

Widening The Gap

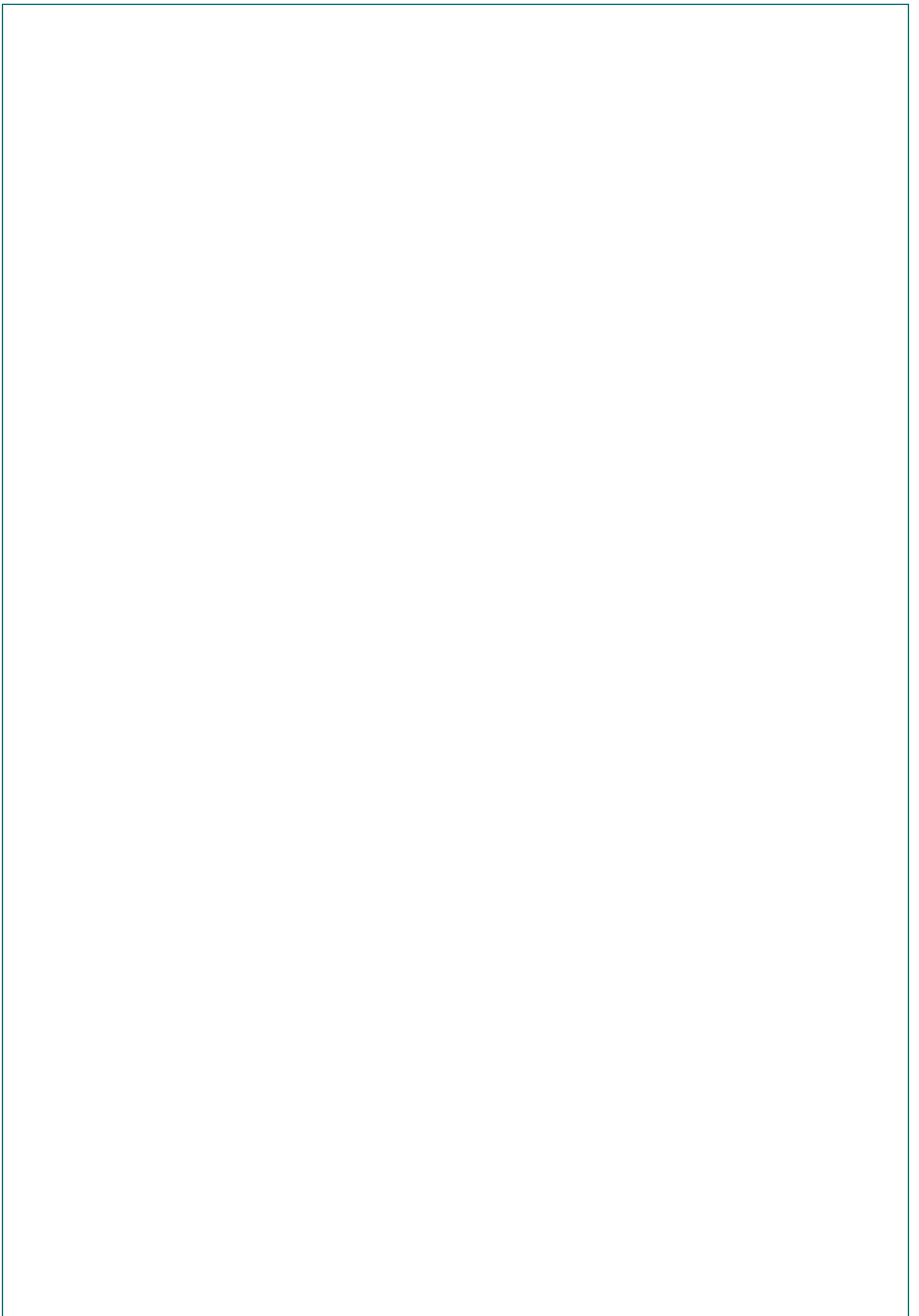
EAPN Assessment of the National Reform Programmes 2013

- ✓ Develop a **Social Pact** and **Social Governance** in the European Semester.
- ✓ **Immediate action** to restrict austerity and **promote social investment**.
- ✓ **Integrated multi-dimensional strategy** to fight poverty, based on **access to rights, resources and services**.
- ✓ **Targeted use of EU funds** to reduce poverty and exclusion and support **community-led and grass-root initiatives**.
- ✓ **Radical reform of the Semester process**, based on **democratic and participative engagement and accountability**.

September 2013

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INTRODUCTION

2013 marked the 3rd Round of National Reform Programmes, since the launch of Europe 2020 in 2010. EAPN has engaged in this process every year with its members by directly inputting to the NRPs as well as monitoring and reviewing the outcomes. The [2012 EAPN Assessment Of the NRPs and NSRs¹: An EU Worth Defending](#) last year, underlined the dangers of the continuing austerity approach, and the lack of coherence with the macro-economic policies undermining the poverty goals. It underlined the lack of progress on thematic priorities, and low commitment to participation. In 2013, EAPN members attempted to engage again in the NRPs, and proposed [Alternative 2013 Country-Specific Recommendations](#) based on its NRPs assessment. In 2013, EAPN looked for improvement – but what progress can we see? The overwhelming message is one of failure of the Semester and Europe 2020 to deliver on its promises. Progress on poverty is crucial to reinforce credibility and support for the EU, as the unity of the EU becomes increasingly under threat. This report sets out the EAPN 2013 assessment of progress on the poverty and other targets through the European Semester in the NRPs, as well as on participation of people experiencing poverty and their organisations.

Scope of the report

The report aims to provide a synthesis of EAPN National and European Organizations members' assessment of the 2013 NRPs and how far the NRPs are delivering on the social targets (particularly the poverty target, but also the employment and education targets) and engaging stakeholders in a meaningful dialogue. It draws together the quantitative and qualitative conclusions from an on-line questionnaire received from members and supported with additional material drawn from an interactive EAPN workshop which took place on the 10th May in Brussels, as part of the EAPN EU Inclusion Strategies Group. Finally it provides EAPN's key messages and recommendations and proposals for Europe 2020. The report also aims to provide a snapshot of members' views and concerns as well as examples (good and bad) and testimonies of the reality on the ground in contrast to the official NRP version, before analyzing common concerns and key messages.

The style of the report is non-academic, and aims to provide a direct picture of the concerns of grass-root organizations working directly with people in poverty, rather than a formal scientific analysis of the NRPs, although concrete examples are quoted.

Process

The process, has built on over 10 years of experience by EAPN members in engaging with the national reports and programmes linked to EU strategies to promote social inclusion. This year, in June 2013 an online questionnaire was developed in order to capture the assessment of EAPN EU's national networks and European organizations on the National Reform Programmes' impact on poverty and social exclusion in the Member States.

¹ National Reform Programmes (NRP) and National Social Reports (CSR).

Direct written inputs were received from 19 members. 13 national networks took part in the on-line Survey: Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Germany, Italy, Luxembourg, Poland, Portugal, Spain, Sweden, and the UK. 2 networks provided written input to the questionnaire: Austria and the Netherlands. These networks represent over 1000 organisations working to provide services and to advocate for anti-poverty policies at national level, involving people with direct experience of poverty.

Input was also received from 2 European Organisations: Feantsa and Eurochild, from their own assessments. 2 national networks from candidate countries provided benchmarking examples (Serbia and Iceland).

Inputs have also been drawn from 25 national networks representatives who participated in a national exchange workshop reviewing the NRPs which took place on the 10th May in Brussels, as part of the EAPN EU Inclusion Strategies Working Group. The input from the questionnaire and mutual exchange workshop are analysed together in the thematic sections in the chapter on key concerns and messages.

Graciela Malgesini, from EAPN Spain, developed the on-line questionnaire and wrote the initial draft report. This was finalized by the EAPN Policy Team, together with input from the members of the EAPN EU Inclusion Strategies Group.

EU Context

2013 has seen a worsening of the social impact of the crisis and austerity measures, particularly reflected in rising unemployment and poverty levels, with unemployment reaching 23.7% and poverty nearly 120 million², according to available data. The Europe 2020 poverty target to reduce poverty by at least 20 million by 2020, appears to be in tatters, with poverty and exclusion increasing by nearly 4 million in the last year, and a shortfall of 8 million even on the national targets set by Member States (MS) to contribute to the EU target. The key policy driver for the European Semester continues to be the European Commission's Annual Growth Survey (AGS). However, surprisingly, the AGS 2013 did not focus on the failure of the poverty and other social targets but instead underlined the need for *continuity* rather than *change*, supporting the same key 5 priorities, including 'growth-friendly fiscal consolidation' and in the social field: tackling 'unemployment and the social consequences of the Crisis', with few new proposals. The loss of an explicit Annual Progress Report reviewing Europe 2020 targets, is a major setback, undermining visibility of the targets and the credibility of Europe 2020 targets as a driver in the European Semester.

Some positive developments have been seen from the Social Protection Committee (SPC) and the EPSCO positions this year. In particular, the EPSCO letter to the General Affairs Council in December underlined concerns about a loss of focus on the social dimension, the key role of social protection as an automatic stabiliser, and the need for a balanced policy for policy measures fighting unemployment, poverty and exclusion and fiscal and monetary policies. On the 20th February 2013, the European Commission launched its long-awaited **Social**

² EU SILC (2011) – At risk of poverty and/or social exclusion (AROPE).

Investment Package³, with a strong plea for a change of paradigm, to see social policy as an investment not a cost, with economic, social and health returns. The SIP Package included the Recommendation on Child Poverty and well-being⁴, and other strong thematic papers, particularly on the implementation on Active Inclusion⁵ and Homelessness⁶. However, the SIP concept was not reflected this year in the Guidance notes to NRPs, nor in the AGS, possibly because of the timing. EAPN was particularly concerned to see whether this approach would be reflected in the NRPs and later in the CSRs from the Commission. A crucial element to any investment approach will be how far Structural Funds and national budgets will be martialled to support integrated approaches to social inclusion, including active inclusion. On participation, whilst a stronger encouragement was visible in the Guidance Note (not publically available), stronger support was given in the June EPSCO Council to the key role of stakeholders, where *“most ministers underlined the importance of the involvement of social partners and the civil society in the CSRs process in order to ensure broader social acceptance of the reforms”*. **However, will this be enough to stem the growing sceptism about the EU and national government commitment to civil dialogue?**

³ EC Communication (2013) Towards social investment for Growth and Cohesion – including implementing the European Social Fund (2014-20).

⁴ EC Recommendation (2013) : Investing in Children.

⁵ EC SWD (2013): Follow up on the implementation of the Active Inclusion Recommendation.

⁶ EC SWD (2013): Confronting Homelessness.

KEY MESSAGES AND RECOMMENDATIONS

Key messages

The overall message from EAPN members is deep concern about the shocking lack of progress on the poverty target; the minimal visibility of the Europe 2020 strategy in the NRPs/CSRs and generally in the European Semester, and the unacceptable democratic and participative deficit. ***The rise in poverty to 120 million people is a scandal and an irrefutable sign that the EU is failing to keep faith with its citizens.*** The EU appears to continue to offer no hope of an inclusive solution to the crisis, which will put people first rather than banks, with most countries continuing to prioritize austerity as part of predominantly neo-liberal, market-led macroeconomic solutions. In many countries, these are jeopardizing the welfare state, and increasing poverty and inequality, particularly in countries under the Troika programmes. The continuing lack of any serious commitment to effective democratic and participative governance in the NRP and CSR process with few signs of meaningful engagement in most countries involving national parliaments and stakeholders raises questions about the accountability and viability of the whole strategy, begging the question: *“Why should citizens continue to support the EU?”*

Specific Messages on NRP Policy areas

Macroeconomic Policies

1. **Macroeconomic policies continue to prioritize austerity** in many countries: with increased cuts in public services and benefits/pensions, privatization and wage cuts. These are damaging consumption and economic recovery, generating increased poverty, and undermining the foundations of the welfare state in many countries.
2. **There are few signs of social investment** in social protection, integrated active inclusion, quality services and jobs as a key instrument to deliver inclusive growth as well as poverty reduction. There is a clear tendency to prioritize short-term narrow economic goals over long-term social and economic returns.
3. **The inequality gap is widening**, through attacks on income levels (wages and income support) and failure to introduce fairer distribution, through progressive taxation. This is leading to mounting risks to social cohesion and stability.

Employment Policies

1. **Proposed policies will not achieve the employment target!** The policy measures currently proposed in the NRPs will not succeed in getting more people into employment, or if they do, it will be a false success, a game of clever statistics based on an inadequate indicator, while people on the ground are stuck in a perpetual poverty trap and revolving door of unemployment and hardship.
2. **Quality of work and employment is deteriorating and remains unaddressed!** There is no investment in quality job creation, and many existing jobs are precarious and low paid, while the unemployed, especially those in vulnerable situations, are being penalised through negative activation policies and practices.

3. **The way forward is through comprehensive support and integrated approaches!** Governments need to start actively implementing integrated Active Inclusion, combining adequate income with access to quality services and personalised pathways towards sustainable and quality employment and social inclusion.

Education and Training Policies

1. **The measures proposed in most NRPs are counter-productive for the meaningful achievement of the education targets of Europe 2020!** While positive measures are too general or piecemeal to comprehensively tackle issues on the ground, some measures are even expected to have negative effects and worsen drop-out and educational attainment.
2. **Education policy is not set in broader inclusive approaches!** Such an approach would address well-being in a wider sense, and make links to reducing poverty and ensuring social inclusion and equal opportunities, especially for key groups facing difficulties, and for children living in poverty.
3. **Consistent financial backing for educational policies is endangered by austerity and fiscal consolidation!** Education is one of the areas mostly hit by cuts in social spending, and progress towards the targets and towards more inclusive education can't be made without adequate investment.

Anti-Poverty Policies

1. **The poverty target is not being taken seriously,** the lack of transparency, visibility and coherence over choice and use of indicators undermines the key role that the target could play in driving priorities to poverty reduction.
2. **An EU strategy and national integrated, multidimensional strategies to fight poverty for all groups is crucial,** if serious efforts are to be made to reach the poverty target. **Social investment** can play a key role but must challenge austerity and back greater investment in universal social protection and enabling policies.
3. **Some progress is seen on some thematic priorities (child poverty, homeless, Roma, individual pillars of active inclusion) including investment,** but integrated strategies are lacking, with employment at any price, as the main driver. Specific national (sub) targets should be set in such areas to help advance on the overall poverty target.

Structural Funds

1. **Structural Funds still fall short of their potential to deliver** on the Poverty reduction target despite a slight improvement and the education target still remains almost invisible in the NRPs.
2. **Although some progress is noted, support to integrated active inclusion approaches through Structural Funds is still insufficient** and piecemeal which gives little room for investments in long-term pathways to quality employment and inclusion.
3. **The partnership principle is still not being really enforced** at national level, which makes access to Structural Funds still very problematic for NGOs.

Participation and Governance

1. **EAPN reports an overall lack of progress towards implementing meaningful participation** in the NRPs processes at national level.
2. **Organizations start to question the value of engagement.** Organizations working with and for people experiencing poverty have been demanding and have been prepared to input into the NRP process at national level since it was launched. But given the lack of engagement and room for influencing the actual content of the NRPs they are about to put this engagement under question.
3. **We urge Member States to implement meaningful stakeholder participation and involve National Parliaments in the debate on poverty.** We demand that the Commission presses national governments more strongly to implement meaningful participation. In Troika countries a stakeholder process should be urgently set up to discuss the social impact of the crisis and current Troika programmes.

EAPN 5 key recommendations

1. Develop a Social Pact and Social Governance in the European Semester.
2. Immediate action to restrict austerity and promote social investment.
3. Integrated multi-dimensional strategy to fight poverty, based on access to rights, resources and services.
4. Targeted use of EU funds to reduce poverty and exclusion and support community-led and grass-root initiatives.
5. Radical reform of the Semester process, based on democratic and participative engagement and accountability.

1. Develop a Social Pact and Social Governance in the European Semester.

- Develop a social pact which sets ambitious social objectives for the European Union, as well as the EMU and the European Semester and ensures that economic policies contribute to social objectives and that social rights are not subject to market freedoms.
- Give priority to reduction of inequality, through macroeconomic and other policies, through tax justice and the eradication of tax havens, recognizing its damaging impact on social cohesion, poverty and inclusive growth.
- Introduce visible, democratic governance mechanisms in the Semester to drive an effective ex-ante and ex-post social impact assessment of all policies, which can ensure the above, at EU and national level, involving the European Parliament, and including in Troika Countries.
- Mainstream social policies throughout the European Semester and Europe 2020, with reference to the Social OMC common objectives and the SIP guidelines.
- Reinstate visibly the Social OMC and its supporting instruments to ensure a real Social Agenda and that social objectives of Europe 2020 are implemented adequately.
- Require CSRs on poverty reduction and other social targets in all countries which are not delivering, with potential for sanctions.

