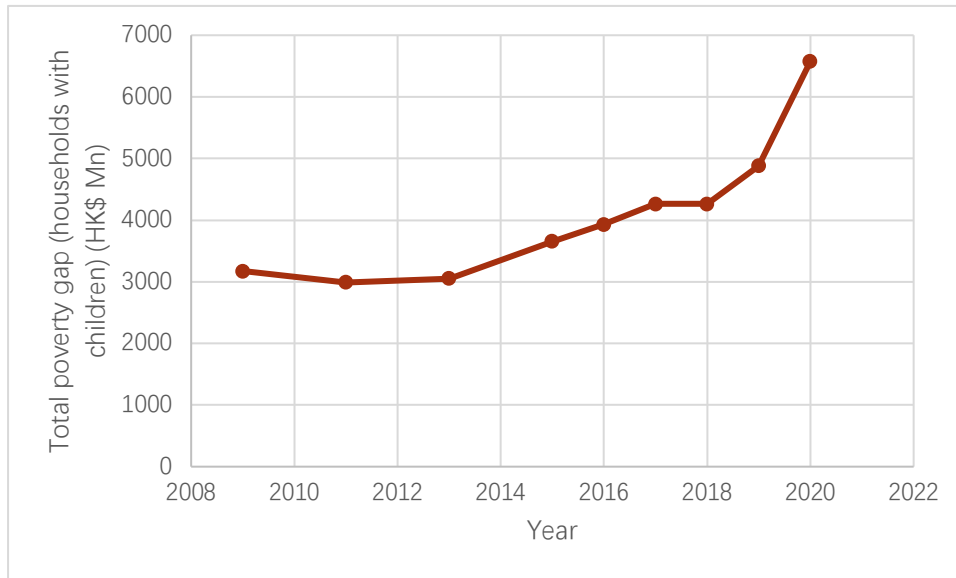


Figure 2: Total poverty gap for households with children (HK\$ Mn) by year

Risk Factors of Child Poverty

Multiple demographics, parental and household characteristics are found to correspond with risk of child poverty in Hong Kong. By examining risk factors that contribute to higher likelihood of experiencing child poverty, the report seeks to deduce the major drivers of child poverty in Hong Kong.

1. Immigration and ethnicity

First, it is found that immigrant families and families of ethnic minorities with children are more prone to poverty. Children from ethnic minority family, especially south-east Asia, are more likely to face challenges of poverty in comparison to their local counterparts. (Khatani et al. 18) The risk is particularly significant for new-arrival families: new arrival families with children make up 11%

of poor households with children, while only making up 5.7% of overall number of households with children. Importantly, a 2012 study has found that first-generation children in immigrant families have comparatively higher risk of poverty in comparison to second generation children, with poverty risk declining from 46.2% to 31.4% (Chou 192). While social discrimination and exclusion may affect immigrant families' access to employments and housing, difference of job licensure and qualifications may also play a part in contributing to poverty risk (Loper 13).

2. Language

A trait commonly associated with immigration—mother language, is found to influence risk of child poverty as well. Research has shown that children who speak standard Chinese or Chinese dialects other than Cantonese at home face higher risk of child poverty, while children who speak English at home, notably, face decreased risk of poverty than their Cantonese speaking counterparts (Khatani et al. 17). Since language proficiency determines income earners' competitiveness for high-paying jobs, language spoken at home correlates with poverty naturally.

3. Family structure

Children in single-parent families are also more exposed to risk of poverty. Notably, single-parent households make up 16.8% of poor households with children while only constituting 10.6% of all households with children in 2020. The trend is

confirmed in multiple studies as well (Khatani et al. 19, Cheung 531). What's more, researchers have found a concerning trend that the poverty gap between single-parent and married couple families had been widening, with standard of living in married couple families growing at a rate much faster than that of single-parent households. Notably, less income-earners in a household naturally correlates with lower total income and higher risk of poverty. In addition, childcare responsibility often limits the single-parent's ability to hold more stable or competitive jobs (Millar and Tess 118).

4. Household size

Household size is another important variable affecting risk of child poverty. In 2020, nearly half (49.0%) of the poor households with children have two or more children, larger than the proportion for overall households with children (42.2%). What's more, number of elderlies dependent also contributes to poverty risk: households with one or more live-in elderly have greater odds of experiencing poverty than those without senior dependents. Thus, it can be inferred that the ratio of income earners and dependents is a critical determinant of child poverty risk.

