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Return to Investment in Child Welfare Reform The CEE/CIS Region

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ABSTRACT: This literature review explores the results of investing in child and family services in the CEE/CIS region. The literature indicates that childcare institutions have a strong negative effect on children's IQ, physical growth, and long-term emotional health. The introduction of foster care and community services has mitigated the effects of institutionalization. The literature review also describes evidence that the reform of child welfare systems has resulted in cost savings for governments.

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In pre-transition CEE/CIS countries, care of orphaned and abandoned children was traditionally provided by the state. National child welfare systems were characterized by large, state-run institutions.¹ These institutions persisted into the early transition period, with devastating consequences to the long-term cognitive and emotional health of the children housed in them.

The consequences of poor conditions in large institutions include both cognitive and emotional deficits. Studies of the children who were placed in these institutions indicate that these children have lower IQs, higher rates of emotional disorders and more stunted growth than children placed in foster care. As a result of reforms, more at-risk children either have been placed in foster care or have been kept with their biological families with the help of community support programs.

In addition to the effects on children described above, there is also some evidence that child welfare reform reduces the financial burden on governments. Although there is not a wide body of literature from the Eastern European region on costs of institutional care compared to costs of community or family based care, a recent case study of reform measures in Tomsk Oblast (Center for Fiscal Reform, 2007), and an earlier report from the World Bank (Tobis, 2000), indicated that reform measures have the potential for significant savings for governments.

The evidence suggests that interventions which support child welfare reform have been effective in reducing the number of children in institutions, and in supporting the adoption of community care options. These reforms have therefore reduced the consequences of institutionalization described above. In particular, USAID's work in both Russia and Romania has led to broader adoption of best practices in child welfare, including both de-institutionalization and adoption of community care options.

Return to Investment: Children with Fewer Cognitive and Emotional Issues

Children raised in community settings tend to have higher IQs and fewer emotional problems than children raised in institutional settings. The introduction of community services, and the de-institutionalization of children, has allowed more children to avoid the consequences of institutionalization.

Conditions in institutions

The literature documents many different types of institutions in the region. Tobis (2000) draws on Goffman's definition of a 'total institution' (Goffman, 1961), and characterizes infant homes, residential institutions for people with disabilities and children's homes with their own schools as 'total institutions'. Other types of residential institutions, such as boarding schools and crèches, where students return home for weekends or holidays, or institutions where residents attend community schools, are not characterized as 'total institutions'. The report notes, however, that all institutions can be harmful to child development (Tobis, 2000). The literature indicates that children are sent to these institutions for a variety of social and economic reasons, including lack of educational opportunity in the family's hometown and the family's financial or social inability² to care for them (Carter, 2005).

¹ See Tobis (2000) for a more detailed history of child institutionalization in the CEE/CIS region.

² Social problems include issues such as alcoholism, drug abuse, or family violence.

Since the late 1990s, studies have continually reported on persistent problems associated with child welfare institutions in the CEE/CIS region. A Human Rights Watch (HRW) report (Human Rights Watch, 1998), for instance, documented poor conditions in childcare institutions in Russia before the introduction of reforms, including neglect and mistaken diagnoses of disability (HRW, 1998). This report focused on how the conditions in orphanages violated the Convention on the Rights of the Child, signed by Russia in 1993. The report indicated that conditions varied widely from institution to institution, but cited several examples of severe deprivation.

More recent reports include Carter (2005), which detailed five specific issues with institutions in the region; the physical state of buildings, the lack of financial resources, the lack of individual attention provided to children, incidence of abuse, and the lack of right of contact with parents or guardian (Carter, 2005). Another report from a team researching conditions in St. Petersburg orphanages (USA-St. Petersburg Orphanage Research Team, 2005) attempted to analyze the environment in substandard orphanages. The researchers identified several specific characteristics of the care giving in 3 orphanages in St. Petersburg, Russia.

- The caregivers were generally emotionally and socially detached from the children, giving them the minimal physical contact necessary;
- Play was primarily adult-directed, consisting of caregivers giving directions on what to do, rather than engaging children to determine what they would like to do; and
- Care was characterized by minimum caregiver interaction with children (USA-St. Petersburg Orphanage Research Team, 2005).

Finally, a report on Romanian institutions from the advocacy group Mental Disability Rights International (MDRI) (2006), documented poor conditions in state-run institutions for both children with disabilities and adults with disabilities in several countries in CIS and the Eastern European region. MDRI investigated government care of disabled babies and children in Romania. The report noted that MDRI investigators found violations of the law against placing children under two without disabilities in institutions. It also indicated that the team saw children who had been wrongly diagnosed with a disability, and left in institutional care (MDRI, 2006). MDRI (2007) also investigated the care of the mentally disabled in Serbia. The investigation team found conditions that violated several international conventions, including the UN Convention on Rights of the Child (MDRI, 2007).