- Demand equal treatment for countries under Troika arrangements, with equal requirements to deliver on the targets, and an obligatory NRP developed with stakeholders and CSRs.

2. Immediate action to restrict austerity and promote social investment.

- Call for an immediate restriction of austerity measures requiring the explicit evaluation of the short and long-term costs of austerity on poverty, inequality, employment, sustainable recovery and growth.
- Require increased support for social investment and social protection, as pre-requisites for inclusive and sustainable growth, and develop an EU funding line to assess the benefits and costs of non-investment.
- Ensure both requirements are reflected as key priorities of the 2014 AGS and Europe 2020 NRP Guidelines and Guidance notes.

3. Integrated, multidimensional strategy to fight poverty based on access to rights, resources and services for all.

- Prioritize the urgent development of a new integrated and multidimensional EU Anti-Poverty Strategy, together with stakeholders and the European Parliament, that can effectively achieve the poverty target. Such a strategy should:
 - Be based on access for all to rights, resources and services⁷ ensuring access to – housing, education, health, social services and adequate social protection and minimum income as part of an effective integrated social protection floor.
 - Achieve concrete progress on high EU level social standards, starting with a Directive on Adequate Minimum Income Schemes across the EU to ensure an adequate minimum income for a dignified life, a level playing field and the reduction of social imbalances.
 - Require ambitious Poverty Targets and an overarching multidimensional integrated national anti-poverty strategy to achieve them, backed up with sub-targets and relevant national thematic strategies such as strategies on child and/or elder poverty, homelessness and inclusion of migrants...
 - Support positive social investment in social protection and enabling policies as a crucial pre-requisite for inclusive and sustainable growth and prosperity
 - Back access to quality work and measures against in-work poverty for all those who can work, and support for participation and a decent life for those who cannot.
 - Address the gender dimensions of poverty and social exclusion and ensure that anti-discrimination concerns are mainstreamed in anti-poverty policies.
 - Require EU and National budgets to support its implementation ensuring support for grass-roots and NGO initiatives.
 - Use the CSRs to require MS to develop such an integrated, anti-poverty strategy to deliver on the target, together with Parliament and stakeholders, including people in poverty.

⁷Common Objectives of the Social Open Method of Coordination (2008) and re-confirmed in 2010.

4. Targeted use of EU Funds to reduce poverty and social exclusion and support community-led and grass-root initiatives.

- Member States to prioritize delivery on the commitment of 20% of ESF earmarked for poverty reduction in their Operating Programmes and support the coordinated use of ESF and ERDF, and monitor its effectiveness. Require a detailed chapter in the NRP, through the Structural Funds Guidance Note of the SIP.
- Use Structural Funds to actively promote social investment in improving social protection systems and supporting enabling policies, particularly through integrated Active Inclusion, support to the homeless and prevention of housing exclusion, investment in children.
- Support community-led developments, investing in grass-root solutions to inclusive recovery, which explicitly engage NGOs and people experiencing poverty.
- Implement the Code of Guidance on the partnership principle, with a more NGO-friendly framework that ensures participative management and access to funds for NGOs.

5. Radical reform of the Semester process, based on democratic and participative engagement and accountability.

- Invest in participation and democratic accountability – take the time to radically rethink methods of operating, evaluating the benefits and costs of failure to engage people and parliaments in the Semester, for the future of the EU.
- Give explicit priority to ensuring meaningful stakeholder engagement in the Semester, in the NRPs and CSRs, as well as at EU level, which ensures all relevant stakeholders are involved in a regular dialogue process, in the design, delivery and evaluation of all policies.
- Require involvement of National Parliaments, through all stages of the Semester, and explicitly in the NRP and CSRs.
- In the AGS - include an explicit analysis of current state of play on democratic and stakeholder engagement and propose a recommendation on the above, monitored through the NRPs and with potential for CSRs in negative cases.
- Develop together with stakeholders an obligatory code of guidance/guidelines on democratic and stakeholder engagement (who, how, when) with an implementation handbook providing inspiring examples and tips on effective methodologies.
- Ensure that people with direct experience of poverty, together with the NGOs that support them, are explicitly involved in the dialogue process at EU and national level, and support allocation of funds to ensure effective engagement.

EAPN MEMBER ASSESSMENT OF NRPs

1. General assessment of the National Reform Programmes

National networks were asked about the condition of the National Reform Programmes (NRPs) in their countries in the framework of the EU2020 governance; 11 of them said that NRPs were obligatory (Austria, Belgium, Bulgaria, Czech Republic, Denmark, Germany, Italy, Luxembourg, Poland, Sweden and the UK). In the Troika countries which participated in the survey, a NRP update was provided but was optional. These were generally short documents charting the progress on EU2020 targets (Cyprus, Portugal), but lacking concrete details.

The NRPs are seen as the main instrument to deliver progress on the agreed EU2020 poverty target through the European Semester. However, only 5 responses (AT, DK, LU, PT, PL) felt that the target was strongly visible in the report. 70% said the target was not visible and there were few measures beyond employment (BG, CY, DE, ES, IT, SE, UK). For most (75%) the NRP continues to be a predominantly macroeconomic and financial management tool (AT, BE, BG, CY, CZ, DE, IT, NL, PL, PT, UK) with a short, limited chapter related to the poverty target. More significantly, not a single response highlighted signs of the progress towards an integrated strategy to fight poverty and social exclusion, ensuring access to rights, resources and services, and a coherent approach to achieving the poverty target (0%).

In terms of the process, no network felt that they could easily engage in a meaningful process and influence the NRP's final text. 7 had sent in a submission, but had little or no influence on the final result (BE, BG, DE, DK, ES, IT, PL). Another 6 networks attempted to engage in the process. However 58% felt that their submissions were not asked for or taken seriously or taken into account (AT, BG, CY, CZ, IT, LU, NL, SE, UK). This shows little improvement on previous years, and underlines the lack of serious commitment to participation and ownership in the Europe 2020 NRP process. (See Key Agreements and Graph 1).

General assessment of the NRPs – key agreements

75% says that their respective NRP refers mostly to macroeconomic and financial management

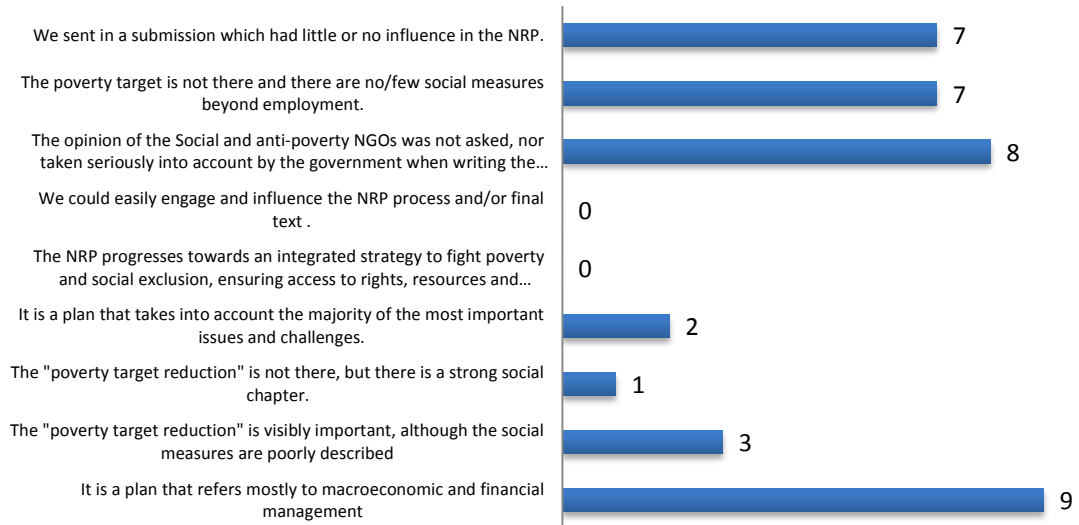
67% says that the opinion of the social and anti-poverty NGOs was not asked, nor taken seriously into account, by the government.

58% says that EAPN networks sent their proposals, comments and contributions to the national authorities, getting little or no influence on the outcome

58% says that the poverty target “is not there” or “that there are few social measures beyond employment policies”.

0% says that the NRP progresses towards an integrated strategy to fight poverty and social exclusion.

**Graph. 1. In general, how do you rate the content and subject matter described in the NRP?. Select all that apply.
Distribution of responses**



2. Macroeconomic policies

2.1 Findings from the questionnaire

Most members find that the macroeconomic policies proposed by the NRPs are not appropriate to build a cohesive society. Indeed, the predominance of austerity measures resulting in an unequal distribution of the efforts and costs of the crisis measures, and the negative redistributive fiscal impact, are two statements shared by a vast majority. Macroeconomic policies are mainly seen as generating more poverty rather than contributing to the poverty reduction target, and responsible for undermining a sustainable and inclusive recovery. The failure to give priority to social investment and social protection raises questions about the commitment to welfare states based on universal rights, as well as any concerns for social, health and economic returns. Positive measures are mainly seen in taxation, but not sufficient to impact on inequality. FEANTSA highlights some positive measure to propose affordable housing solutions and facilitate access to housing for vulnerable groups, such as homeless people.

EAPN members demand macro-economic policies that contribute to poverty and inequality reduction, and provide a coherent base for a sustainable development model that can offer some hope for the future.

Macroeconomic policies – key agreements

75% believes that the proposed macroeconomic policies were not reasonable and appropriate.

75% thinks that, with these policies, the burden of the crisis was unequally distributed.

68% considers that this policies would generate more poverty and social exclusion.

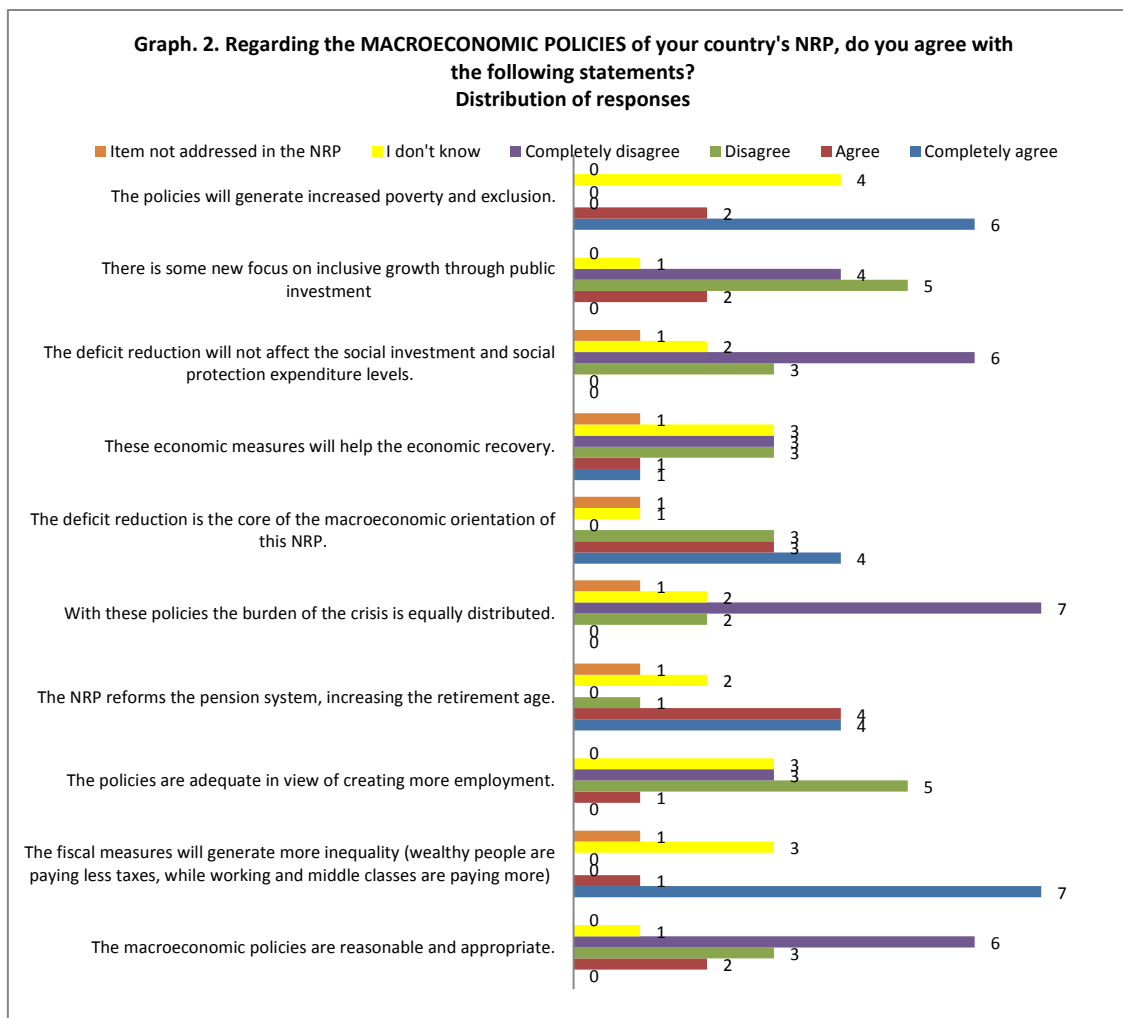
67% believes that the NRP reformed the pension system, increasing the retirement age.

67% thinks that the policies were inadequate in view of creating more employment.

58% believes that the deficit reduction would affect the social investment and social protection expenditure levels, and that there is no focus on inclusive growth through public investment.

58% thinks that the fiscal measures would generate more inequality (wealthy people are paying less taxes, while working and middle classes are paying more), and a 25% did not know if this would be so.

Detailed answers can be found in Graph.2.



Regarding the **Social Investment Package (SIP)**, a question was asked about the inclusion of positive social investment measures, in the respective NRPs.

As shown in Graph 8, the views are divided. The SIP is new, and as can be understood by the responses of the networks, its impact on the 2013 NRPs is weak. However, most members showed they were familiar with the SIP, mainly due to the capacity building work carried out by EAPN (See SIP Briefing and EAPN response to the Social Investment Package).

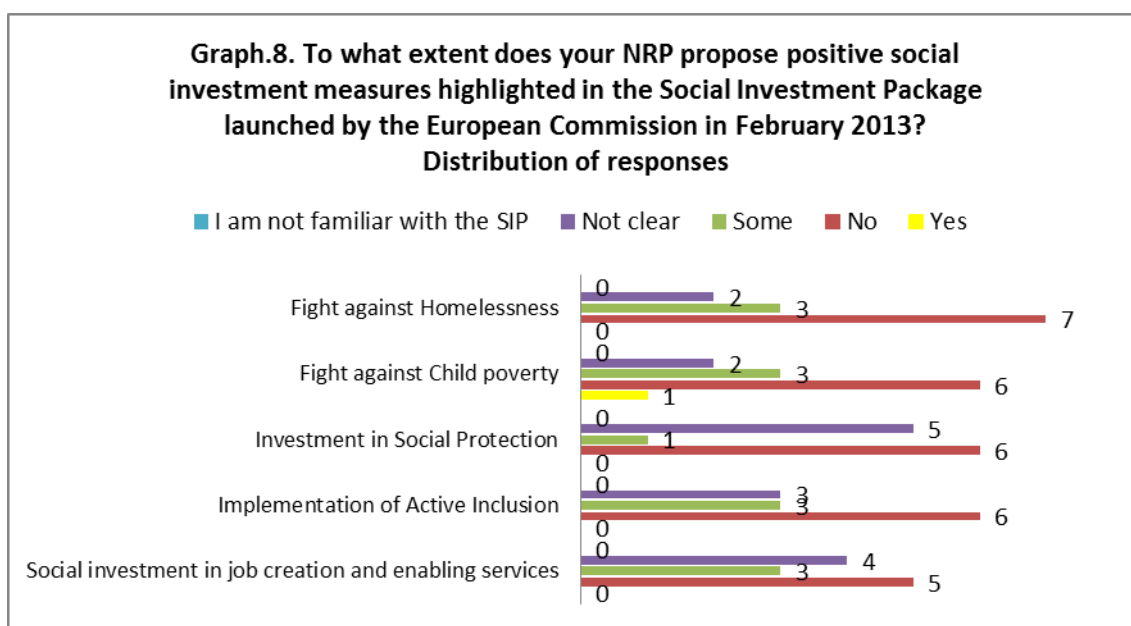
Regarding social investment in job creation and enabling services, 42% answers negatively, confirming that the SIP is not reflected in their NRP (DE, ES, IT, LU, PT, UK). 38% says that it is not clear (CY, DK, SE, PL). However, 25% says that there is some sign of presence of the SIP policies in their NRPs: (BE, BG and CZ).