5. Parental education attainment and employment

The importance of parental education attainment and employment has been well-documented in past literature. In 2020, only 46% of the poor households with

children were working households, in comparison with 89.7% of the proportion for overall households with children. Among the poor working households with children, 90.1% of the households had only one working member, 42.1% households have only part-time workers, in comparison with 7.5% for all working households with children. In addition, 74% of income earners in poor working households with children work for lower-skilled occupations, and only 22.7% of income earners in the poor working households with children have secondary education attainments. In contrast, it is found that children whose parents received university education or above or are employed in managerial, administrative, or professional positions have significantly lower likelihood of experiencing poverty (Khatani et al. 14).

As discussed above, immigration status or ethnicity, language spoken at home, family structure, household size and parental characteristics including education and employment are all important factors that contribute to children's likelihood of experiencing poverty in Hong Kong. Policies that target the risk factors above can be crucial, therefore, to alleviating child poverty in the city.

Causes of Child Poverty

With background information and context of child poverty in Hong Kong provided in the section above, this section will analyze the major causes of child poverty in Hong Kong and consider the impact of the COVID-19 pandemic on child poverty.

Cost of Childcare

Considering large household size and single-parent family structure's correlation to child poverty in Hong Kong, childcare can place a heavy burden on households struggling on the poverty line.

The cost of childcare services is a large expense to income-earners in a household especially for low-skilled or part-time workers. Since the social welfare system in Hong Kong is characterized by a developmentalist approach, the family policy provision and family-friendly policies are very limited. In 2020, it is estimated that 0.26% of the gross regional product was spent on childcare services, in comparison to almost the average expenditure of 1% of GDP in OECD countries (Young Children's Development Indicator of Hong Kong; OECD). With no government provision, the cost of childcare services is a significant financial burden to families struggling on the poverty line. With average monthly cost of childcare at 5589 HK\$ for government-aided childcare center, cost of childcare center alone can take up 35% income of a three-people household living on the poverty line (Hong Kong Social Welfare Department). Furthermore, cheaper, government-aided childcare center are less available than private childcare center, with many of them operating near full capacity, the service demand ratio for aided childcare center is 1:25 compared to 1:7 for private childcare center, which means that some families may be forced to choose more expensive private childcare center or have a family member to take care of the child, potentially sacrificing job opportunities. Resultantly, 53% of the households in poverty reported the unavailability of alternative

carers for their children, and 58.2% reported financial pressure arising from the cost of the existing mode of childcare. In addition, nearly half of the households with children in poverty surveyed expressed dissatisfaction with existing childcare services in their community. (Xia and Ma 8)

For school-aged children, though the public education is free, there is also a high financial burden from private tutoring. In 2010, households with children already spent an average of HK\$ 1150 on extra tuition per month, taking account of inflation pressure and increasing competition for education resources, the burden can be much larger in today's Hong Kong society (Chan).

The high cost of childcare in Hong Kong explains the phenomenon that children in larger households with siblings are more prone to child poverty: with the expensive childcare, households with multiple children can easily fall into poverty, unable to ensure sufficient developmental supports for each child. What's more, childcare is often a larger burden for poorer households than it is for the richer ones: in a 2016 survey, 32.9% of households with total monthly income of 0-19,999 HK\$ spend 41% or more of their household income on childcare, in comparison to 8.6% for households with monthly income of 60,000HK\$ or above (Leung). Thus, the high cost of childcare in the city can put low-income families at particular risk.

Employment Opportunity

Lack of satisfactory employment opportunity or unemployment is a significant cause of child poverty in Hong Kong. As poor families with children are more likely to have low-skilled income-earners or part-time income-earners. There are three major causes of limited employment opportunities for the families in poverty: income-earners' limited skills and education, the burden of family responsibilities and social discrimination.

Limited skill and education

As discussed in the previous section, in many poor families with children, income-earners are only able to access employments with low pay because they lack essential skills or qualifications for more career options. Since the Hong Kong economy started to de-industrialize in the late 20th century, the growth of tertiary sector had both increased advanced employment opportunities such as legal and accounting services but massive low-skilled, low-paid, part-time jobs. However, in contrast to the shortage of high-skilled workers in the city, the large supply of low-skilled workers contributed to job insecurity and low payment for low-skilled employments (Lau 150). As many income-earners in the poor families with children were among the marginalized low-skilled population, their elementary or secondary education attainment limits their choices of job.