Consequences of institutionalization

The consequences of placing children in institutions with poor care giving environments have been well documented. Some of the issues identified include lower IQs, more stunted growth and more emotional issues than children who were never institutionalized or children who were raised in foster care. Research has also demonstrated that these effects are more severe the longer children are institutionalized.

Institutionalization leads to cognitive and emotional issues

A 2008 meta-analysis of 75 studies covering 19 different countries worldwide concludes that children growing up in institutions had lower IQs than children in family care. The researchers found that the size of the delay was correlated with the age of placement in institutions, the age of the child, and the developmental level of the country of residence (van IJzendoorn et al., 2008). A previous study of Romanian children by Nelson et al. identifies the age of two as an important cut-off point for de-institutionalization. The study compared the cognitive development of children raised in institutions to children removed from institutions to foster care. It found that children who

were removed from institutions before the age of two made more substantial gains in IQ than children removed at a later age (Nelson et al, 2007).

Other studies have pinpointed specific emotional issues in institutionalized children. Zeanah et al. (2005) evaluated attachment in institutionalized children and a control group of community children. The authors found more signs of Reactive Attachment Disorder, a psychiatric illness characterized by problems forming attachments with others, in institutionalized children as compared to the control group.

Winsor et al. (2007) also identified language delays in institutionalized children. The authors evaluated ten language measures of thirty-month old children in institutional care, recently moved to foster care, in foster care for one year, and never institutionalized. They found that institutionalized children had significant delays. Children in foster care for at least one year still lagged behind their peers who had never been institutionalized in expressive grammatical abilities, but displayed equal language output and receptive language abilities (Winsor et al., 2007).

Institutionalization leads to stunted growth

Finally, studies have also demonstrated that the institutional environment stunts physical growth. The Bucharest Early Intervention group, for example, analyzed growth rates in institutions around the world, and concluded that a child falls behind approximately one month of growth for every 2.6 months in a Romanian orphanage, and for every 3.4 months in a Russian orphanage. A graph of their analysis is available from a World Bank PowerPoint presentation (BEIP, undated).

These deficits are the result of poor care giving environments in substandard institutions

Smyke et al. (2007) pinpointed the quality of the caregiving environment in institutions as the critical factor for many of these cognitive and physical delays. The authors assessed individual caregiving environments in institutions, and the effect of caregiving environments on institutionalized children. They found that three development outcomes were correlated with individual caregiving quality in institutions: cognitive development, negative behavior and competence (Smyke et al., 2007). Groark et al. (2008) evaluated an intervention to promote positive social-emotional relationships and attachment between caregivers and children in orphanages in St. Petersburg, Russia. The evaluation demonstrated that the intervention led to improved caregiving, and improvements in short term outcomes of residents (Groark et al., 2008).

Economic Return to Investment: Costs of child services reform efforts

While there is a not a large body of literature comparing the costs of community based care with the costs of institutionalization in the CEE/CIS region, existing studies indicate that reforms can result in cost savings for government. Carter (2005) analyzed the total cost of service provision in Romania, Moldova, the Russian Federation, the U.S., the U.K. and South Africa. The author then calculated the costs of alternative services in these countries as a percentage of the cost of institutional care, outlined below.

- Community residential care across these countries cost between 42-67% of institutional care;
- Professional foster care cost between 16-38% of the cost of institutional care;
- Voluntary foster care cost between 14-53% of the costs of institutional care; and
- Provision of family support services cost between 8-12% of the cost for institutionalizing a child (Carter, 2005).

In a World Bank report, Tobis (2000) also outlined costs of alternative child welfare modalities. A 1998 analysis from the World Bank Romania country team presented in the report indicates that:

- the cost of care in state institutions ran between 1.77 - 2.47 million lei/month, versus the cost of community residential care, which ran 0.87- 1.17 million lei/month;
- the cost of professional foster care³ ran to 0.8 million lei/month;
- the cost of voluntary foster care was 0.4/ million lei month; and
- the cost of adoption or family reintegration was only 0.17 million lei/month (Tobis, 2000).

These findings were corroborated in a recent cost/benefit analysis of reform measures, including both a shift to foster care and implementation of anti child abandonment programs, in Tomsk Oblast, Russia. This analysis indicated a cost savings over the long term. While reform measures would require an initial investment by the oblast, the study indicated a cost savings of approximately \$13 million by 2020 (Center for Fiscal Policy, 2007).