Concerning the implementation of the Active Inclusion strategy, half of the respondents answered “no” (ES, DE, IT, PT, UK), while 25% answered that there is some, (BE, CZ, LU and PL) and 25% that is unclear (CY, DK, SE).

With respect to the investment in Social Protection, the responses are polarized between those who say “no” (50%) (DE, DK, ES, IT, PT, UK) and those who say that it is unclear, (BE, CY, CZ, SE, PL) with only Bulgaria and Luxembourg highlighting some investment.

In the question about the fight against Child Poverty, the answers are divided again, as 50% says “no impact”, (DE, DK, ES, IT, PT, UK) 25% says that there has been some impact (BE, BG, LU and PL) and 17% sees it as unclear (CY, SE).

Finally, on the question about the fight against Homelessness, as considered in the SIP, 58% of national responses said “no impact”, (DE, DK, ES, IT, PT, PL), 25% says that there is impact (in BE it is one of the 4 social inclusion priorities and is Housing First/led focused as recommended in the SIP, in BG and CZ a strategic plan to tackle homelessness has been announced, in FR improving homeless service provision is a priority, in LU a new housing-led homelessness strategy has been launched, and in EL a national action plan to combat homelessness and housing exclusion was adopted in February 2013). 17% is not clear about it (CY, SE).



Explanations and Testimonies from the Networks on the Macroeconomic chapter of the NRPs

Austria

Austria has not been as strongly affected by the crisis as other European Countries. Thus there are no strong austerity policies and no new measures are introduced that will deepen inequalities. However, there are strong existing inequalities, which won't be counteracted against by the macro-economic policies set out in the NRP. Tax reforms, especially the introduction of taxes on wealth and ecological reform have not been introduced on a full scale. Some smaller tax reforms are mentioned but it has yet to be seen whether they will be implemented. Fighting poverty is not mentioned as a key target for macroeconomic policy.

Belgium

Instead of strengthening social security - which proved to be a good barrier against poverty and which avoided the crisis hitting even harder - there's an overall tendency to save money in this area. Budgetary discipline and austerity are threatening the situation of people experiencing poverty and people with low paid jobs (wage freezing, pushing people into whatever kinds of jobs, ignoring the fact that there are not enough quality jobs available,) so the main focus is activation (with sanctions) without the creation of quality jobs.

There's even a reduction of the lowest incomes e.g. Unemployment benefits and social assistance... Not enough emphasis is given to alternative revenue sources such as taxes on profit, speculation...

The weakest people pay the price, while there are still a lot of people and companies making enormous profits without paying equal taxes. The NRP doesn't change this, rather the contrary.

Bulgaria

There is no pro-developmental vision. Basically it is repeating all previous documents. The economy is explained in terms of an external crisis.

Cyprus

Given that the situation in Cyprus is still very ambivalent and measures are not really in place yet, we are unable to comment on most of the questions. There will be no NRP since it is not obligatory. The government is preparing a document, but we have no involvement in the preparation and we have not seen it yet.

Czech Republic

The macroeconomic prediction is for rather slow growth, the country remains in recession, and the best 2013 prognosis is stagnation. NRP policies are focusing on growth boosting this time rather than austerity (previous NRP). This rather more positive approach might be influenced by upcoming national elections (2014 similar to the European Parliament's). As in all other chapters, the description of measures is rather general, a proclamation.

Germany

Again, the German government seems to wait for good economic development to solve all challenges and problems - like in the NRPs for the years 2011-12. However, the economic situation in Germany is getting worse since mid 2012. So, it will be crucial what the government does when they have to cut spending in order to adhere to the deficit rules...

Italy

In one year, poverty increased from 18.2% to 19.6%; the persons severely deprived increased from 6.9% to 11.2%.

Luxembourg

Until now no harsh measures were taken, no big cuts in social expenditure, but the worst may still have to come after the next elections. Although we cannot say that the policies are totally false, there are nevertheless a number of issues we would want to see addressed.

Netherlands

Unemployment has risen to 8.5%. Next to that we have hundreds of thousands of self-employed who cannot find work. Poverty is increasing and more and more people are no longer able to pay their bills. A growing number of house owners see themselves in a position that their houses are brought under the hammer, which leaves them severe debts. The overall consumer feeling is negative. The majority is sick of austerity measures and wants them to end.

Portugal

The macroeconomic policies focus primarily on consolidation measures and future prospects are grim – 2, 3% contraction of GDP and unemployment rate over 18% are estimated. There are increasingly new data pointing out that Portugal will not comply with the agreed deficit (5,5% GDP in 2013) and the latest OECD report points out an even stronger contraction in 2013 and lower prospects for recovery in 2014, so there are reasons to believe that the negative impacts are underestimated.

The huge increase in taxation, combined with more restrictive tax expense deductions and increased cost of essential services and goods (including increasing co-payments in health for example), affects more the lower income families than the higher ones, and will contribute to broadening inequality even more (Portugal was already a very unequal country before the crisis).

There is no credible focus on investment and ALMP are failing to address the rapid increase of unemployment, which is currently stressing more and more our Social Protection expenditure (mainly due to the increase of persons benefiting from the unemployment subsidy).

Although the increase of the retirement age is not explicitly referred to in the progress report, the issue is now on the table and being discussed.

Poland

The macroeconomic part of the NRP is very short and mainly about the macroeconomic scenario.

Spain

There are macroeconomic measures which may have a damaging effect on the situation of vulnerable groups (the elderly, children, lone parent families, large families, jobless, homeless people, migrants and refugees, disabled and with chronic diseases, in-work poor). One of the most remarkable is the overall cut to social expenditures and public services (education, health) in the annual budget. Concerning the tax reforms, we note the rise of VAT of many products and services (like school transportation and meals), which will damage families' income and raise child poverty. The savings of this austerity programme are devoted to paying the external debt, including the banks' bailout. Meanwhile, the economy is still shrinking and the unemployment rates are the highest in the EU27.

Sweden

Above all the NRP concentrate on such macroeconomic measures as reducing taxes and increasing the stability of the housing and mortgage markets. It is claimed that this has helped restrain lending to households. Another measure is the implementation of stricter capital adequacy regulation. The Swedish government admits that the effects of many of the macroeconomics measures taken are very difficult to calculate.

FEANTSA

The macroeconomic policies highlighted in the NRPs in relation to housing of vulnerable groups include measures to stabilize housing markets and make better use of empty

properties (DK, ES and UK), promote affordable housing solutions (BE, FR, LU, MT, PT, SE) and facilitate access to housing for vulnerable groups (LT, PL, SK, ES).

Regarding the situation of Portugal, a Troika country, the key differences with other Eurozone states' austerity programmes are: a) the direct imposition on governments of fiscal consolidation and specific macroeconomic measures through the Troika Memoranda and by means of the overall squeeze of the Eurozone Fiscal Compact and related measures; b) the intensity of the fiscal squeeze given their debt and deficit positions; c) the additional interference in collective bargaining arrangements and imposition of privatization. In the case of Spain, however, the Memorandum for the banks' bailout also contains macroeconomic compromises.

Positive and negative measures in the Macroeconomic Policies of the NRP, from an anti-poverty perspective

It is very clear that the macroeconomic measures are not considered to have many positive effects, from an anti-poverty point of view. Meanwhile, the negative impacts are diverse and range from lack of sufficient social and employment expenditures, over the freezing of public administration wages, to the pensions reform.

In **Austria**, neither positive nor negative measures were seen to be significant. The main negative aspect was that there were no changes in the general economic approach and that tax reforms are happening on a very small scale.

In the case of **Belgium**, as a positive factor, they mention that some very low benefits were raised, although not significantly. On the negative side, they claim that public money was used to save the banks, resulting in austerity measures which make the whole population pay for this (but especially people experiencing poverty).

The **Bulgarian** network cannot find positive aspects. Regarding the negative, they mention the lack of bridging the macroeconomic chapter with the needs of anti-poverty measures.

On the positive side, the **Czech Republic** refers to the harmonization of energy prices in coordination with the EU energy policy (which may hopefully lead to lowering the current prices). Also, the strategy against corruption and tax evasion, and higher exigency of transparency on health insurance companies and service providers, are other mentioned factors. The negative impact is that in 2013 the VAT tax was increased by 1%, which has affected general prices and inflation. Consumer prices are rising, while employment and salaries are stagnated. The element of complexity, mainstreaming, is missing. The focus is on "economics", "optimization", "efficiency", rather than social rights. The risk analysis – the social impact on the suggested unified VAT at 17, 5% in 2016 on the poor - is missing.

The reform of apprenticeships is the only positive measure found by **Italy**. As a negative thing they mention the flexibility of work.

For **Luxembourg** the focusing on deficit reduction by reducing expenses instead of raising taxes leads to a situation of deflationary tendencies. There are rich people in a poor country (these people have the money after a stark tax reduction at the beginning of the 2000s, and the government has to face huge budgetary deficits: 10% of the total budget).

As a positive element, **Germany** mentions the reduction of contributions for social security insurances, although it is only a very small amount of money that people are getting in return. On the other hand, the state could use this amount to invest in people, infrastructure etc. Negative impact is attributed to the German government's decision (in 2010) to cut expenditures for labour market integration. These measures could have helped long-time unemployed people to get back into the labour market.

In the **Netherlands**, the most positive measure highlighted is the Government's proposal to spend 20 million to help those in debt quicker. There is already a waiting list, with people waiting over 8 months for support, so cannot pay their bills or mortgage. The main negative measures are the extra austerity measures of 6 billion Euros, next to the 25+ billion already on the table.

In **Poland**, no positive measures are seen. As a negative one, the network mentions the freezing of wages in the public sector.

The **Portuguese Network** cannot find positive macroeconomic measures, as most of the structural adjustment and fiscal consolidation measures can be considered negative from an anti-poverty perspective. The huge increase of the tax burden combined with the substantial increase of VAT rates contributed to an increase in the costs of goods and essential services (e.g. public transportation and energy) and reduced considerably the available income of many individuals and families. On the budget side, the 4.7 billion cuts that are previewed for 2013-2015 will decrease the quality of public services, with deep negative impacts on health and education, for example.

Two of the possible examples of negative impacts are related to the increased costs of public transportation and energy. The measures designed to protect the more vulnerable (social tariffs) have registered bureaucratic difficulties⁸ or low levels of take-up⁹ so far.

In the case of transport, the policies designed to reduce the budget deficit of State Owned Enterprises has contributed to a very substantial increase of public transport costs. A measure was designed to protect the more vulnerable (Passe Social – the transports social tariff) but its implementation was initially facing bureaucratic difficulties (there is no information on the number of beneficiaries of this measure so far, after more than a year). Regarding the cost of energy, the process to increase the transition to the liberalized market is being pushed by a trimestral increase of the prices in the regulated market, done by the regulator (ERSE). The competition between the companies operating in the liberalized market is almost non-existent and most of them are also keeping up with the trimestral increase. Although the NRP talks about reduction of prices for consumers due to increased competition, we observe a generalized increase in the cost of energy for individuals and families. The social tariff that was created for the most vulnerable registered a very low level of take-up so far (90.000 individuals

⁸Regarding the social tariff for transports (Passe Social) we could not find information on the number of beneficiaries of this measure so far.

⁹Only 90.000 individuals are benefiting from the energy social tariff, of an estimated target of almost 600.000.

of an estimated target of almost 600.000) and energy poverty is becoming a very important issue. The Government is now launching (June 2013) an awareness campaign.

The **Spanish** network cannot find any positive impact either. Concerning the negative aspects, they mention the following: the de-indexation of the economy (more loss of purchasing power of pensions and wages); the reform of the local administration (elimination of local social services); the "viability of pensions" (the increase in the retirement age); the internal devaluation (less share of labour in the GDP) and the deficit control (austerity instead of welfare) as the headline target.

For the **Swedish** network, the only positive aspect relays in the fact that people at risk of poverty can benefit from a financial and macroeconomic stability, as can the rest of the society. The most negative effect is the in-work tax credit, which decreases the budget for social and welfare reforms.

For **FEANTSA**, measures are being taken on a structural level in some countries to stabilize housing markets and promote affordable housing solutions, particularly for vulnerable groups. However, EU fiscal and monetary policy does not seem to be delivering since unemployment rates are at an all-time high in the last 5 years, and homelessness is on the rise in many countries (with visible street homelessness on the increase and fast-increasing eviction rates).

2.2 Key concerns

The overwhelming concern of EAPN members is the failure of Europe 2020 and the European Semester to promote coherent macroeconomic policies that contribute to shared prosperity and well-being, and to reducing poverty and inequality. Only 2 responses felt that the macroeconomic policies were reasonable and appropriate (CZ and PL), and/or that they would actually help the economic recovery (IT, CZ).

Austerity still dominant and increasing poverty

For most of the respondents, **deficit reduction remained the core focus** of the macroeconomic orientation of the NRP (BE, DE, DK, ES, IT, LU, NL, PT, UK), with fiscal austerity measures generating more poverty and social exclusion (BE, BG, DK, ES, IT, NL, PT, SE, UK). Only Austria disagreed. This is seen to be primarily due to a continuing focus on public expenditure reductions giving priority to **cuts in key public services and benefits which most affect the poor**. In Troika countries or countries in negotiation with Troika programmes, this is at its most extreme. For example in Spain, all social services are being cut, as well as all social health and cultural benefits. In Portugal, 4.7 billion cuts in expenditure are proposed, with predictions of job losses for 30.000 people. In Ireland, despite the recognition of the key role of social protection to prevent Poverty, cuts are being made. EAPN IE however notes that whilst without social protection, the at-risk-of-poverty rate would be at 50%, the reality of poverty is not adequately charted, with a third of the population experiencing material deprivation.

An increasingly worrying development compared to previous years is the **attack on income support or pension benefit levels**. **Indexation mechanisms** linked to the inflation rate are increasingly being abolished or reduced, hitting the real value of benefits and pensions, with a disastrous impact on the living standards of the poor (BE, ES, NL, PT). **Eligibility and coverage are also being reduced, often linked to punitive activation policy**, e.g. in the Netherlands, unemployment benefit is reduced from 5 to just over 3 years, forcing the longer term

unemployed to shift to lower social assistance, with full housing costs not covered. Benefits for disabled people who have a work capacity of more than 20% is also reduced. In Malta, a new scheme “bridging the gap” offers disadvantaged jobless people a period of work exposure, where they will get a weekly allowance of 80% of the minimum wage, but lose any rights to any social security benefits or supplements.

However, a few positive examples were highlighted: e.g. in Germany where social security contributions have been reduced for lower paid workers. However, the implications for financing social protection systems are of concern. In Belgium some benefit levels have been increased, but the network highlights that their increase is symbolic, avoiding further impoverishment, when the lowest incomes are still below the poverty line. Malta highlights changes in disability support, where severely disabled people will not forfeit their benefits when they get married, regardless of their spouse’s income. Severely disabled people will be able to work up to the normal minimum wage and still receive their full benefits.

Lack of transparent language raises fears of hidden cuts agenda

Members highlight also the **lack of transparency** and difficulties with the language used in the NRPs and CSRs (BE, BG, UK). For example in Bulgaria, the macroeconomic measures described appear to hide real reforms that are being implemented: “*they can do what they want and nobody knows*”. A major concern is the use of the words ‘**reform**’ or even ‘**quality**’, which appear to be a non-transparent **substitute for cuts in public expenditure and reduction of services**. Again in Bulgaria, the focus on quality in expenditure in health care is a substitute for reducing public expenditure. In Belgium, the vagueness of the proposals makes it difficult to assess the real impact.

Priority on privatisation, rather than public investment

The pressure to **privatise public services**, encouraged by the EuroPlus Pact and Fiscal compact, is also noted in many NRPs, as well as in the Troika programme arrangements (BE, DK, ES, PT, UK). For example in Denmark, where the Government’s main priorities are the budget balance of the public sector and increasing labour supply, more interest is shown in developing the private sector. This is translated into reducing public spending, introducing strict budget discipline and supervising the economy of the municipalities, which impacts on the quality of social services. A disturbing new development is within Member States with historically strong social protection systems, committed to the EU social model, which start to use arguments that “*cuts are necessary to save the welfare state*” (BE and DK).

Lowering wages contributing to growing inequality gap

An increasing trend is **downward pressure on wages** in public and private sectors, including through reduction or abolition of wage indexation (BE, DK, LU, NL). Members note the priority given to making the economy more competitive, rather than investing in inclusive and sustainable growth. In Belgium and Luxembourg, the system of wage indexation has been weakened, but they still received a Country-Specific Recommendation (CSR) from the European Commission, requiring abolition. Members highlight that reduction of wages (primarily for the lowest and middle range jobs), will not only reduce disposable income for the most needy but increase income inequality and undermine social cohesion (BE).