Notably, the low-skilled sector is also particularly vulnerable to workplace

discrimination and external shocks. While 34% of workers with primary education attainment reported discrimination in workplace, only 18% and 15% of workers with secondary and tertiary education reported the incidence (Mercado Solutions Associates Ltd). In addition, the COVID-19 pandemic's impacts increased unemployment rate in low-skilled sector from 3% to 6.6% in 2020, in comparison to high-skilled sector's shift from 1.9% to 3.6%, corresponding with the increase of child poverty rate in the period (Office of the government economist and Financial secretary's office 115).

Family responsibilities

In addition, some income-earners in poor households with children have restricted employment opportunities because of their family responsibilities, resulting in limited household income. As in a 2019 government survey of economically inactive population that desire to take jobs, 89% of 74100 economically inactive females willing to take jobs are homemakers. What's more, 68% of women prioritize flexible working time and 22% require that children at home are taken care of to take up suitable jobs (Census and Statistics Department).

The results above show that many females in households are willing to take jobs but cannot afford to work or cannot find suitable jobs (that meet their requirements) due to the responsibilities of childcare and other family-related works. Considering that households with less income-earners are at higher risk of child poverty, the

burdens of family responsibilities combine with high cost of childcare to cause child poverty in many families.

Social Discrimination

Social discrimination not only leads to stress, depressive symptoms, and reduced quality of life, but limited employment opportunities and workplace achievement, contributing to poverty. Notably, social discrimination against separated/divorced/widowed people, immigrants, and women were statistically significant, partially explaining the higher incidence of child poverty in single-parent families and immigrant families.

First, as a 2014 survey by Hong Kong equal opportunities commission found, in comparison to single or married people, people who were separated, divorced, or widowed have a higher rate of reporting discrimination in workplace: 31% of the sub-group reported occurrence of discrimination in workplace, significantly above 15% and 19% of singled and married sub-groups. When asked about views on equality of job opportunities for single parent, 52% respondents of the survey considered that single parents had inadequate equality of jobs in Hong Kong. The finding corresponds with the higher incidence of child poverty in households with single parents.

Meanwhile, the survey also found that relatively higher proportions of new immigrant— those who lived in Hong Kong for less than 7 years—experienced

discrimination in workplace (15%) than those who lived in the city for 7 years or above (7%). In the survey, 23% and 26% of respondents expressed agreement to the discriminatory that South Asian immigrants have low educational attainment and mainland immigrants have poor working attitude. When asked about views on equality of job opportunities for single parent, 52% respondents of the survey considered that single parents had inadequate equality of jobs in Hong Kong. The finding corresponds with the higher incidence of child poverty in households of first-generation immigrants and new immigrants.

Last, 23% of female respondents, in comparison to 13% of male respondents, reported experience of discrimination incidences in workplace. In addition, the survey demonstrated that children-bearing and related family responsibilities affect some women's choices of employments. As 47% and 50% of survey respondents agree that housewives re-entering works and women with children do not have equal access to employment opportunities. The survey results show that many women that are willing to make earnings for their households are unable to do so due to limited opportunities for employments resulted from discrimination—contributing to more children-bearing households with single-earners, which corresponds with higher chance of child poverty. In addition, the discrimination women receive combines with the discrimination based on marital status, making single-parent families that have female household heads especially vulnerable to child poverty(Mercado Solutions Associates Ltd).

Policy Analysis

To identify effective method to alleviate child poverty and prevent the impacts of child poverty on children's long-term development and the society's well-being, in this section, the report will examine and evaluate past policies and efforts to alleviate child poverty in Hong Kong and other nations.

Hong Kong government

As a developmental state, Hong Kong government has relatively limited, minimalist social welfare programs, promoting self-reliance over assistance. While poor households with children benefit from both universal welfare schemes and children-targeted welfare programs, the analysis will explore both types of welfare program in Hong Kong. Major universal welfare schemes that benefit children include the Comprehensive Social Security Assistance Scheme (CSSA), the Public Rental Housing scheme (PRH), and Community Care Fund (CCF). On the other hand, major programs that target child poverty include Working Family Allowance (WFA), Student Allowance (SA) and Child Development Fund (CDF).