Rates of institutionalization

Carter (2005) discussed the various issues associated with measuring the number of institutionalized children. At issue in particular is whether children in certain types of care arrangements, such as boarding schools, should be counted. Even when it is determined that children in a particular institution should be counted, counting how many children attend that institution can also present a problem. Carter cited the example of one institution with discrepancies between the reported number of children in a particular institution, and the number of children the research team counted when visiting. The author speculated that this discrepancy could be due to a number of factors, including the official explanation of children visiting their families or deliberate overcounting to increase the institution's budget (Carter, 2005).

UNICEF (2007) indicated in its 2007 TransMONEE report that the rate of children in formal care⁴ is growing across some countries in the CEE/CIS region. The report presented and analyzed data gathered by UNICEF on a range of topics related to child welfare, including child protection systems. The report noted that, although rates of fostering and guardianship are rising, only a few countries have successfully combined a decrease in institutionalization with an increase in this type of family based care. Romania, where USAID has supported the reform effort, is cited as one success story. The Romanian government has successfully combined a decrease in institutionalization with an increase in foster care (UNICEF, 2007).⁵

Results of USAID's work

There has been demonstrated success with reform measures in several countries in the region. USAID-funded programs in Russia and Romania are two illustrative examples of this success. Romania, where USAID worked on this issue for many years, has closed several large institutions, decreased the number of children in institutions, and is further developing a foster care system (World Learning, 2007). The document *USAID and Child Welfare Reform in Romania* outlines USAID programming in this area, and the evolution from humanitarian assistance to systematic reform to a partnership project (Correll et al, 2006). By 2007, USAID funded programs had contributed to a decrease of children in state run institutions from 48,363 in

³ The study does not clarify the distinction between voluntary and professional foster care. However, the study does present a more detailed breakdown of costs for each option, and the breakdown of costs for professional foster care includes a cost for foster parent salaries. The breakdown for voluntary foster care does not include that cost.

⁴ Formal care refers to children in institutions, in foster care, or in guardianship of some type.

⁵ Appendix A provides a graph of the 2007 TransMONEE data on the rates of institutionalization and foster care for the region.

2001 to 21,015 in 2007. The number of state run institutions also fell from 340 in 2001 to 166 in 2007 (World Learning, 2007). Data from UNICEF also indicates that Romania had a drop in institutionalization rates, from 1,165 children per 100,000 children in 2000 to 624 children per 100,000 in 2006. This data also indicates that the rate of children placed in foster care rose from 610 per 100,000 in 2000, to 1,142 in 2006.⁶

Greenwell (2003) documented the effects of USAID's early work in Romania. Greenwell studies rates of institutionalization and de-institutionalization in Romania from 1987-2000. Results indicated that the USAID program was effective in reducing rates of institutionalization (although not in increasing de-institutionalization). From 1997-2000, the author concluded that the USAID targeted *judets* (administrative regions) averaged about 21 percent less child institutionalization than other *judets* (Greenwell, 2003).

USAID's work in Russia has also resulted in de-institutionalization and the introduction of community based services. The closeout report for USAID/Russia's Strategic Objective *Improved Effectiveness of Selected Social Benefits and Services* reported on the results of the Assistance to Russian Orphans-1 (ARO-1) program. According to the strategic objective closeout report, ARO-1 supported a variety of programs in approximately 26 different Russian regions (USAID/Russia, 2005). ARO-1 was followed by ARO-2, a program that continued to build the capacity of the child welfare system in Russia (IREX, 2006). The latest available performance report from the Russia mission, the 2007 USAID/Russia Performance Report, indicated that the ARO program rolled out de-institutionalization and abandonment prevention programs in five additional regions during FY2007. In addition, the performance report stated that almost 700 social workers were trained under the ARO program, and more than 24,000 children were served (USAID/Russia, 2007). The third iteration of the ARO program is currently active, and will continue to support a comprehensive package of child welfare reform measures through August of 2009 (USAID/Russia).⁷

Conclusion

While there has been progress in the years since the fall of the USSR, many countries in the CEE/CIS region are still struggling to reform their child welfare services. This reform is badly needed. The effects of early deprivation, like the environment found in 'pre-reform' CEE/CIS childcare institutions, have been widely studied. Children suffering from these effects represent lost human capital for the region. With continued investment, countries in the region can continue to recapture this human capital by building a child services system centered on best practices. Evidence suggests that USAID-funded interventions contribute meaningfully to the reform process, and that such reforms, although they cost money initially, will save host governments money in the long run.