More tax but not tax justice

The macroeconomic approach was also seen by most as likely **to generate more inequality, particularly through the lack of progressive taxation measures** (BE, DE, DK, ES, IT, LU, PT, SE, UK). Only Austria disagreed. Some members highlighted some positive developments particularly on tax evasion and avoidance (e.g. CZ), but no networks' responses felt that overall the measures proposed contributed to a **fairer sharing of the burden of the crisis**. The poor were still paying for a crisis they didn't create.

In CZ, **VAT was increased by 1%**. This meant a rise in prices, likely to impact most on the poor. In Ireland, in their reduced NRP report, the report itself highlights that fiscal measures were initially progressive in the first three budgets of the crisis, but that the last 3 were regressive – ie hit the poor worst. An overarching concern was the lack of adequate **ex-ante social impact** analysis carried out on tax proposals. *“The risk analysis on the impact of the new suggested unified VAT at 17, 5% in 2016 on the poor is missing”* (CZ). In Sweden, concerns were raised about the possible social impact on the sustainable financing of social protection systems, with the introduction of a broad new in-work tax credit. In Luxembourg, although there are no austerity measures as such, the network feels the government is still pursuing an unfair economic policy: *“the rich should pay more tax, but the government wants them to stay in the country and not to live abroad which would lead to less tax resources, so there are big inequalities”*. In Luxembourg, a key concern is the failure of the current indicators on inequality to track reality, with proposals to have a decile range as well as an interquartile range.

Some positive tax measures were highlighted in France, with the decrease of the VAT rate on the housing cost for social housing. However, the French EAPN network noted that as the general VAT rate is also increased, this will increase the price of basic goods and services and impact disproportionately on the income of the poor, who spend more of their income on these. In Austria, reforms in wealth and environmental taxes have been introduced but on a very small scale and so are unlikely to have a significant positive impact on inequality or poverty.

Little signs of shift from austerity to inclusive growth

Following the EU messages in 2013: (e.g. the European Commission's priorities in the Annual Growth Survey and the Conclusions of the December and March European Councils), EAPN members expected to see some **shift from austerity to growth measures**, however only CZ and DK noted any positive measures in reality. Within many countries, the battle for a switch from austerity to growth appears to go on within the government itself. For example in Portugal, the Economic ministry proposed measures for growth, but these are contradicted by the dominant Stability Programme, focused on fiscal consolidation.

Missed opportunity on social investment

EAPN members also looked forward eagerly to seeing some reference to **increased commitment to social investment**, following the European Commission's launch of the Social Investment Package in April 2013. As well as investing in people, investments in health and social care sectors are considered key for promoting economic growth and employment, (European Commission: *“Towards a job rich recovery”*, 2012) yet few National Reform Programmes highlight such investments.

Moreover, 100% of respondents felt that austerity measures outlined in the NRP were currently likely to directly undermine social investment and social protection, with only DK and CZ highlighting any new general rhetoric on inclusive growth through public investment.

When it came to concrete measures, most members found few **strong examples of positive social investment**. FEANTSA however highlights that homelessness measures in several 2013 NRPs are in line with the SIP policy guidelines on homelessness including the need to develop homelessness strategies, improving service provision, preventing homelessness and promoting access to affordable housing.

In specific areas, however, some national members found some examples of social investment in Active Inclusion (BE, CZ, LU, PL); Social Protection (BG and LU), Child Poverty (BE, BG, CZ, LU, PL) and the fight against homelessness (BE, BG, CZ, LU), as well as in job creation and enabling services (BE, BG, CZ). However, EAPN Belgium (BAPN) points out that even these examples are not adequate to ensure a real improvement. Many members highlighted the general lack of a public investment strategy to create jobs, relying almost entirely on the private sector as the motor of recovery, which is in reality shedding more jobs than it is creating.

Austerity measures with negative impact on children

Eurochild's analysis of the 2013 NRPs¹⁰ refers to several policy changes introduced in response to the crisis that have had a direct and immediate effect on children and their families. For instance, in Cyprus the educational reform which started already 2 years ago and which was supposed to address various issues including educational disadvantage seems to be in jeopardy because of budget cuts on education. In Ireland, there are further cuts to child income supports, and in Portugal the consecutive budget cuts on social transfers (family allowance) and public services (education), combined with the increase of taxes affecting the families' income are disappointing developments. In Slovenia, there have been cuts in unemployment benefit, childcare benefit, the abolition of child benefit for families with higher incomes, and stricter conditions for childbirth benefit and large family benefit.

Pension reforms raising retirement ages with little focus on adequacy

A further common area of concern was the **reform of pension systems**. The EU requirements in the Euro Plus Pact to reform the pension system, are mainly seen in measures to **increase retirement ages** e.g. in (BE, BG, CZ, DK, ES, IT, PL, PT) delaying the time when people can access their retirement pensions, regardless of whether they continue to be employed in decent jobs or receive adequate income support, with no visible signs of a concern about adequacy of pensions, only on reducing access and costs.

Only EAPN Malta highlights **positive developments** quoted in the NRP of increasing the pension supplementary allowance by 100 Euros a year, and the setting up of a Pensions Strategic Unit, which includes an objective on pension poverty, but concrete details are missing. They also highlight to the setting up of a Commission on financial literacy and retirement income which will aim to assist people to make good financial decisions related to

¹⁰Eurochild's Analysis of the 2013 National Reform Programmes from a child poverty and well-being perspective.

retirement. However, they highlight that Active Ageing is the main policy focus, based on 3 principles: engagement in society, employment and independent living, and a new initiative will be launched in October 2013 trying to increase employability, health and social services, as well as tackling social inclusion and participation.

Benchmarking in Candidate Countries

In a **benchmarking exercise** with EAPN networks in EU Accession countries, similar problems and trends are illustrated. In **Serbia**, a development strategy called Serbia Europe 2020 was developed, to demonstrate its commitment to its candidature to the EU, but not adopted by the government. In June 2013, the new government adopted a new reform programme, focused on reducing the budget deficit, at the expense of social programmes. But even this programme is in question since the current government is being reconstructed with the possibility of new elections. In Macedonia, whilst growth is supposedly increasing, no benefits are seen for the general population, including those in poverty. However, in Iceland, a different story is told. Supporting people's income is seen to make economic as well as social sense. In January 2013, there was a 3,9% rise in old-age pension and disability benefits; in February a 6,25% rise in minimum wages. In May 2013 there was rise in reimbursement of the significant costs of medical care, medicine and training for the elderly and the disabled, which had not been raised since 2005. However, the coverage on unemployment benefits was shortened from 4 to 3 years.

2.3 Key messages

1. **Macroeconomic policies continue to prioritize austerity** in many countries: with increased cuts in public services and benefits/pensions, privatization and wage cuts. These are damaging consumption and economic recovery, generating increased poverty, and undermining the foundations of the welfare state in many countries.
2. **There are few signs of social investment** in social protection, integrated active inclusion, quality services and jobs as a key instrument to deliver inclusive growth as well as poverty reduction. There is a clear tendency to prioritize short-term narrow economic goals over long-term social and economic returns.
3. **The inequality gap is widening**, through attacks on income levels (wages and income support) and failure to introduce fairer distribution, through progressive taxation. This is leading to mounting risks to social cohesion and stability.

3. Employment

3.1. Findings from the questionnaire

Most of the national networks consider that the employment policies included in their respective National Reform Programmes are guided by the activation principle alone, aimed at getting as many people into employment as possible, without paying much attention to the concept of quality or investment in job creation, while also not being part of an integrated Active Inclusion approach (combining supported access to decent employment with access to social services and to adequate minimum income).

The vast majority (67% - BE, BG, DK, ES, PL, PT, SE, UK) also think that wages are being pushed down, as a means of internal devaluation. This is confirmed by the agreement on the negative impact of the NRPs on the reduction of workers' rights and/or labour conditions.

EAPN members also agree on the fact that anti-discrimination measures are not mainstreamed, and hence newly created jobs will not be reaching the already vulnerable groups. This is also related to the view of 58% of the respondents (BE, CZ, DK, ES, IT, PL, UK), who consider that the employment of vulnerable groups is not a priority (only 33% agree that it is a priority in their own NRPs, namely BG, DE, LU, PT, SE).

On a more positive note regarding the proposed employment policies, 75% say that their respective NRPs contains concrete measures to tackle youth unemployment (BE, BG, DE, ES, LU, SE, PT, PL, UK), and 67% (BG, DE, PT, PL, SE, UK) think that there are measures against long-term unemployment, as well.

Opinions are divided regarding the fact that employment measures are the right ones to achieve the Europe 2020 employment target. In this case, 58% (BE, BG, ES, IT, LU, PT, SE, UK) considers that they are not, with only DK and PL stating that they are indeed the correct measures, and CY, CZ and DE responding that measures can't yet be assessed. However, the question remains whether the target is perceived as a numbers' game, ie activating as many people as possible, or whether it takes into account qualitative aspects, such as positive activation, decent work and employment etc.

Employment policies–key agreements

75% of respondents agree that the NRP reforms the labor market in order to reduce workers' rights or/and lower labor conditions.

75% of respondents agree that punitive activation is the main approach, with negative conditionality and sanctions on benefits.

75% of respondents agree that the NRP tackles youth unemployment with concrete measures

67% of respondents agree that wages are pushed down in order to promote more competitiveness.

67% of respondents agree that the NRP devotes measures to combat long-term unemployment.

58% of respondents agree that the employment measures are the right ones in order to achieve the employment target established by Europe 2020.

92% of respondents do not think that employment measures are part of an integrated Active Inclusion approach (combining access to quality jobs with access to social services and to adequate minimum income).

92% of respondents feel that the NRP doesn't prioritise creating quality jobs.

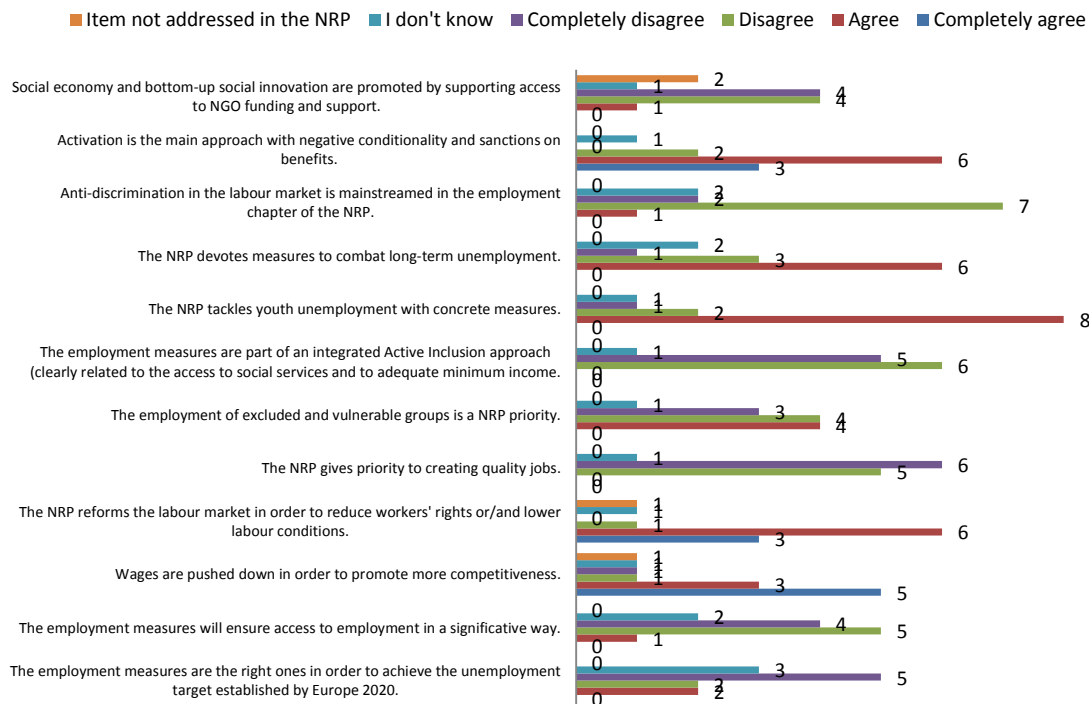
75% of respondents think that the employment measures will not ensure access to employment in a significant way.

75% of respondents feel that anti-discrimination in the labor market is not mainstreamed in the employment chapter of the NRP.

67% of respondents think that social economy and bottom-up social innovation are not promoted, through supporting access to NGO funding.

58% of respondents feel that the employment of excluded and vulnerable groups is not a priority in their country's NRP.

**Graph.3. Regarding the EMPLOYMENT POLICIES of your country's NRP, do you agree with the following statements?
Distribution of responses**



Explanations and Testimonies from the Networks on the Employment Policies of the NRPs

Austria

From the perspective of the Government, an integrated approach is taken, especially with regards to social assistance receivers, who, after the reform of the minimum income benefit system, are subjects of specific labour market programmes. New approaches are also taken with regards to fighting youth unemployment; some measures are also taken to increase the employment of women, by increasing childcare services. Efforts are also made to keep people longer on the labour market and to fight the unemployment of elderly people. With regards to a full integrated approach, it is however to be mentioned that the link to other social services, e.g. housing, is missing.

Belgium

The demand to reduce expenses is the central goal and so-called activation the central tool. No concrete measures for the creation of quality jobs are mentioned whatsoever, nor anti-discrimination (which is a real problem in Belgium), the only answer proposed is: more activation of discriminated groups. Concrete measures to tackle youth unemployment are described, but it is doubtful whether they will be successful. Social protection systems are being undermined and undermined (stronger degressivity of unemployment benefits, pension systems weakened...), the rights of (low earning) working people are under threat, pressure on wages rises.

Bulgaria

The employment policies are in the same direction as previous years, while unemployment keeps rising.

Cyprus

There have been efforts to combat unemployment through announced schemes, mainly funded through Structural Funds and other EU funding, but they are just now commencing and we do not know their impact or efficiency.

Czech Republic

General investment in employment policies is planned mainly from the ESF budget.

Denmark

In general, the NRP leads to growing inequality, and poorer and more socially excluded people.

Germany

In the NRP 2013, the German government depicts that the number of long-term unemployed has reduced since 2007. In contrast, there is a high amount of long-term unemployed persons that are far away from the labour market who did not profit from the positive economic situation. The number has even increased in recent years. These persons would need specific assistance measures for a step by step social and labour market integration in the sense of an active inclusion approach. However the German government reduced the relevant budget due to its consolidation policies.

Italy

Under the guise of labour market reforms, protection has been reduced for workers; in particular, an article that protected workers against discriminatory dismissal by the employer has been deleted.

Luxembourg

There are a number of measures in the NRP, there are also the right ones, but they are simply not enough!

Netherlands

The Government reached a social pact with the social partners. They agreed not to change unemployment benefits this year. They started a kind of task force on youth unemployment, which is visiting job agencies, asking them to do some extra work on this issue. They hope to find the employers to create some jobs for youngsters to learn in. They are focusing on bringing down the number of existing sheltered jobs for the disabled and chronically ill.

Portugal

Although employment is one of the central issues in the Portuguese Progress Report, the structural adjustment agenda in place has significant negative effects. Youth unemployment, older workers and long-term unemployed are highlighted and measures have been put in place to promote employment among these groups (Impulso Jovem, Estímulo 2013). But most of these measures are translated in direct and indirect financial benefits for employers

(subsidizing wages or traineeship allowances, reducing social security contributions, etc), which means they are « classical » incentives to foster hiring. There is no reference to integrated pathways for employment or real active inclusion policies (activation is predominant), and the dimension of quality employment and jobs is totally absent.

Poland

A major reform of the labour market policy is planned. Secondly, there are anti-crisis measures.

Spain

The NRP states that the only way to gain competitiveness is by going through an even deeper internal devaluation. As an “accomplishment”, a reduction of 3.4% of labour costs unit is mentioned on page 5. From the social perspective, we would like to stress that this reduction is related to an extreme pressure on the working population. It is causing a high in-work poverty rate (12.3% of the working population in 2012) and is fuelling a steep increase in the inequality rates (in 2011, in Spain, the inequality indicator S80/S20 is 6.8, compared to 5.3 in the EU27). While downsizing wages, the occupation level keeps falling.

Sweden

The Swedish Government has decided upon several reinforcements in labour policy such as more places for vocational training, practical work experiences and labour market training. All the same the unemployment rate is expected to peak at 8.5% in early 2014. The government does still base its decisions upon the idea that people must be encouraged to seek jobs but does not focus upon the fact that there does not seem to be enough jobs to apply for.