Comprehensive Social Security Assistance Scheme (CSSA)

CSSA (Comprehensive Social Security Assistance Scheme) is a social welfare program that provides a safety net for Hong Kong residents who cannot support themselves financially. It is the largest in-cash welfare program in the city, and an estimate of 29.5% of poor children benefit from the program in 2020. There are three types of

CSSA payments: standard, supplements and special grants. Specifically, there is a type of supplement payment for single parent families, which grant 380 HK\$ for single parent families with children in poverty every month (Social Welfare Department - *comprehensive social security assistance (CSSA) scheme*). In addition, the program offers employment support services such as job matching and employment counselling for abled-body recipients to promote self-reliance (Social Welfare Department *Support for Self-reliance scheme*). The program is also found to be efficient, as a 2018 study found that 76.5% of the budget directly fills the poverty gap.

	Single person	No more than 2-abled body adults/children	3 abled-body adults/children	4 or more abled-body adults/children
Single parent/Family carer	---	2,915	2,635	2,335
Other adults	2,685	2,395	2,160	1,925
Able-bodied child	3,230	2,675	2,400	2,145

Table 3: Standard rate of CSSA scheme, 2020

Also, since Hong Kong government is a strong advocate for self-reliance culture, research has found that CSSA is strongly associated with poverty stigma for recipients, harming their subjective wellbeing and social interactions. (Chan et al.) As the Hong Kong government successfully promoted the discourse of ‘welfare dependency’ since

1998 (Lo), the societal negative perception on welfare recipients can discourage eligible households from applying for the assistance and make them live in extremely detrimental situation (Hung).

Public Rental Housing (PRH)

PRH (Public Rental Housing scheme) is a mean-tested in-kind benefit program that provides low-income families with affordable housing in the city, one of the most expensive cities in terms of rent in the world (Charlton; Housing Department). Since the scheme allows low-income families to pay below-market rent, PRH has substantial poverty alleviation effects. The policy is one of the most pivotal poverty-reducing programs in the city, lifting 98 000 households (involving a total of 0.266 million persons) out of poverty and reducing poverty rate by 3.8% in 2020 alone. The large-scale program benefitted 53.9% of children in poverty in 2020, and a study estimated that the program can lift 87% of welfare-receiving households with children out of poverty.

However, despite its large scale, the PRH scheme is found to be highly inefficient. The inclusion error of the program is 76%, and only 9.9% of the program's expenditure directly goes to filling the poverty gap in the city(Cheung et al.). Though the program not only targets poverty but households affected by government clearance projects and redevelopment operations, the efficiency of the program is still considerably low.

In addition, the public rental housing has relatively limited building design, which lead to long hours of thermal discomfort in winter and summer. A 2017 study of the PRH buildings, for example, found that median indoor air temperature in PRH buildings often exceed the comfort threshold even when the outdoor temperatures do not, and all types of PRH buildings experience some extent of overheating during summer in the city, with overheating hours ranging from 30%-50% (Kwok 398). The poor building design may lead to excessive cooling energy consumption, which is a burden to both the environment and the financial situation of the families.

Community Care Fund (CCF)

Community Care Fund (CCF) is an integral part of the Hong Kong government's poverty alleviation footprint. The task force serves the function of filling gaps in the existing system and implementing pilot schemes. One major assistance program under the fund is to provide needed families who are not receiving CSSA or PRH assistance (Community Care Fund). For example, as other major poverty relief programs such as CSSA and PRH aid households that have lived in Hong Kong for a year or seven years at the time of assistance, the Community Care Fund also provides aid to new-arriving households in need (Low-income new arrivals to get \$10K). Also, as research has found CSSA insufficient to support children's learning sufficiently, CCF implemented assistance program on Provision of Subsidy to Needy Primary & Secondary Students for Purchasing Mobile Computer Devices since 2018 (Care fund helps students in need).

As a supplement to other welfare programs, the CCF has a relatively low receipt rate for poor households with children in comparison to PRH or CSSA. The average benefit level of CCF, which is 26.7% of the poverty line, also ranks behind PRH and CSSA. The fund also has a high inclusion error, as 57.2% of the households aided are not monetarily poor before receiving the assistance, and only 24% of the program expenditure directly fill the poverty gap.