⁶ Please see Appendix B for a graph of the rates of institutionalization and foster care in Romania from 2000-2006, taken from the TransMONEE database

⁷ Information on the current status of the ARO program from the USAID/Russia website at http://russia.usaid.gov/programs/health/child_welfare/

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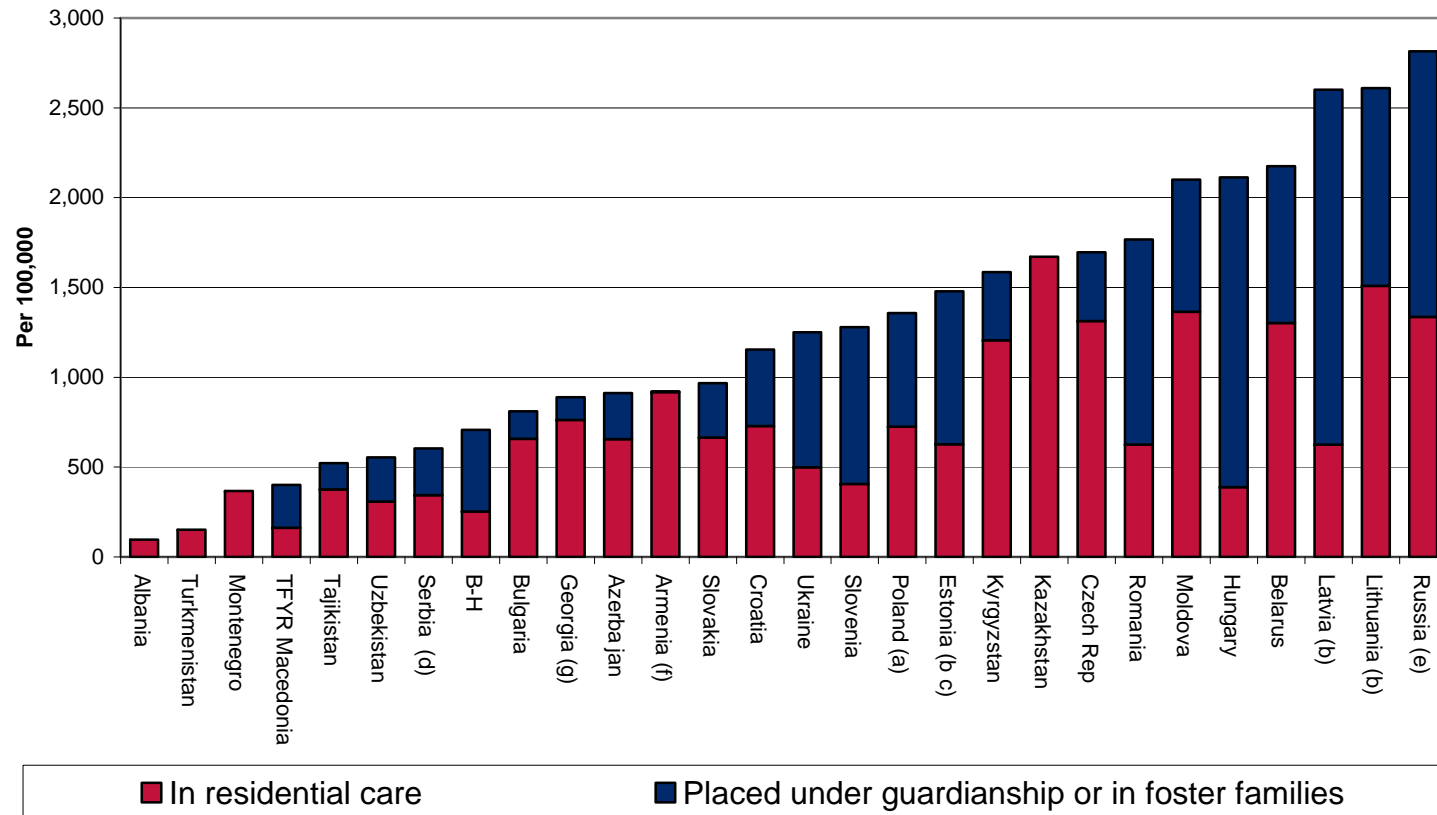
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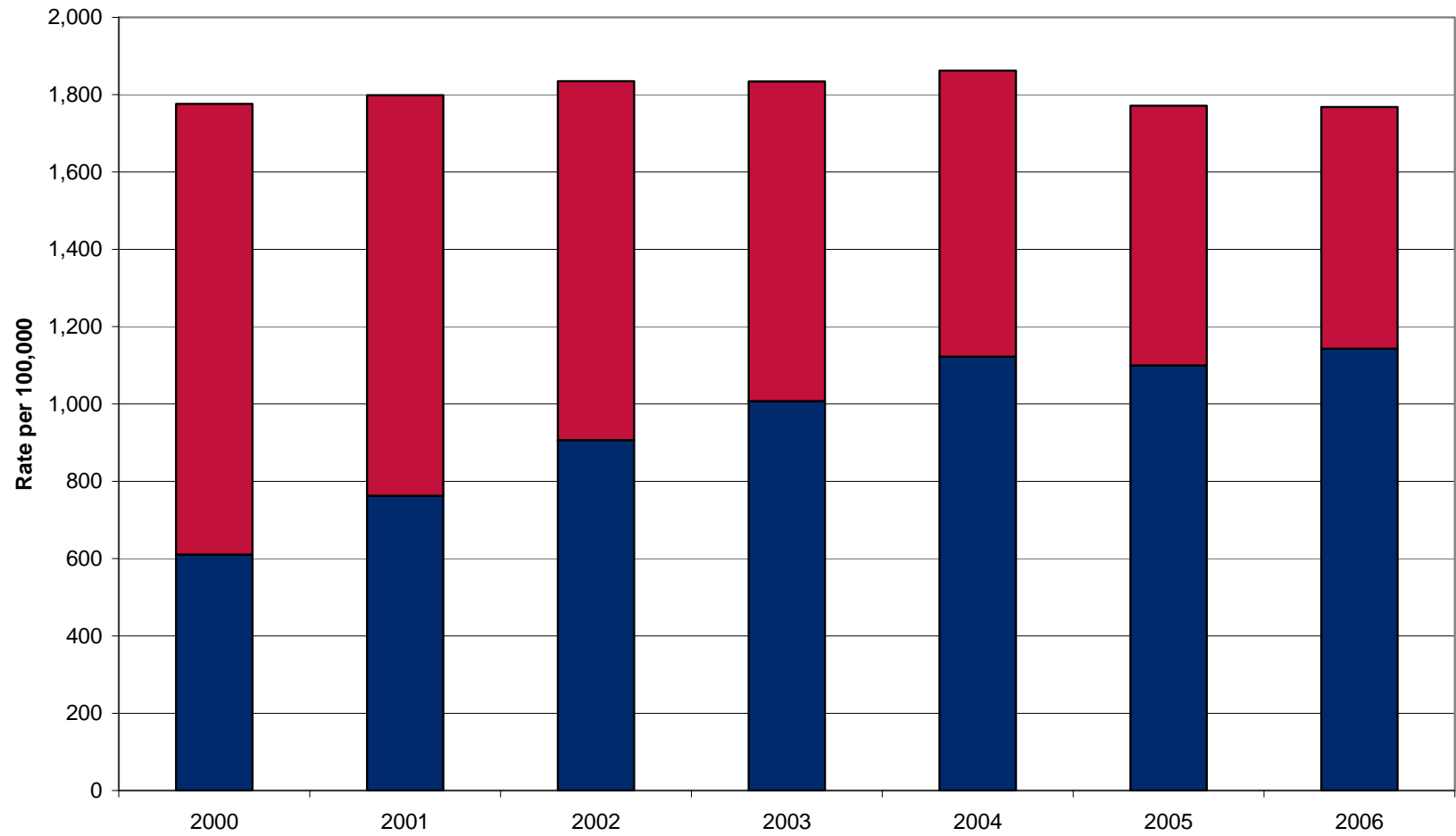
Data from UNICEF's TransMONEE database at http://www.unicef-irc.org/databases/transmonee/2008/Tables_TransMONEE.xls

**Appendix A: Rates of children in formal care
2006 Data from the 2008 TransMONEE database**



a. Data refer to year 2005 and include only foster care. b. Data are taken from web-sites of the Statistical Office. c. Data on foster/guardian care for 2006 are estimated by UNICEF RC. d. Data refer include only foster care; data on guardian care for 2005-2006 are not available (in 2004 there were 5081 children). e. In addition to it, about 50,000 children stayed in temporary social rehabilitation centres. f. Data include only foster care. g. Data refer to 2003.

**Appendix B: Rates of institutionalization and foster care in Romania
TransMONEE data**



Data from UNICEF's TransMONEE database at http://www.unicef-irc.org/databases/transmonee/2008/Tables_TransMONEE.xls

■ Rate of children in foster care or guardianship ■ Rate of children in institutions

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