Positive and negative measures in the Employment Policies of the NRP, from an anti-poverty perspective

Austria emphasizes the Youth Guarantee as a positive example, and the fact that young unemployed people who won't be trained in enterprises will have the possibility to acquire occupational skills in “supra-company apprenticeships”. There are no clear negative measures, but there is a failure with regards to tackling unemployment of those most excluded from the labour market, e.g. people with mental health problems, the long-term unemployed etc. Real innovation in the field of employment policies is not to be found in the NRP.

As positive, **Belgium** sees small measures, like implementing the trajectories/itineraries for people experiencing poverty in Flanders (but without the necessary job creation & offers). As negative, they refer to the enhanced degressivity of unemployment benefits.

Bulgaria mentions the active labour market policies as positive, and criticizes the focus only on employment, and “nothing about salaries and the working poor”.

For the **Czech** network, the positive factors are the revised methodology of active employment policies; the changes to make public employment services more effective; and the use of ESF funds to increase capacities of the workers, by the so-called “transmissive job placement”. They criticize the low cooperation of the Employment services with NGOS, and the focus on productivity, rather than on quality jobs.

Denmark does not find positive measures in this field. On the negative side, they point out the huge reductions in benefits for young people and families below 30 years of age, and lower flexicurity for all.

Measures targeting unemployed single parents are pointed out as positive by the **German** network (no reference to the negative implications).

The **Italian** network considers that some forms of protection and facilitation in the recruitment of workers with disabilities, as well as the reform of apprenticeships are good aspects of the NRP. On the negative impact, they refer to the increasing flexibility of employment contracts.

In **Luxembourg**, one positive measure is highlighted: the activation of minimum income recipients through the provision of child care facilities. And on the negative side there, are no measures for the long-term unemployed!

For the **Netherlands**, there are no positive measures worth mentioning. On the negative side, the most salient is that the number of sheltered jobs will be reduced. Otherwise, it is difficult to say what is negative, if nothing occurs.

In **Portugal**, the extension of the unemployment benefit to self-employed, economically dependent on a single contracting entity and the 10% increase of the unemployment benefit for couples (both unemployed and with dependent children) and for single parents are mentioned as being positive. Also, the contributory period for eligibility to receive unemployment benefits was reduced from 15 to 12 months. On the negative side, the labour market reforms have prioritised the reduction of employment security and the reduction of the Unit Labour Costs – reduced income due to increased taxation on employment, more flexible work time organization, reduced overtime and severance pay and increased reasons for the dismissal of workers –that will most probably contribute to the increase of poverty and social exclusion (including in-work poverty) in Portugal. Insecurity has also increased among the unemployed – the maximum value and the duration of unemployment benefit has decreased, and a reduction of 10% of the amount, after 180 days of benefit, was introduced. The implemented ALMP (Estímulo 2013, Programa Impulso Jovem) have so far produced scarce results in tackling the rising unemployment.

For **Poland**, the positive element to remark on in their NRP is the integrated approach in helping people furthest from the labour market. On the negative side, there are the sanctions for unemployed people if they reject activation offers.

The **Spanish** network considers that there are some contents of the Policy Plan for Employment (2012) which can be positive, although it is more a coordination of the various existing public employment services, than an actual new Plan. It has 6 goals: 1. To reduce the rate of youth unemployment; 2. To improve the employability of the other groups affected by unemployment; 3. To support entrepreneurs; 4. To reinforce public-private collaboration to strengthen job search by the unemployed; 5. To develop measures to promote employment for specific groups, with special attention to the disabled; 6. To fight fraud. The negative side is that these 6 points are not endowed with resources and most of them are "work in progress". Regional inequalities are not addressed, despite the fact they are striking.

For the **Swedish network**, there are positive aspects, such as the different measures aiming at making people "more attractive in the labour market", through different kinds of education

programmes. Their concerns are related to the high level of acceptance of in-work poverty, as the NRP talks about increased wage flexibility. Another area of concern is the health reform, as the Government has also implemented extensive reforms in health insurance, intended to strengthen the capacity for work, but the negative result of this have turned out to be that people with illnesses have lost their insurances.

In the **United Kingdom**, the commitment to improve youth employment and vocational training opportunities are signalled as positive, though scale and quality are both considered. In England, too much is linked to the punitive Work Programme regime.

3.2 Key concerns

In the sections below, we explore the main dimensions of employment policy, as expressed in the National Reform Programmes of 2013, based on the feed-back received from our members in the workshop on May 10th 2013, as well as through the NRP Questionnaires sent in June 2013. Most EAPN networks feel that the emphasis is on getting as many people as possible into employment, without consideration of the fact that the jobs are not there, or that they are precarious and low paid, or that there are both personal and structural barriers that hinder the access to employment of a number of key groups. Sanctions and other punitive measures seem to be the choice method of this “stick without carrot” approach, where benefits, services and support are being reduced all together, and drastically cut or interrupted in case of non-acceptance of low-quality jobs. In our members’ view, when Governments are seen to take actions to reduce the increasing segmentation of the labour market, they do so by reducing the protection of those who have it, thus effectively increasing flexibility and the proliferation of unsustainable, short-term, part-time or atypical contracts. Discrimination is a significant issue identified by a number of countries, and not adequately addressed by the NRPs. The measures are not only deemed inefficient for meaningfully reaching the employment target of Europe 2020, but they also undermine the poverty-reduction target of the Strategy, as they only increase hardship and exclusion.

In countries which have accepted external assistance from the IMF and the European Commission (and the European Central Bank in case of Eurozone countries, making up the so-called Troika), the Memorandums of Understanding (MoUs) signed on this occasion have imposed important reductions in both quality of work and employment, as well as social spending on much needed services, benefits, and programmes. But the situation is not necessarily better in other Member States, who have also opted for harsh austerity measures to rebalance national budgets. This is an aspect recognised by this year’s Employment Report: “In most Member States, the protracted economic and labour market crisis combined with the need to pursue fiscal consolidation (involving cuts in benefits and increases in taxes) weakened the protective effect of national automatic stabilizers over time as beneficiaries reached the end of benefit entitlement or faced declines in benefit levels.[...] Fiscal consolidation measures implemented since 2010 seem to have contributed to reduce significantly household disposable incomes” (page 7).

EAPN networks feel that what is needed are comprehensive, integrated support approaches, combining the Active Inclusion strands (access to quality work for those who can work, quality social services, and adequate minimum income). What is needed is to tackle the structural causes of unemployment, poverty and inequality, rather than just pushing people into non-

existing jobs, and investment in quality job creation and positive support towards jobs that ensure dignified lives. The *Employment Report* supports this approach: “Major challenges remain in the full implementation of active inclusion strategies, focusing concomitantly on adequate income support, inclusive labour markets, and access to quality services. [...] Ensuring adequate income support is an effective tool for smoothing the transition into work, promoting social inclusion and spurring aggregate demand.” The Social Investment Package, through the Staff Working Document on Active Inclusion, makes a strong plea that these integrated strategies are mainstreamed and monitored through the Europe 2020 and European Semester processes.

What’s happening with the employment target?

Most EAPN members feel that the 2013 NRPs continue to treat the employment target as a numerical exercise, with little concern for the justice of the activation process, the existence of jobs, or their quality and sustainability. 58% of Questionnaire respondents (BE, BG, ES, IT, SE, UK) indicated that the measures described in the NRP could contribute to achieving the employment target as mentioned in Europe 2020, while the question that continues to remain valid is how this target is measured and quantified, and what does it really mean¹¹. A number of countries (BG, ES, LU, PT, SE) state that unemployment keeps rising, and the employment target is far from being achieved (ES). Rising levels of unemployment are also to be noted in Ireland, where the national employment target is set at 71%, and current employment levels are around 64%. In Malta, the national employment target is only 62.9, which is considered very unambitious by our national network. The UK has still not set an employment target.

The absence of a Progress Report in Europe 2020 in this year’s Annual Growth Survey package is very worrying, as it undermines clear monitoring of progress towards the target, and of the correct implementation of the Employment Guidelines. However, the Annual Growth Survey puts it in unequivocal terms: “Over the last twelve months, the number of unemployed people has increased by 2 million, to reach more than 25 million. The unemployment rate is up to 10.6% in the EU and 11.6% in the euro area. Long-term unemployment is increasing and nearly one in two unemployed people have been without a job for more than a year.” The *Employment Report* finds the same: “Unemployment is rising again and has reached unprecedented levels in the euro area, with long-term unemployment reaching alarming highs, especially in Member States under strong fiscal consolidation.” This is clear recognition that the direction in which employment policies are currently going is not the right one.

This is also mirrored in our members’ assessment. For instance, in Denmark, it is felt that the proposed measures to achieve the employment target will only increase inequality. Just as highlighted in our assessment report of the 2012 NRPs, these developments on the ground contradict both the spirit and the letter of Guidelines 7 and 8, or of the Employment Package, which both make the case for promoting job quality through quality and sustainability of

¹¹ For Eurostat data collecting purposes, “Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent” - according to Eurostat definitions (10.07.2013) - <http://epp.eurostat.ec.europa.eu/tgm/web/table/description.jsp>

employment, tackling aspects such as low wages and precarious jobs. In Belgium and Denmark, our members note reduced funding for some employment policies, whereas in Spain the budget for insertion income and activation policies has been halved compared to 2008. Cyprus reports that schemes are just commencing and it is too early to estimate their impact. In Ireland, increasing employment is a priority, and there is an Action Plan about it, but it is not producing results. According to our Belgian members, employment just means plain activation, getting people into any jobs at any cost, and forcing people to work also for their benefits, a tendency also noted in the Netherlands. Our members describe this as “forced volunteering”. Tackling discrimination, as well as ensuring a proper work-life balance, are absent dimensions from the NRP. EAPN Malta reports that it is just a numbers’ game, which allows authorities to take people out of unemployment statistics, but without supporting them towards quality, sustainable employment.

Negative activation and sanctions on the rise

Looking at the results of EAPN’s NRP Questionnaire, no less than 75% of the respondents (BG, BE, DK, ES, PL, PT, SE, UK) felt that their Governments were pursuing negative activation, through tightened eligibility, conditionality and the imposing of sanctions (BE, BG, DK, ES, PL, PT, SE, UK), and that these measures will not improve access to employment (BE, BG, DE, DK, ES, IT, PT, SE, UK). A number of countries (AT, BE, IE, NL, PT, SE) say that activation at any price has become the mantra, without any regard to the fact that the jobs are simply not there. In Austria, the Government is proud of having the lowest unemployment rate in the EU (3.4%), but the NRP does not mention that people are being pushed into jobs that they cannot live off. Unfortunately, this mirrors the findings from previous years in EAPN’s assessment of the NRPs.

In the Netherlands, our members point out that work is seen as the only solution to poverty, which is at odds with the fact that many jobs do not actually provide enough to take people out of hardship. In Ireland, although conditionality and sanctions are reported as still being a reality on the ground, the NRP does not mention these, or the difficulties faced by vulnerable groups. Also in Ireland, the social welfare and training agencies have been brought together in one-stop shops, which in theory is not a bad thing, but in practice, these are under-resourced and cannot fulfill their obligations properly, and only people who have newly signed-up are being dealt with.

Quality decreases, in-work poverty increases

No less than 67% of EAPN Questionnaire respondents (BE, BG, DK, ES, PL, PT, SE, UK,) agree that wages are being pushed down in their countries, and 75% (BG, DK, ES, IT, PT, PL, SE, UK) think employment rights are being reduced, while working conditions are worsening. In Spain, the Government also decided to stop indexation of wages and pensions on the inflation rate. The purchasing power of pensions will decrease and the wages will be frozen. The Government is also undertaking an internal devaluation leading to reducing labour costs, and to boosting world-wide competitiveness. Some countries (CZ, IE, PT) specifically flag up that the entire dimension of quality jobs is missing from the NRPs, while lower quality work is on the rise (IE). In Italy, an ongoing reform of the labour market introduces more flexibility in favour of enterprises. In Malta, the 6.5% unemployment rate is misleading, as it does not reflect the lack of job quality and stability for those in employment, while job security and quality are being driven down. These measures contradict the findings of the Employment Report, which says

that “Between 2007 and 2011 the share of employees working in involuntary fixed-term or part-time jobs increased in 21 out of 27 Member States.[...] In 2011, 60.4 % in the 15-64 year-olds working on temporary contracts did so involuntarily (page 11)”.

Subsequently, in-work poverty is on the rise in a number of countries (AT, EE, ES, MT, NL). In Austria, it is estimated that there are 500.000 people who cannot live off their wages and added benefits. In the Netherlands, one is still poor if working for the minimum wage, and housing costs especially are very high. The same is reported from Malta, where the minimum wage is not enough to live on, as it is not a true living wage, and 17% of families are under the poverty line. In-work poverty affects women the most in countries such as Austria (where women earn 20-25% less for the same job) and Estonia (which has the highest gender pay gap in the European Union). The same Employment Report agrees: “In-work poverty and social polarisation is on the rise in many Member States. **Working poor represented one third of the working age adults at risk of poverty in 2011.** [...] In-work poverty significantly increased in one out of three Member States between 2006 and 2010, including some of the wealthiest Member States with more resilient economies and labour markets. Factors such as wage adjustments, reduction of working hours, short-time working arrangements and increased part-time and temporary contracts may have contributed to this.” (page 8). In-work poverty is also highlighted as a key challenge requiring urgent attention by the Staff Working Document on Active Inclusion, part of the Social Investment Package.

The jobs are not out there

Similar to previous years, a staggering 92% of respondents (BE, BG, CZ, DE, DK, ES, ES, IT, PL, PT, UK) indicate that job creation is a missing dimension from their countries’ National Reform Programmes. Belgium, Czech Republic, the Netherlands, Portugal and Sweden particularly highlight this element. In Luxembourg, although 10 000 jobs are created on a yearly basis, the unemployment rate has been rising for vulnerable groups, as most of the job creation benefits highly qualified people, and new jobs are being taken by cross-border workers (43% of jobs). Denmark is lamenting the fact that previous investment in job creation has been replaced by incentives focused on the supply side alone, while hoping that the market will automatically create jobs. In Ireland, the only new jobs being created are part-time.

There is hope for youth...

On a more positive note, 75% of questionnaire respondents (BE, BG, DE, ES, LU, SE, PT, PL, UK) agree that youth unemployment is prioritised by their Governments. Some networks (BE, PT) feel that the measures are there, but they are not working very well in practice. Spain mentions as a positive aspect that youth policy is coordinated with the regions and supported by EU funds, but that it remains theoretical so far. The Netherlands mentions public investment in tackling youth unemployment. France mentions two positive initiatives in this respect: the contracts for the future (which target non-qualified youth, 150 000 expected this year, for a three-year duration), and the intergenerational contracts (which allow senior workers to be maintained in their work while recruiting a young worker, with public financial incentives). However, worries are being expressed about the training and follow-up of young people who take up contracts for the future, as the funding is not clearly identified. In Malta, our members estimate that about 30-35% of young people are not properly equipped for the

labour market, and need support on a wide range of topics, from reading skills, languages, IT, but also empowerment, reasoning abilities etc.

Austria, Estonia, Finland and Ireland specifically mention the **Youth Guarantee**, but not without reservations. The Youth Guarantee, a concept proposed by the Youth Opportunities Initiative of the European Commission, calls on Member States to ensure that young people are provided with a good quality offer of either a job, education or (re-)training within four months of leaving school or becoming unemployed. However, In Austria, education is guaranteed for the young unemployed, but the education takes place in schools or centres, not in the industry (companies or plants), and there are no apprenticeships, so the concrete link to the labour market seems to be missing. In Ireland, there are serious doubts about the ability to resource these initiatives. In Estonia, the NEETS (young people not in employment, education or training) is at a worryingly high 40.000. The positive aspect is that Norwegian funds will be reaching Estonia until 2020, and the Youth Guarantee will be financed from that. For the time being, the funds are blocked while the different Ministries (Education, Justice, Social Affairs) decide how to split it.

But not for other key groups, including the long-term unemployed

Conversely to the attention paid to youth unemployment, 75% of Questionnaire respondents (BG, CZ, DE, IT, PL, PT, UK) feel that anti-discrimination is not mainstreamed in the NRPs, while 58% (BE, CZ, DK, ES, IT, PL, UK) say vulnerable groups are not a priority. In Belgium, non-EU migrants are reported to be in a significantly worse-off position on the labour market compared to the rest of the population, but the measures to tackle this are missing. In Italy, people with disabilities are not protected. In Malta, migration not even mentioned in the NRP, while it is a serious problem, as these people experience poverty, they are discriminated against, they make less money than the already insufficient minimum wage, and in addition they can be kept in detention centres for as long as 18 months. More positively, the Czech NRP is reported to contain measures aimed at increasing employment of different groups, including youth (by one third), older people, women, as well as the low-skilled (by one fourth) etc.