Working Family Allowance (WFA)

The Working Family Allowance (WFA) is a welfare program in recurrent cash measures for lower income working families with children. Households with children that meet the working hour requirement and the income/asset limits can apply for the aid. The program supports the working poor population in Hong Kong and promote self-reliance: the amount of aid is higher for household with higher total working hours (“Key features”). The program brought down poverty rate by 0.8 and child poverty rate by 2.2% in 2020, covering 18.6% of children in poverty.

While the WFA can provide positive aid to the working poor population in Hong Kong, the limits of the program exist: research has shown that many young working poor population experience material deprivation even when they are not poor by income (Cheung et al.). In other word, many working households that do not meet the income/asset limits actually need supports from the government.

Education Benefits

Education benefits in Hong Kong has three major schemes: the school Textbook Assistance (TA) scheme, the Student Travel Subsidy (STS) scheme and the Subsidy scheme for Internet Access Charges (SIA) (Student Finance Office). The education benefits have a large coverage of poor children: 96.1% of children in poverty were estimated to benefit from the schemes in 2020, reducing child poverty rate by 2.2%.

However, like schemes such as Public Rental Housing, education benefits scheme has a large inclusion error, as only 22.7% of the expenditure of the scheme directly fills the poverty gap (Cheung et al.). What's more, as cram schools in Hong Kong are prevalent, many children perceive public schooling to be insufficient for exam preparations and consider private tutors more helpful than schoolteachers for exam preparations (Yung). Though education benefits provided by the government can support children's schooling, the students are in an unfair competition with their richer counterparts for education resources-contributing to inequality and poverty in long term.

Child Development Fund (CDF)

The Child Development Fund (CDF) aims to support longer-term development of children from a disadvantaged background to alleviate inter-generational poverty.

The program is consisted of three major components: personal development plans,

targeted saving, and mentorship. Aiming to help children in poor households form positive habits and make informed decisions in life, the program is open to application for children in households earning 75% of below the median income in the city, and CSSA or WFA receiving households (Child Development Fund).

As the CDF is committed to fostering human and social capital instead of simply granting money for families in need, the program alleviate poverty by encouraging self-sufficiency and reducing non-monetary handicaps of people in need. The program has achieved a considerable success that children attending the program are more likely to save, more likely to complete higher education and to stay mentally healthy. What's more, when they grow up, the program participants are more likely to enjoy their jobs and earn more from their works (Department of Social Work& Social Administration et al.).

Meanwhile, the CDF is not without its problems. First, though the mentorship-based scheme can be helpful to many children, it may not work for some. For example, children with complicated backgrounds may not respond well to a mentor, and sometimes need additional assistance from social workers or other professionals. The quality of the mentorship is not guaranteed as well, as the becoming the mentor requires very brief trainings sessions, and the minimum number of contacts between the mentor and the participant is only once a month. In addition, activities and lessons may be insufficient to encourage saving and solve intergenerational poverty:

researchers have suggested that increasing bonuses and saving targets may help the participants to a larger extent (Chan & Ho 140).

Foreign Cases

As child poverty still exists in many other affluence societies in the world, examining successful cases of foreign programs that reduce poverty can provide useful information for child poverty alleviation in Hong Kong. In the report, two approaches from two foreign developed societies are examined: the United States' Supplemental Nutrition Assistance Program and the United Kingdom's affordable housing scheme.

The two cases are chosen because like Hong Kong, the U.S. and U.K. are also highly industrialized and developed economies with relatively high level of inequality and child poverty in the OECD countries. Thus, the experiences from the two societies can serve as references for feasible policies in Hong Kong.

The US: Supplemental Nutrition Assistance Program (SNAP)

The US Supplemental Nutrition Assistance Program (SNAP) is the largest anti-food security nutrition assistance program for low-income individuals and households. The program provides electronic benefits transfer (EBT) card to recipients, who can use the card to purchase eligible food in authorized retail food stores (Gundersen 1330).

The program participants are found to be at a significantly lower risk than their

poor counterparts who do not participate in the program. What's more, participation of the program is found to correlate with lower health care expenditure, showing the effectiveness of the SNAP scheme (Berkowitz). The program with nutritional education is also found to correlate with positive changes in eating and shopping habits (Ryan-Ibarra).

The program's alleviation on food insecurity is effective as the government prohibit the recipients to use the benefits on non-food related products or services such as entertainment, alcohol, and Tabaco. Also, the reliance on retailing industry makes the benefits accessible and efficient for receipts. The mechanism can be potentially adopted by Hong Kong government to improve the efficiency of its assistance program.

The UK: Affordable Housing Scheme

Affordability of housing in UK, like that in Hong Kong, is a prominent issue in the society, that private renters spend 33% of their household income on renting, with 61% of private renters having no saving at all (Sharma et al.). The affordability issue makes low-income households extremely prone to poverty and housing deprivation, especially under external shocks such as the COVID-19 (Child Poverty Action Group).

The Affordable Housing Scheme in UK serves to ease the housing pressure in the country by providing grants and funding for building of affordable housing. The

affordable housing, notably, make both renting and buying a house easier for citizens in need. When it comes to renting a home, social rent and affordable rent are available, which allow tenant to pay a rent below the market rent. While projects such as equity loans, “rent to buy” and “shared ownership” makes housing ownership easier for households. For example, the “shared ownership” scheme allows first-time buyer to purchase a share of a home and pay rent on the remaining share and staircase to own a larger share or entirety of the property. While the “rent to buy” project allows first-time home buyers expecting to purchase houses in near future to pay for an intermediate rent and save for a deposit to purchase their first home (Home England).

Policy Recommendation

The major causes of child poverty in Hong Kong, as addressed in the second section of the report, are the high financial and opportunity cost of childcare and lack of employment opportunities (due to various reasons) for some parents. Thus, the policies to alleviate child poverty in Hong Kong should aim to address the two essential issues and lessen parents’ burdens on other aspects.

The report recommends four major set of solutions to ease the pressure on parents in Hong Kong and alleviate relative child poverty: reducing the cost of childcare, aiding households for house ownership, training low-skilled or unemployed people in poverty, and promoting immigrants’ integration. While the first three solutions aim to

reduce childcare cost and unemployment, the latter two reduce financial pressure on households and make current programs more effective respectively.

Reducing Childcare Cost

As the high cost of childcare is shown to be a major financial burden that causes child poverty for low-income families in Hong Kong, the government need to expand its role in childcare provision to lessen the pressure on low-income families.

First, the government should **expand the scale of subsidies for childcare center in the city**. As discussed in the prior section of the report, considerable discrepancies currently exist between the demand and supply of childcare services in the city and many grassroot parents cannot access affordable childcare that meet their needs. The difficulties to find affordable childcare center discourage parents of young children to join the workforce, which lead to increasing child poverty risk and shrinking workforce. To address the discrepancies, the government need to provide subsidies for more existing, currently unaided childcare center and establish more publicly aided childcare center to meet the needs of parents. In addition to increasing the number of aided childcare center, the spatial distribution of the services should also be planned: currently, 3 districts in Hong Kong (Kwun Tong, Wong Tai Sin, Sai Kung) have no aided childcare center and some other districts have extremely limited number of aided places available. Since many income-earners low-income households work long-hour in their occupations (e.g. service industry), childcare services expansion by

government in future should be evenly distributed in each district according to the population base and needs of each district to be relatively reachable for parents.

Also, the government should consider **expanding the operation time of the aided childcare service centers**: currently, some of the childcare center provide only half-day nursery or have relatively short operation time in the day. The result of the limited time of the service is that the parents may have to compromise for half-time job or lower-paying job, which expose their children to higher risk of child poverty. Considering that low-income families need to strive for stable, full-time jobs with decent payments to maintain their livelihood and emerge from poverty, the time of services of aided childcare should be extended. What's more, the government can consider subsidizing some occasional, short-term childcare services, as more than half of mothers in poverty reported having no alternative carer for children. The availability of affordable occasional childcare will reduce low-income parents' stress in case of emergency events and give time for full-time carers to take their first steps into the labor market.

Notably, reducing the cost of childcare should not be limited to subsidizing and providing childcare services to households in need, but the government should also consider **incentivizing private companies to implement family-friendly policies for workers with young children**, which reduce the opportunity cost of childcare. For example, flexible working time, exemption from overtime work and paid parental

leaves can all aid income-earners to maintain better work-life balance and reduce their stress in sacrificing earning for family responsibilities.