67% of the respondents (BG, DE, PT, PL, SE, UK) seem to believe that their Government does place an emphasis on the situation of the long-term unemployed, ie, people who have been unemployed for longer than 12 months. Some countries (AT, DE, IE, PT) mention that the number of long-term unemployed is on the rise and constitutes a real problem. In Portugal, while measures are reported, they are considered inadequate, as they are limited to subsidies to employers. In Austria, long-term unemployment is a big problem, and a multidimensional one, as it often involves mental and/or physical health issues, family problems, drugs or alcohol consumption, housing issues etc, and the projects are deemed insufficient to reach these people. In Ireland, the lack of resources hinders measures to tackle this problem.

Social economy is still a missed opportunity

Similar to previous EAPN assessments of the National Reform Programmes in 2011 and 2012, most respondents (67% - BE, BG, DK, ES, IT, PL, PT, SE) think that social economy is not promoted enough in their country's NRP. In Spain, the Government recently passed a law supporting entrepreneurs, and EAPN Spain specifically asked for social economy enterprises to be included in the scope of the law, but unsuccessfully. This means several million euros which these enterprises will not be able to access. In the Czech Republic, while social economy and

its role are mentioned in the NRP, and there are ESF resources earmarked for it, it sounds like it was put there cosmetically, so that it is mentioned in the NRP, as in reality there does not seem to be much support or promotion for it. A worrying trend was signalled by some countries such as Belgium and the Netherlands, where social economy is given a new role and is being abused. In the framework of the “forced volunteering for benefits” mentioned above, unemployment benefit recipients are placed in social enterprises and obliged (coerced) to contribute work there in exchange for welfare, or receiving a pitiful compensation, such as 1 Euro an hour on top of the benefits. This has contributed to a bad reputation of social economy, to which many people now have a negative emotional reaction. EAPN members have strongly voiced their concern and disapproval of this misuse of the social economy and social enterprises.

Comprehensive, integrated Active Inclusion approaches are still missing

In conclusion, EAPN members feel that real, comprehensive and integrated support are largely missing, and punitive measures aimed at activation for the sake of numbers are usually being prioritised. The Annual Growth Survey explicitly says: “Active Inclusion strategies should be developed, encompassing efficient and adequate income support, measures to tackle poverty, including child poverty, as well as broad access to affordable and high-quality services, such as social and health services, childcare, housing and energy supply” (page 12). And yet, a very worrying 92% of respondents (BE, BG, CZ, DE, DK, ES, LU, IT, PT, SE, UK) say that Inclusive Labour Markets and integrated Active Inclusion approaches are missing from the NRP. Luxemburg reports that, while a number of measures are described, several things are still missing, like personalized pathways to employment and social participation, the deepening of the reform of the Public Employment Service, skills assessments, creation of low-qualified jobs (which disappeared). Belgium reports that there are some good projects on positive activation through inclusive approaches, but they are symbolic and a drop of water in a bucket, compared to the real needs on the ground. Piecemeal positive measures are, thus, undermined by the lack of existence of or coherence with other measures, or of adequate funding and political commitment.

Some positive developments

In **Belgium**, EAPN highlights that Active Inclusion is a key focus, and there are some good examples of integrated measures, but they are tiny projects, and activation is still the prominent strand.

FEANTSA, the European Federation of Organisations working with the Homeless, member of EAPN, has provided a thematic insight to the analysis, regarding the plight of homeless people, drawing on the analysis of their own national membership in a number of countries. In their assessment, few NRPs refer to the employability of very vulnerable groups. But they highlight some NRPs refer to active inclusion strategies for people on social assistance benefits (Greece, Ireland, Slovenia, Spain, Sweden), which includes homeless people.

A number of good initiatives have been cited in some selected countries by FEANTSA members. In **Spain**, a number of Autonomous Regions have promoted measures that, together with those implemented by the central government, try to improve the employability of vulnerable groups as well as offering effective child and family support services, in order to improve the situation of people at risk of poverty and/or social exclusion. In **Ireland**, an Active

Inclusion strategy is in place in order to contribute to meeting the poverty reduction targets, with clear actions in relation to the service pillar. Community-based initiatives are considered to have a vital role to play in supporting social participation and enabling access to services, in particular the local and community development programme and the family resource centres programme. Housing and health services are also considered important in the fight against poverty, especially for marginalised groups, and this is detailed in the Irish National Action Plan for Social Inclusion. **In Slovenia**, actions for “social activation” will be pursued for individuals from vulnerable groups who have particular difficulty finding employment and/or are far removed from the labour market. This is in line with the active inclusion measures proposed in the 2012 NRP which also targeted homeless people, so it can be assumed that these social activation programmes will also be aimed at supporting homeless people.

However, it is hard to ascertain to what extent the measures above translate into activation in reality. According to the descriptions of some of the measures (namely Greece, Ireland, Sweden), the three-pillar approach seems to be applied.

Benchmarking with Candidate Countries

As EAPN’s membership extends beyond the borders of the European Union and includes candidate countries, we take this opportunity to briefly present the situation in Serbia and Iceland, which does not seem to be very different from what is currently happening in Member States.

In Serbia, employment measures are reported by our members to seem to be out of date. There is a much talk about social entrepreneurship, but the concepts present in the legislative proposal do not seem appropriate, and the initiative is just a part of the general political discourse about social justice and responsibility, without practical consequences. EAPN members feel that employment measures could have only short-term effects, for the most of it.

In Iceland, the duration of unemployment benefits was shortened from 4 to 3 years. Those who lost their unemployment benefits were offered work through a special collaboration project between the Directorate of Labour, the local communities and the labour market. As this is a recent project, it is too early to assess impact. Another special project concerns young people who are unemployed, have dropped out of school, or have mental problems. The project offers work projects in their local communities. However, overall, our members feel that, although the Government has stated that it will be a priority to repeal reduction in benefits for the elderly and people with disabilities, people are generally rather sceptical.

3.3 Key messages

1. **Proposed policies will not achieve the employment target!** The policy measures currently proposed in the NRPs will not succeed in getting more people into employment, or if they do, it will be a false success, a game of clever statistics based on an inadequate indicator, while people on the ground are stuck in a perpetual poverty trap and revolving door of unemployment and hardship.
2. **Quality of work and employment is deteriorating and remains unaddressed!** There is no investment in quality job creation, and many existing jobs are precarious and low paid,

while the unemployed, especially those in vulnerable situations, are being penalised through negative activation policies and practices.

3. **The way forward is through comprehensive support and integrated approaches!** Governments need to start betting on Active Inclusion, combining adequate income with access to quality services and personalised pathways towards sustainable and quality employment and social inclusion.

4. Education and Training

4.1. Findings from the questionnaire

There are some divided views on the Europe 2020 target, which stipulates the reduction of early school leaving to a maximum of 10%, as well as improving the educational attainment in tertiary education.

50% of respondents (BE, BG, ES, IT, LU, PT, UK) reject that the education and training measures are the right ones in order to achieve the education targets as described above. Another 25% confirm they are the correct ones (DK, SE, PL). The final 25% (CY, CZ, DE) does not know.

Again 50% of respondents (CZ, DE, IT, LU, PL, PT, UK) reject that the NRP includes measures towards better school attainment and/or prevention or early school drop-out, while another 42% (BE, BG, DK, ES, SE) agree.

50% agree (BE, BG, DE, ES, LU, SE, UK) that the NRP includes measures to fight early education abandonment (ages 18-24, post compulsory education). A 25% (CZ, IT, PL) disagree.

The shared views regarding these subjects are the following (Graph 4. offers more detailed data):

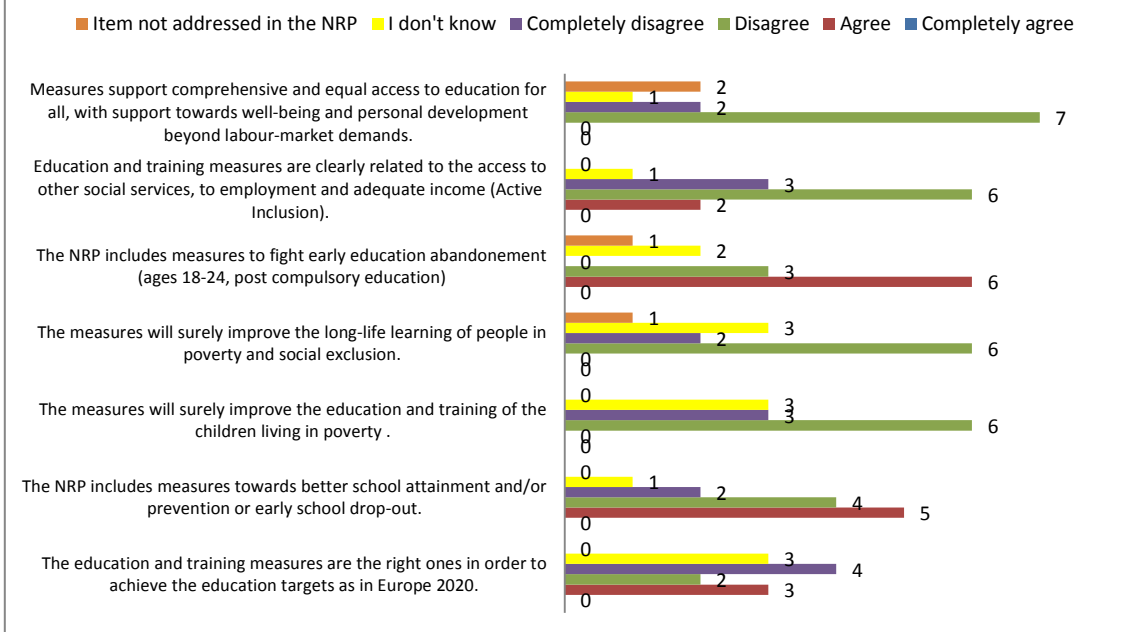
75% rejects that these measures will surely improve the education and training of the children living in poverty .

75% rejects that education and training measures are clearly related to the access to other social services, to employment and adequate income (Active Inclusion).

75% rejects that measures support comprehensive and equal access to education for all, with support towards well-being and personal development beyond labor-market demands.

67% rejects that the measures will surely improve the long-life learning of people in poverty and social exclusion.

**Graph. 4. Regarding the EDUCATION AND TRAINING POLICIES of your country's NRP, do you agree with the following statements?
Distribution of responses**



Explanations and Testimonies from the Networks on the Education and Training Policies of the NRPs

Austria

A real educational/school reform is missing. The Austrian education system is highly segregating. A new secondary-school approach is not fully implemented. Structural reasons for segregation are not taken into account enough. All-day school is meant to be introduced step by step, but progress goes very slowly. Integrated approaches are solely to be found in specific programmes for minimum income receivers and the unemployed youth. The NRP refers to an Austrian Strategy on Life Long Learning, which is full of positive vision and measures to be set, however the implementation of most of these measures has not happened yet.

Belgium

The measures are described in the framework of Active Inclusion, but not from a holistic inclusive approach.

Bulgaria

The basic aim is to decrease the rate of drop-outs to 11% in 2020. The educational system in Bulgaria is in deep crisis. The measures are fragmented, not strategic ones.

Cyprus

Re-training for entering into the labour force is a priority. The matter of early school leavers is an issue, but we do not think it is properly addressed by the Ministry of Education. Some announced measures hinder, rather than facilitate, the education of children living in poverty, especially migrant children.

Czech Republic

The approach is rather general, on very general educational reform and private sector involvement.

Denmark

The measures are impressive, yet there are no improvements or considerations for those who need help in being educated. Some resources for special help are reduced.

Germany

The legal claim for a place in a crèche for all children aged from one to three years will be applied in Germany on August 1, 2013. The NRP 2013 does not mention the new child care subsidy that will be implemented in parallel to the legal claim for a place in a crèche. The child care subsidy will be paid to parents who take care of their children at home. The opposition parties and social NGOs criticize this benefit, mostly because of its assumed negative effects on the labour market integration of women and the exclusion from crèches of children who might need them the most.

Italy

The Italian system of university education has structural problems which lead to a low level of graduates and a lack of contact with the labour market; the only concrete planning was the Cohesion plan for the South of Italy that has contributed, in part, to reduce early school leaving.

Luxembourg

The educational system needs a deep reform. It is an unflexible and very expensive system with weak results, very dependant on the teachers.

Netherlands

There is a clear policy about early school leavers and abandonment, but overall there is no real change.

Portugal

The budget consolidation measures have affected severely the Tertiary Education organisations and their daily operation, including limiting effects on research activities and social support for students (the Conseil Portuguese Universities Deans – CRUP – admitted in March 2013 that students are abandoning school due to financial difficulties but no quantification is available). There is an express decrease of investment in education - between 2011 and 2012, the budget of the Ministry of Education decreased 16 pp and teachers decreased by 11.065 in 2012. Despite the relation between low education and child poverty, the effects of the adopted measures on poverty are not discussed, which is a worrying fact, as the percentage of children at risk of poverty living in households where parents have an education level below Secondary (31,1% in 2011) has increased 5,4% since 2006 (25,7%). Despite the record level of youth unemployment (almost reaching a 40% rate), there is no reference to specific policies for the inclusion of NEETs (apart from the general policies to fight youth unemployment, of which *Impulso Jóvem* is the visible one). The education chapter of the progress report focus entirely on the priorities defined by the Ministry, towards efficiency,

reorganization and rationalization of resources and the promotion of quality. There is no reference to the budget cuts and the negative reorganization process effects, which is currently tearing apart the educational system and the link between measures implemented on education/training and poverty is not referred to.

Poland

The education part of the NRP focuses mainly on the tertiary level of education. The Europe 2020 education goals are insufficient for Poland. The Government decided to make them more ambitious.

Spain

The Education Reform Law will be implemented in 2014-2015. All the debates are based on the proposal, which is very criticized by stakeholders.

Sweden

The area of education is perhaps the most concrete part of the NRP. Many of the measures within this field are positive.

United Kingdom

The UK NRP focuses on youth employability post compulsory education. Vocational Education is being reformed and there is more emphasis on apprenticeships. Radical changes to the compulsory school system including removing schools from local authority control, changing school leaving age, changing curricula and qualifications are not discussed, nor the end of the school building programme, Building Schools for the Future. Most of the changes will have a negative impact on opportunities for poorer children and those from poorer areas.

Positive and negative measures in the Education and Training Policies of the NRP, from an anti-poverty perspective

Austria emphasizes as a positive practice the inclusive measures that have been introduced to integrate young people and people who receive minimum income.

As positive measures, **Belgium** points out some plans with preventive measures (Flemish action plan for early school leavers, several measures from the Brussels-Walloon Federation), but the impact is not clear. It is difficult to assess whether measures are positive or not, as they are formulated in very general terms.

The **Bulgarian** network remarks that providing free textbooks, and additional training for pupils who need it are good measures. But overall, there is no link to well-being.

For the **Czech** network, a positive impact is expected from the plan of educational reform, monitoring of educational effectiveness of primary schools (although the praxis is unclear, it could show problems in some schools with children in need, and there is no information on specific support for underachieving schools), the increase of financial literacy, foreign languages, mathematics, anti-corruption--- In general, higher control of quality education in life-long learning programmes. On the negative side, there is a missing focus on highly skilled foreigners, as well as on the educational underachievement of the Roma. The NRP is not specific enough about higher investments in the public educational system, and there is no

legislative support for inclusive education of all children, especially children in poverty and need. This is not specifically mentioned, although it is necessary for a long time.

Italy mentions, as positive development, that the Cohesion Plan for the South of Italy has contributed, in part, to reduce early school leaving. As a negative impact, they point out the lack of attention to a serious reform of the university system, as well as the lack of support to young graduates to enter the labour market.

In **Luxembourg**, there are some positive measures addressing early school leavers, but, in general, the big failures of the educational system are not addressed.

The **Netherlands** appreciates that the Government finds it unacceptable that young people abandon schooling, but also points out that there are no clear policies to accompany this commitment.

The **Portuguese network** only identifies one positive measure in the progress report, related to the restructured CNOs network¹², which will be engaged in working with young people (guidance, counselling, training) and probably also with adults (as before). But there is not enough concrete information so far. Also, Portugal has reached the Barcelona childcare targets for the first age group (33% of children from 0-3 years in kindergarten), according to a recent study from the European Commission (EC, MEMO/13/490, 2013/06/03).

The measures in the education chapter are not explicitly negative in an anti-poverty perspective, as they are focused in efficiency, quality, reorganisation and the “promotion of quality”. But the fact that no explicit relation is made between these measures and poverty reduction is a negative issue. In Portugal “there are very significant parts of the society with low levels of education”¹³ and tertiary education attainment (27,2% in 2012) is not only significantly below the EU average¹⁴ but also possibly endangered by the decrease of enrolment rates registered in 2011¹⁵. Portugal registered the biggest reduction on early school leaving¹⁶ but the target (10%) remains very demanding, as Portugal still has the third highest number of schools leavers without secondary education (20,8% in 2012).