Last, as students in poor households need to compete with their richer peers, who have access to private tutoring and more extracurricular activities, for educational resources, it is necessary to reduce the cost for students to access academic help. The government can **commission experienced subject teachers to provide free or low-charged official curriculum supplements on online platforms** such as YouTube or Bilibili. Such practice will allow children from more modest family backgrounds to access high-quality academic aid at a low cost, empowered to perform better academically and compete for access to higher education attainment. The program will have a low marginal cost for each student and will have long-term positive impacts of decreased inequality in education and improved social mobility.

Thus, to reduce child poverty by reducing the cost of childcare for low-income families, the government should consider expanding the scale of aided childcare center, expanding the operation time of the services, and providing official online supplement to school curriculum. The practices will not only reduce the financial pressure on needed families in short term without leading to poverty stigma, but build positive capacity and self-reliance in long run.

Aiding Housing Ownership

Due to the limited land supply in the city, Hong Kong residents usually spend a large proportion of their income on renting and saving to purchase a housing. While the Public Rental Housing program has lifted a significant percentage of impoverished population out of poverty, to help the low-income families more effectively, the government should also consider subsidizing long-term ownership of housing asset given the high housing price in Hong Kong. The mechanism of affordable housing scheme in UK can be applied as extension of the Public Rental Housing in Hong Kong.

On one hand, the government can **provide indirect assistance scheme for needed households that benefit from PRH by allowing the households to apply for a “shared ownership”** of their social housing like the scheme in the U.K. society. Specifically, the tenants of the social houses can choose to buy a portion of the asset and rent the rest, and the tenants can purchase portion of the house for two to three times to own the entire asset in a gradual process. The scheme reduces the financial strain from housing purchase by offering below-market price and breaking down the burden of housing ownership into smaller, more feasible steps for low-income families with little saving. The program can be opened for the most in-need households with children that cannot afford market price housing, so the families, instead of only focusing on satisfying children’ most basic needs such as healthcare and shelter, can save money for further development of children and the households to emerge from poverty.

On the other hand, the government can also consider providing **tax credits or other fee-exemptions** for children-bearing low-income families planning to purchase a house in near future (for example, 3 months). For example, families can pay a deposit for the house they intend to buy and use the receipt to apply for three months of tax exemption that boosts their short-term saving effectively and enables them to pay for the housing. The length and extent of tax credit can depend on factors such as the family structure of the household and special needs of the household (single-parent families, families with disabled member etc.).

The high price of housing in Hong Kong makes poverty-alleviation programs that aid people's needs for shelters extremely effective, and a more progressive approach of aiding poor households with children's acquirement of housing with indirect and direct assistance schemes above can make even larger impacts on child poverty reduction. At the same time, practices such as having tight, regular eligible checks for the schemes can improve the program's efficiency and reduce the inclusion error (considering the relatively high inclusion error of the PRH scheme). What's more, improving land use efficiency and providing political incentives for building new homes are necessary to adjust the supply of housing to the needs of residents including poor households with children.

Providing Training and Education

While the Self Reliance Scheme under the Comprehensive Social Security

Assistance program provides supports to unemployed and child-bearing recipients, the supports are limited to information provision and counselling. However, the supports can be insufficient for some low-skilled workers to emerge out of poverty effectively in long-term as their skills may not meet the demands of the labor market. What's more, the households will remain vulnerable to child poverty in future since unskilled occupations tend to see more labor layoff during economic downturns. Therefore, the government should consider providing **programs for re-skilling and upskilling of income-earners in households with children** to help them update their profile or regain skills lost during unemployed period. While participation in the Self Reliance Scheme is mandatory for social security recipients, the retraining and education programs should be a choice for participants since they may involve extra costs.

In consideration of the financial strain the households facing child poverty experience, the programs should be free or low-cost. To reduce the burden on the government's budget, the programs can also accept households with earnings above the poverty line but are willing to take up new skills, whom can be charged a relatively higher tuition. Another option to reduce the financial pressure on training recipients without causing a cost too high is to allow workers to pay for their tuition after they have completed the training and found an employment position. The skill-updating will improve household income of needed families significantly and make them more resilient to future fluctuations in economy, reducing child poverty in low-income

households in long term.