The budget cuts have enforced a negative dynamic on the education system, with increased number of students per class, reduction of learning support and extracurricular activities, increased travel distances to attend school and the negative economic context affecting families and children (e.g. increasing number of children going to school without eating). All of these measures will probably have a negative impact on poverty and social exclusion.

In **Poland**, respondents highlighted that education is not seen as an anti-poverty measure in their country’s NRP.

¹² Now called CQEP – Centers for Qualification and Professional Training.

¹³ “More than 7 out of 10 Portuguese citizens have a low level of education attainment which is almost triple the EU average (28.1 %)”, in Commission Staff Working Document for Portugal, p-16-17, available at http://ec.europa.eu/europe2020/pdf/nd/swd2013_portugal_en.pdf.

¹⁴ Ibidem.

¹⁵ Ibid.

¹⁶ According to the Eurostat report of April 2013, Portugal’s rate was reduced from 38,8% in 2005 to 20,8% in 2011.

For **Spain**, the reform's main objective is the reduction of the early school leavers' rate to 15% in 2020. There are two action plans for reducing dropout in 2012: the first is aimed at dropout prevention and promoting the return to education. The second plan is aimed at addressing the socio-cultural environment in dropout cases. The negative side is that all of this is work in progress. Meanwhile the figures for NEETS keep rising, because grants and other benefits have been cut, and there are not real reinsertion measures.

Sweden says that the most important and positive measures are those regarding upper secondary dropouts. The education area has been reformed many, many times during the last decade which means that there is no stability in the system.

For the **UK**, the positive aspect is the fact that Scotland has a Youth Guarantee for NEETS. The most negative measures are not covered in the NRP. It should be noted that there are no separate chapters on employment, skills, education or poverty or housing. The structure is not topic related, nor divided into economic and social. All social topics are in chapter 3, which addresses the 2012 CSRs, and therefore fiscal and environmental matters are also dealt with here.

4.2. Key concerns

The achievement of the education targets of Europe 2020 is underpinned by Guideline 9 of the Integrated Guidelines, which explicitly speaks of “improving access to quality education and training for all”, with a focus on **facilitating access to lifelong learning and the prevention of early school leaving**. While the situation in Member States remains very diverse, the measures contained in the 2013 NRPs are, according to our members' analysis, insufficient or incomplete towards reaching these targets. Once again, the absence of a Progress Report on the Europe 2020 targets in this year's Annual Growth Survey package makes it difficult to track overall progress, but the evidence on the ground, collected through detailed workshops and a questionnaire sent to EAPN members, points to a rather grim picture. However, the Employment Report of the Annual Growth Survey points out that “Wide disparities in early school-leaving rates continue to exist between Member States, but those who introduced effective and comprehensive policies to combat early school leaving have also experienced significant improvements. Early school leaving remains more frequent among young people from disadvantaged backgrounds, among migrants and ethnic minorities such as Roma and among boys.” Similarly, the Social Investment Package notes that “There is lack of progress in reducing early school leaving and failure to complete third level education.”(page 6). Results from the OECD Pisa Assessment of students at age 15 show that children who have attended pre-primary education do better. However, there is a large divergence between EU countries in terms of investment and participation. The SIP also highlights that, in 2011, nearly six million young people between 18 and 24 had not finished upper secondary education, and were not in education or training. On average, 54.8% of these early school leavers are unemployed, nearly twice the EU average.¹⁷

The link needs to be made between school drop out and early school education and learning. The Commission Recommendation on Child Poverty underlines the crucial importance of

¹⁷ EC (2013) Social Investment Package – Key Facts and Figures.

investing in early childhood education and care, to tackle child poverty and the transmission of poverty, as well as to promote child well-being, and emphasizes the need to ensure access and affordability, adapted to family needs. This needs to be set within an overall capacity of education systems to ensure equal opportunities for all, and to reduce early leaving through “prevention, intervention and compensation measures”.¹⁸

Wrong policies towards the targets

As pointed out above, opinions regarding reaching the education targets are mixed, but with as much as half of the respondents (BE, BG, ES, IT, LU, PT, UK) stating that the measures in their countries are insufficient and/or the wrong ones. When measures are present, there is skepticism regarding their impact, their funding, or their coherence with other measures, with some members (CY, PT, UK) going as far as opining that the proposed policies will have a counter-effect. Some countries (BE, BG, CZ, DK, IT, LU, SE) point to some positive measures, described above, but also point to the uncertainty of whether these initiatives would reach the most in need (BE, DK), or would lead to more comprehensive approaches centered on well-being (BG), or are missing other key elements (CZ, IT). Our Belgian members point out that some additional measures with negative impact are taken, but not mentioned in the NRP, so the possible positive impact of the measures which are indeed mentioned in the NRP can be undermined by other negative initiatives. Two-thirds of questionnaire respondents feel that the policy measures in their NRPs will not improve access to education for children in poverty, that they are not set within a wrap-around support logic based on integrated Active Inclusion approaches, that they do not target inclusiveness beyond the labour market, and that they do not ensure equal access to education for all groups. And yet, the Social Investment Package puts it in plain terms: “There is broad consensus that early and good quality childhood education and care (ECEC) is an efficient means of preventing early school leaving and improving future academic performance, health, future employment outcomes and social mobility” (page 13).

Narrow approaches won't reach those in need

Additionally, 67% of questionnaire respondents do not feel that measures will improve the lifelong learning of people experiencing poverty and social exclusion. For instance, while our Polish network welcomes the revision of the educational targets, as the previous ones were deemed insufficient for Poland, they also highlight the lack of linkages with anti-poverty policies and broader inclusion approaches. Several EAPN networks (BG, CZ, ES, IT) feel that their countries are facing a very serious educational crisis, while the measures aimed at reforming educational systems are piecemeal, inadequate, incomplete, or too general to assess impact. In some countries (CY, EE, FI) an administrative reform is currently being carried out, which entails a reorganization of the provision of education and training (along with health and other social services), and the impact is still to be seen.

¹⁸ EC (2013) COM: Investing in Children.

No adequate investment in education in training

Members such as Portugal and Cyprus, countries currently under a Troika programme, highlight the negative effect of cuts and austerity on efforts to improve the inclusiveness of education and training policies. EAPN Spain similarly points to the fact that, while the early school leaving rate might be decreasing, the starting point was twice as high as the EU average, and the education budget is being cut. Our French network also notes that funding for education and training is not clearly identified. This contradicts the recommendations of the Annual Growth Survey: “The Commission has recommended being selective where cuts are envisaged so as to preserve future growth potential and essential social safety nets. In particular, the Commission considers that investments in education, research, innovation and energy should be prioritised and strengthened where possible” (p. 5), as well as the Employment Report: “Despite the European Semester's call to prioritise growth-friendly public expenditure, there is evidence that cuts are being made at the detriment of investment in education”(page 19). The Social Investment Package makes the same plea, to “better reflect social investment in the allocation of resources and the general architecture of social policy. This means putting greater focus on policies such as (child) care, education, training“(page 9).

Some positive developments

Eurochild, the European network of organisations and individuals working to improve the quality of life of children and young people, an EAPN member, has highlighted that there are some measures in the NRPs to tackle educational disadvantage. For instance, in Denmark, new rules have been introduced to ensure better inclusion of the pupils in the primary and lower secondary school. The Greek and German NRPs both mention a number of measures to combat educational disadvantage and early school leaving. However, education and child poverty are often not explicitly linked within the NRPs. Eurochild further states that improving the quality of early childhood care and education provision for children, so as to better improve the well-being and learning of young children, is also present in several NRPs. For instance, again in Denmark, the Government has initiated a development programme in the area of day care, where the goal is to strengthen the well-being and learning of all 0-5 year olds. In France, the NRP proposes to promote access to school for children under 3 and access to early childhood care services for poorest families.

4.3 Key messages

1. **The measures proposed in most NRPs are counter-productive for the meaningful achievement of the education targets of Europe 2020!** While positive measures are too general or piecemeal to comprehensively tackle issues on the ground, some measures are even expected to have negative effects and worsen dropout and educational attainment.
2. **Education policy is not set in broader inclusive approaches!** Such an approach would address well-being in a wider sense, and make links to reducing poverty and ensuring social inclusion and equal opportunities, especially for key groups facing difficulties, and for children living in poverty.
3. **Consistent financial backing for educational policies is endangered by austerity and fiscal consolidation!** Education is one of the areas most hit by cuts in social spending, and progress towards the targets and towards more inclusive education can't be made without adequate investment.

5. Poverty

5.1 Findings of the questionnaire

On the topic of poverty, most of the networks are concerned about the lack of progress on the poverty target, the low ambition and lack of transparency of the current national targets, linked to the EU indicators, and the lack of sub-targets for key groups. They see a blatant lack of coherence with macroeconomic policies, with austerity continuing to increase poverty, and a disturbing lack of overarching integrated strategies setting out how the target will be reached, for all groups. The lack of strategies with targeted anti-poverty policies (one-parent families, children living in poverty, homeless people, people with disabilities, chronic diseases and drug-abuses...) is another concern. They also share the view that poverty has not been reduced in their member states, since the last NRP.

100% rejects that policies will effectively tackle homelessness and housing exclusion through housing-led and preventative policies to reduce risk of poverty.

92% rejects that the NRP includes measures to fight in-work poverty.

92% rejects that the NRP proposes an integrated, multidimensional strategy to fight poverty and social exclusion for all groups.

92% rejects that the poverty target is ambitious, comprehensive and the right indicator/s is selected

83% rejects that the anti-poverty measures are the right ones in order to achieve the "poverty reduction target" as established in Europe 2020.

83% rejects that the NRP includes a specific sub-target on child poverty.

83% rejects that the measures will surely improve the situation of the large families (3 or more children).

83% rejects that the measures will surely improve the situation of the children living in poverty.

83% rejects that civil society has been involved in the choice and follow up on the poverty target

83% rejects that poverty has been reduced since the last NRP

75% rejects that the measures will surely improve the situation of the one-parent families.

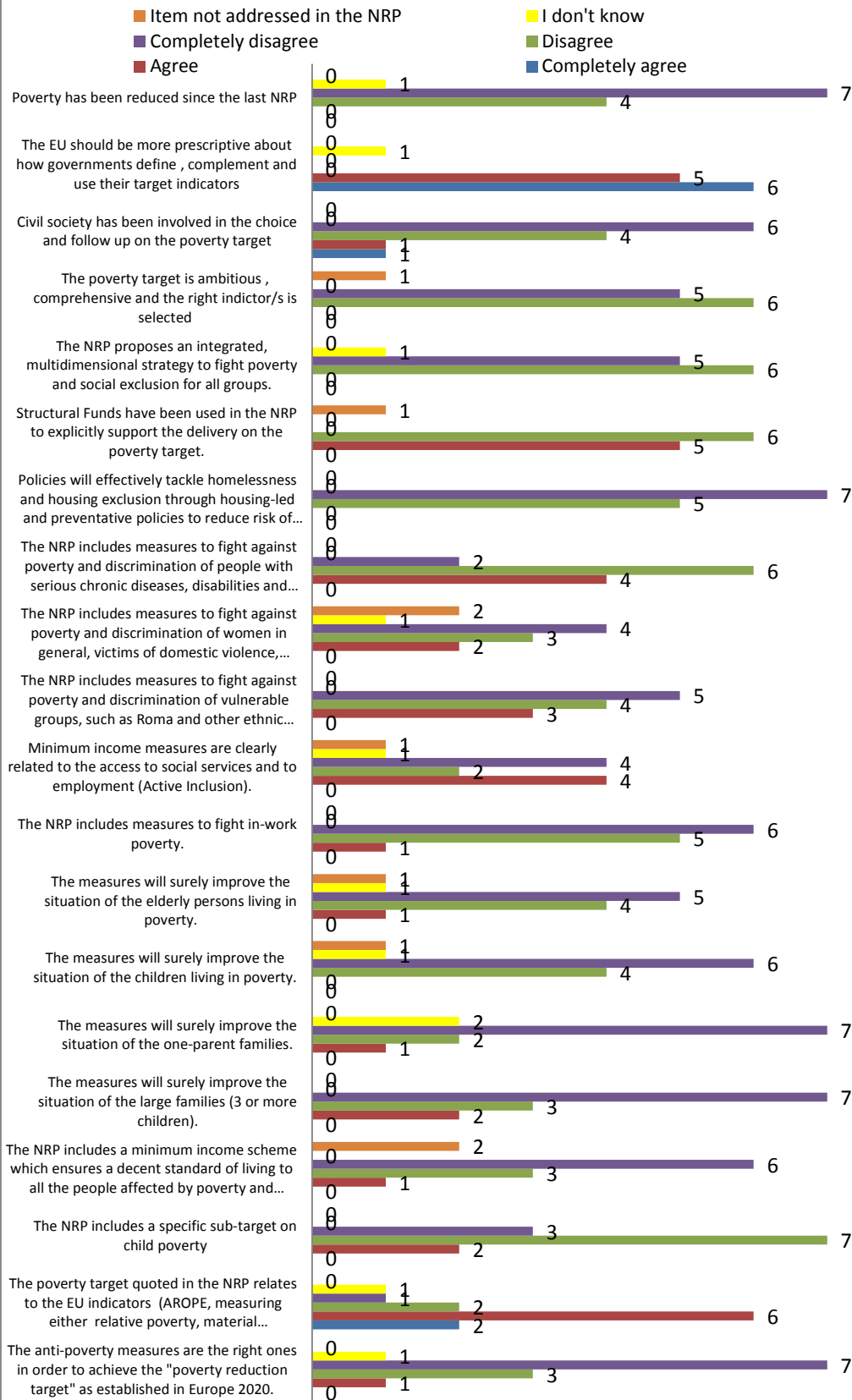
75% rejects that the NRP includes a minimum income scheme which ensures a decent standard of living to all the people affected by poverty and social exclusion.

75% rejects that the measures will surely improve the situation of the elderly persons living in poverty.

75% rejects that the NRP includes measures to fight against poverty and discrimination of vulnerable groups, such as Roma and other ethnic minorities, refugees and migrants.

Graph. 6. Regarding the ANTI-POVERTY POLICIES of your country's NRP, do you agree with the following statements?

Distribution of responses



68% of the networks agree that the poverty target quoted in the NRP relates to the EU indicators (AROPE, measuring either relative poverty, material deprivation, households with low intensity of employment). Although some countries like Spain acknowledge “better” AROPE figures in 2013, in the current economic situation the scale and depth of the likely impact on poverty will be understated by the EU AROPE measure. Especially in the short to medium term, it does not properly capture the rise in absolute poverty, the differing inflation rates faced by poor people and therefore the hit on real income compared to the not-poor, or the cuts to the “social wage” of services in states with shrinking GDP and undergoing neo-liberal austerity programs.

Explanations and Testimonies from the Networks on the Anti-Poverty Policies of the NRPs

Austria

According to the statistics, poverty has decreased and Austria is achieving its targets. However, the assumption that poverty in reality decreases cannot be confirmed by social organisations with regards to their (and their clients) day-to-day experiences. The NRP includes a minimum income scheme however it is not securing a decent standard of living and there are still differences between the 9 federal states. In some, the introduction of minimum income schemes meant a decrease in social security. Poverty reduction measures as mentioned in the NRP are focused only on education and labour markets – other measures are missing!

Belgium

The EU2020 goal is the reduction of 380,000 people experiencing poverty by 2020; since 2008 NRP there has been a rise of +/- 77,000 more people in poverty.

Bulgaria

There is no clear picture of the poverty in the country. The used indicator of the relative poverty line is not relevant for Bulgaria, as the levels of material deprivation are much higher.

Cyprus

One-parent families receive much less than before and there are strong feelings against measures taken because of the Troika. Vulnerable groups such as migrants are targeted negatively and social services are not accessible to them anymore. Pensions are lowered and, given that we already had the highest percentage of poverty in pensioners, the situation will become worse and not better. Homelessness was not an issue but it seems that the measures will result in many people losing their homes to bank loans they cannot repay because of unemployment or drastic salary reductions.

Czech Republic

The approach is very short, brief, and general; it is focused more on creating strategies and concepts, than outcomes, targets, and results.

Denmark

In general, the NRP will lead more people, especially those marginalized on the labour market and retired people, into social exclusion and relative poverty. Poverty and inequality are growing.

Italy

Currently, the only measure aimed at those people who are at risk of absolute poverty is the so-called social card. It is a prepaid card of €40 a month, however, it is limited to Italian citizens, of specific age groups, and with a very low income.