Another aspect of reducing child poverty and inter-generational poverty in long run is to **provide parental education in the community**. By offering lessons on a diverse skill set and knowledge such as child's development, family relations, saving and self-learning that aid long-term development of households. While the Hong Kong Child Development Fund offer some workshops and mentorship for capacity-building, most of the training take place offline, making the access for public limited. Therefore, to supplement the offline workshops and meetings by the CDF, the government should consider providing digital handbooks and videos on the topics and promote utilization of the resources with official media such as WeChat account and broadcasting program. The education programs can not only support parents' child gearing, but build a steady foundation of mindsets, for low-income households with children to emerge out of poverty in long term.

Promoting Immigrants' Integration

As a highly diverse and globalized city, Hong Kong has a large community of immigrants and ethnic minorities from around the world. Unfortunately, despite a comprehensive set of legislations against discrimination, social injustices (especially in workplace) and inability to integrate into the local society still exist in some degree. Thus, children in immigrant households, especially those newly arriving to Hong Kong, are exposed to particularly high risk of poverty, as shown in previous sections. To

reduce the child poverty rate in immigrant families and help them to have a fair chance to start their lives in the city, the government has responsibility to further promote integration of immigrant families into the society.

First, the **new-arriving households to Hong Kong should be eligible to attend low-cost or free counselling and employment information**, considering that new-arrivals may lack resources and information to find matching employment opportunities in a short time. Currently, New Immigrants Project operated by the Society for Community Organization of Hong Kong is providing such services to new immigrants (Society for Community Organization). The government, meanwhile, can adapt the project and run it officially under the social welfare department or immigration department, or cooperate with the Society for Community Organization to make the project more impactful. In addition, since language barriers often limit employment opportunities and cause inconveniences in life for new immigrants, the government can consider **providing financial aid for low-income new immigrants' language acquisition**. Applicants who meet income and asset requirement should be eligible to apply for educational benefits if they provide evidence of ongoing language acquisition in certain officially appointed institutions. To ensure that the benefits are used for academic purpose, electronic benefits transfer (EBT), which is used extensively in U.S. Supplemental Nutrition Assistance Program can be adapted. Specifically, a card that consists of subsidies for tuition that can only be used for payments in designated institutions can be handed out to benefit recipients. With clear target, these benefits

will motivate new immigrants to acquire language skills required by employments in industries such as service and entertainment and integrate into the local society more easily. The supports with integration and employment will significantly reduce the difficulties faced by new-arriving families and lower the child poverty rate in the group.

Also, the government should **continue to regulate workplace discrimination, not only on immigration status or nationality but other characteristics such as marriage status and gender as well.** By using official media to clear stereotypes and misunderstandings about immigrants and other less socioeconomically privileged groups, providing accessible, simple channel to report and resolve discrimination incidences and supporting community groups of immigrants, workplace discrimination in the city can decrease significantly in long term with relatively low cost.

Last, the government can consider **loosening some eligibility criteria for applications to welfare assistances.** Some major assistance schemes such as the Public Rental Housing program and the Comprehensive Social Assistance program require recipients to have a minimum period of residence in the city, ranging from one year to seven years. However, reducing the minimum residence time as an eligibility criterion can make crucial financial assistance available to some of the most needed groups such as new immigrants, who are ongoing crucial transitional periods in life. Thus, lessening eligibility criteria on year of residence will not reduce the programs' efficiency, on the contrary, it can help the fund to reach people who need them the

most.

Concluding Remarks

Recognizing that childhood is a unique and valuable period in an individual's personal and social development and the detrimental effects of poverty in childhood on both individual and societal levels, this report provides an overview of risk factors and causes of child poverty in Hong Kong and past solutions. Drawing from causes of child poverty, deficient aspects of past solutions and positive inspirations from foreign nations, the report also proposes four recommendations to alleviate poverty in vulnerable households with children: lessening the cost of childcare, aiding house ownership, training workers in poverty and promoting immigrants' integration. The solutions are centered around the principle of providing essential aid that are required for people to emerge from poverty, live a decent life, gain self-reliance, and eventually experience healthy, sustainable development in long term without aids from external parties.

Looking forward for effective and efficient child poverty alleviation in Hong Kong and other affluent societies in the world, the author calls for more academic and policy research to investigate and address child poverty, an important manifestation of poverty. Considering the globally shared goals of combatting the global challenges amid the COVID-19 pandemic and achieving the Sustainable Development Goal of

eliminating poverty in all its forms by 2030, the report urges for sustainable and cooperative solutions for child poverty.

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