Luxembourg

There are a number of measures, but really decisive ones (i.e. on housing policies) are not in the NRP. The measures will not be sufficient to reach the self set target (for which there are not even clear indicators set), therefore the EU should take a more active role in the assessment of Member States' achievements. Some of the described measures are only plans with no implementation, which will probably only follow in the coming years.

Netherlands

There is a policy to act against relational/domestic violence. But no extra measures are taken. There will be an extra policy to help poor children. They will find themselves with a kind of pass that gives them access to sport, libraries etc. We feel this is stigmatization! And we stated this several times. We got either no reaction, or an angry one. We have stated clearly that there are no poor children; there are children with poor parents!

Poland

There are several measures indicated, including the plan to prepare an anti-poverty programme (ex-ante condition for ESF). Poverty trends could only be assessed by other indicators than the EU ones. In 2012, absolute subsistence poverty, which in Poland is called "extreme", was on the same level as in 2011 (6.7%), after the rise by one percentage point from 2010 (5.7%). Relative poverty dropped slightly from 16.7% in 2011 to 16%, and that trend is present since 2008.

Portugal

The evaluation of the **Portuguese poverty target** does not capture the negative effects of the ongoing crisis, in terms of poverty and social exclusion. The EUSILC 2004-2011 data for Portugal shows that the individuals at risk of poverty or social exclusion (2011) decreased by 156.000 people compared to 2008. According to the data, Portugal is 44.000 short of reaching the poverty target (200.000 lifted out of poverty and social exclusion), despite facing a very negative macroeconomic evolution since 2010/2011.

This decrease from 2008 to 2011 is due to a mixed evolution: the number of people at risk of poverty after social transfers decreased by 48.000 people; the number of people living in households with very low work intensity increased by 149.000 people (reflecting the sharp increase in unemployment) and the number of people severely materially deprived decreased by 148.000 people (hard to understand, considering the historical taxation increase, the reduction of income and the increase of cost of basic goods and services).

The at-risk-of-poverty rate of Portugal (18%) is higher than the EU27's (16,4%), and the difference would be bigger if we excluded the social transfers (26,4%). The poverty threshold,

which increased continuously from 2003, was affected by a decrease of the average income (in 2010) and decreased 3% (compared to 2009)¹⁹.

Portugal has no overarching strategy to fight poverty and social exclusion and the only social policy is a Social Emergency Programme, centred on basic assistance, focused on efficiency, rationalization, or reduction of waste (e.g. Medicine Bank) and designed to minimize negative effects. On the other hand the poverty chapter of the progress report only mentions some vulnerable groups²⁰, with other groups being specifically referred to by their vulnerability in the labour market²¹ or not being referred to at all²².

Spain

Active inclusion is mentioned, but it is not implemented. With the cuts and increased conditionality in benefits, policies go backwards. People with disabilities and Roma are part of two plans, although without or with restricted budget allocation.

Sweden

The Government's anti-poverty policy is mainly focused upon how to get more people to work full-time. Nothing is mentioned about people who have very small possibilities to ever get into the labour market. For example, nothing is mentioned about homelessness.

United Kingdom

The UK does not report on the EU headline targets. There is a specific national child poverty target, and differing employment and education targets in the devolved nations. The UK government does not present information on social measures. However, that does not mean there are not such measures.

FEANTSA

Countries which are known to have a national homelessness strategy include DK, FI, FR, IE, the NL, PT, SE, and UK. New integrated homelessness strategies have been highlighted in three new countries: CZ, EL and LU. Some countries have reported on progress in homelessness measures compared to 2012 (BE, BG, FR, EL, LU, PL, UK), whereas others have not (FI, SI, SE). Some countries with strong homelessness strategies have not reported any action on homelessness (DK, IE, NL, PT). However, the general trend towards an increase in the number of national homelessness strategies and the review of existing strategies where new approaches are being tested, namely Housing First, shows awareness of EU countries of the need for specific strategies to complete general welfare and housing measures to mitigate the impact of austerity measures. These strategies tend to be integrated and developed through inter-ministerial cooperation with relevant stakeholders, and will undoubtedly contribute to lifting people out of poverty by 2020.

¹⁹From 5.207€ annually (434€ monthly) to 5.046€ annually (421€ monthly).

²⁰The economically vulnerable families, children, and the elderly.

²¹The young, the long term unemployed, the older unemployed, the people with disabilities and the NEET.

²²Roma, Immigrants, and people with chronic diseases, for example.

Eurochild

In a few Member States (e.g. EE, ES, HU, RO, SK, UK- Northern Ireland) the measures highlighted in the NRP are, or will be, in fact part of an overall strategy to tackle child poverty and social exclusion and promote child well-being. For instance, the Estonian NRP acknowledges several national strategies and development plans for improving the situation of children and families. In Spain, the NSR 2012 mentioned child poverty as a priority in the upcoming National Action Plan on Social Inclusion (now in process of elaboration), and the government made a public commitment that a Child Poverty Plan will be included in the National Action Plan and will take into account the Commission's Recommendation on Investing in Children. However, specific measures have still to be implemented and resources have yet to be allocated. Although there are more references to child poverty and social exclusion in the 2013 report of the United Kingdom than in recent years, the NRP makes no reference to the existing child poverty strategy. However, **in many Member States there is no overall strategy to tackle child poverty and social exclusion** and to promote well-being which the NRP could link into.

Positive and negative measures in the Anti-Poverty Policies of the NRP

On the positive side, **Belgium** highlights that some very low benefits were raised, but not significantly. The most negative measures are seen as the cutting back of social protection and benefits, as well as the emphasis on activation.

The **Bulgarian** network says that the anti-poverty policies are fragmented measures, following the same strategy as in previous years, and that they could have some weak alleviating poverty effect. The negative aspects are the refusal to address poverty levels correctly and develop measures to challenge them, like the extremely necessary income policies and tackling inequalities.

As a positive element, the **Czech** network mentions the psychiatric care reform. Although there is not a specific target on child poverty, there is a quite specific chapter on children in need (more prevention, fast action of services, more case management, de-institutionalization etc.). The negative aspects are the following. Firstly, the housing issue is not covered clearly, but rather generally, as indeed is a rather true for the whole NRP. (The current government plan suggests shelters and refuges, instead of low-cost flats and other more comprehensive measures). Secondly, the unclear reform of services' subsidiarity and their financing, with risk of annual budget cuts to social services (there are already about 20% cuts and no current ESF projects). Thirdly, no NGO or service providers involvement; stability is not mentioned.

As something positive, **Denmark** says that it is planned that the Danish Parliament will decide on an official Poverty line, and maybe more specific strategies for fighting poverty and social exclusion. However, the growing inequality, poverty and exclusion coming from so-called reforms of the tax system, pensions and public benefits for unemployed, especially young people and families is not tackled.

For **Italy**, the positive factor is the new experiment (only 1 year) of a new social card for only the 12 big cities, but with a different amount (€ 231 for two persons, € 281 for tree persons,

etc). Nevertheless, there is a lack of a real strategy to combat poverty, just provisional and ineffective measures.

For **Luxembourg** the positive measures are described in the employment and education sections (the activation of minimum income recipients through the provision of child care facilities and measures addressing early school leavers). The most negative point is that there are no statements about housing policies.

The **Netherlands** highlights no positive measures. The main negative proposals are no explicit action against poverty, and the lack of support to small NGOs like EAPN NL.

The **Portuguese** network highlighted that although some of the measures seem positive, doubts are cast about their overall capacity to fight against poverty and social exclusion. For example measures adopted to protect the most vulnerable lack evidence about **their impact on reducing the risk of poverty and promoting well-being** (e.g. the Medicine Bank, Social Canteens).

The focus on *efficiency* currently affecting social policy has contributed to reduce the capacity of social policies like the **Social Insertion Income**, with the number of beneficiaries decreasing 17% due to increased and more restrictive conditionality, and the **Solidarity Complement for the Elderly**, with thousands of pensioners losing the benefit because they are now above the new eligibility limit²³. Regarding **the elderly**, it's also important to mention the increased situations of abuse/violence against them²⁴ and their increased vulnerability due to the new Tenancy Law recently adopted.

If we considered the **homeless**, Portugal still lacks the legal framework for the new National Strategy (Estratégia Nacional para a Integração das Pessoas Sem-Abrigo) that the increasing numbers of situations demands. On the housing issue, we could not access any data about the measure Rent Social Market, considered an innovative one.

In **Portugal**, the worsening economic and financial situation after 2010 had negative repercussions on child well-being²⁵. The consecutive **budget cuts on social transfers** (family allowance) and public services (education), combined with the increase of taxes affecting the families' income, have a direct and immediate effect on children. The **unemployment** currently affecting many couples causes economic insecurity, emotional and psychological instability and impacts negatively on family structures, thus affecting the children's well-being. On the other hand, social services for children are facing financial difficulties (either because some of the children stop using services or because some of the families have greater difficulties paying for them), and the quality of services may consequently decrease (or the sustainability of services can be at stake).

²³Dinheiro Vivo, 30/04/2013.

²⁴According to APAV, the crimes against the elderly increased 179% between 2000 e 2012, with sons (39%) and spouses (26.9%) as the main aggressors.

²⁵According to Eurostat (2013), in 2011 Portugal registered 28,6% of children at risk of poverty or social exclusion (1.6pp higher than in the EU27 - 27%).

For **Poland**, the most positive factor is the preparation of an **anti-poverty programme**, and new measures for those furthest from the labour market. On the negative side, there are negative sanctions if unemployed persons don't participate in activation programmes.

The **Spanish** network explains that the *only* 2012 CSR, which is not quantified in the 2013 NRP, is number 7 (the one on poverty). In the Appendix, there are some actions which may somehow fit into this CSR 7. These are: 1)improving the situation of the Roma population; 2)promotion of social reintegration of drug-users; 3)promotion and defense of children and adolescents; 4)increase of protection of unemployed persons with family responsibilities; 5)support to mortgage debtors without income; and 6)promotion of civic participation through volunteering. On the negative side, these measures are clearly not enough for a country with an AROPE rate of 27%, which rises to 30% in the case of children. Nearly 2 million families do not have any income. The proposed plans are not concrete measures, and only 1 and 3 have a budget. The poverty target is not present. The NRP externalizes it to a Social Inclusion Action Plan, to be delivered.

Sweden sees that there are some good measures for supporting large families and elderly people. However, the national target for social inclusion is mainly related to the labour market.

The **UK** accounts for no positive aspects at all. The macro approach is and will create more poverty. Child Poverty is predicted to rise from 20% to 25% by 2020, due to measures already announced. Real incomes are falling. Low pay is increasing. Benefits are cut for working ages. Government anti-poverty measures are predicated on poverty as worklessness due to wrong behaviour resulting in a poor skills profile, and/or unwillingness to seek paid work. This presumed misbehaviour is attempted to be modified through negative incentives, such as benefit sanctions.

FEANTSA: says that on the whole, the measures in several NRPs **could be positive** for homelessness reduction and promoting access to basic rights for homeless people, because a significant number of countries are taking action to prevent and reduce homelessness, on a general **structural** level (especially through promoting access to affordable housing and reorganizing services to make them more accessible and effective), but also **in a more targeted way** (through targeted integrated homelessness strategies, measures for people furthest from the labour market, and the improvement of temporary accommodation services for better responses to social emergencies). However, more can be done to ensure countries report on progress made to prevent and reduce homelessness.

According to **Eurochild**, overall there is still a limited identification of child poverty as an important issue in the NRPs. About half of Member States identify child poverty and social exclusion at least to some extent as an important issue in their 2013 NRPs. However, of these only six Member States (CY, DK, EL, ES, IE, UK- Scotland) give a fairly high priority to the issue of child poverty and social exclusion.

Several other countries (e.g. BG, CZ, DE, DK, FI, FR, HU NL, PT, RO), while not making child poverty and social exclusion a high priority, do give attention to some aspects. For instance, the German NRP acknowledges that child poverty and social exclusion is a challenge but does not elaborate on measures to address it in the NRP as it considers that the NSR is the instrument for social policy reporting. The Hungarian NRP considers social inclusion as an important issue and refers to children, among other groups, as a target of intervention; the

NRP acknowledges the growing number of children who live in poverty, but the planned measures and interventions to tackle social exclusion and child poverty are insufficient, limited, fragmented and not universal. In the Netherlands' NRP it is stated that greater attention will be devoted to working, poor families with children. Also the simplification of child-related schemes is intended to lead to making it financially attractive for single parents receiving social assistance to go to work.

5.2 Key concerns and messages

By the EU's own calculations, **poverty and social exclusion has increased by nearly 4 million to 119,6 million in 2011**²⁶, reaching 24.2% of the population, rather than a progressive decrease towards the poverty target²⁷ as promised by the Europe 2020 strategy. The highest rates were recorded in Bulgaria (49%), Romania and Latvia (40%), Greece and Hungary (31%) and the lowest in Czech Republic (15%), the Netherlands and Sweden (16%), Luxembourg and Austria (17%).²⁸ The Annual Growth Survey 2013 however, makes no explicit mention of the failure to deliver on the targets, and the widening gaps between Member States. We have to wait until p. 10 before poverty is mentioned, albeit in reference only to unemployment, with a reduced version of the same priority from 2012. The loss of a detailed assessment of progress on the targets by the failure to produce an Annual Progress Report is a serious blow to the credibility of the Europe 2020 strategy to deliver on poverty. The chapter on social inclusion in the AGS underlines the importance of effective social protection systems *"in countering the effects of the crisis, to promote social inclusion and to prevent poverty"*. However, no explicit requirements are made about limiting austerity impact, as the macroeconomic priorities in the AGS continue to insist on deficit reduction prioritization.

The Commission's **Social Investment Package (SIP)** launched in February 2013 recognizes clearly the challenges posed by the crisis that are leading to growing poverty and exclusion, and calls for social policy not to be treated as a cost but an investment: *"well-designed welfare systems combining a strong social investment dimension with protection and stabilization, increase the effectiveness and efficiency of social policies, whilst ensuring continued support for a fairer more inclusive society"*.²⁹ It also includes important proposals for integrated strategies to tackle child poverty, homelessness and housing exclusion, integrated active inclusion, as well as health and care. However, it is not clear whether such potentially positive approaches will be underpinned by adequate funding and support, in an overriding focus on macroeconomic deficit reduction goals.

The overarching concern of EAPN members is the **failure by most MS to take the Europe 2020 poverty target seriously and prevent the growth of more poverty** by rejecting aggressive austerity measures and the disturbing lack of commitment to develop an integrated, multidimensional strategy to tackle poverty for all groups, as a basis for thematic strategies. Without these pre-requisites, progress on poverty is unlikely.

²⁶ At risk of Poverty and/or social exclusion aggregate indicator (AROPE) based on EU SILC 2011.

²⁷ Europe 2020 Target: to reduce number of people at risk of poverty and or exclusion by at least 20 million by 2020.

²⁸ EC (February 2013). Social Investment Package – Key Facts and Figures.

²⁹ EC (February 2013): COM: Towards Social Investment for Growth and Cohesion.

Largely invisible and ineffective poverty targets

92% reject that the poverty target is sufficiently ambitious and the right indicator selected. (AT, BE, BG, CY, CZ, DE, DK, ES, IT, LU, NL, PT, PL, UK). In some cases problems are highlighted with the calculation of the target (for example Spain, Poland, and Portugal, see above) where the indicators chosen do not reflect the changing reality of declining disposable income and rising prices of key services/products. In others the **lack of ambition** is obvious eg Poland, which aims only to maintain poverty at the same level as in 2008, or in Malta which aims to lift exactly 6.560 people, when there are 60.000 people experiencing poverty. In Belgium, the network notes that the target remains the reduction of 380.000 people although poverty has increased by 77.000 since 2008. Whilst in Austria, poverty has declined statistically but this is not reflected in the daily reality of people experiencing poverty.

The selection of the indicator to be followed nationally continues to be an issue with several countries still rejecting the EU indicators (UK, IE, IT, SE, CY), or others where some 'gaming' is evident (for example, ES and BG. In Bulgaria the chosen indicator is the at-risk-of poverty, which has registered a fall in poverty, because of decline in median incomes overall, rather than choosing the severe material deprivation indicator, which registers substantial increases. In Ireland, the poverty indicator is 'consistent poverty', combining material deprivation and at-risk-of poverty. The target was to eliminate it by 2020, but as poverty is increasing they have reviewed it to reducing it by 2% by 2020 (200.000 people). A continuing concern is the **lack of transparency around the calculation of the target** and the progress announced e.g. in Austria, the target is to reduce poverty by 235,000 by 2020, but its not easy to see how this figure was arrived at, or as a result how they have already fulfilled half the target. In other countries the target is frozen, not taking into account the increases in poverty that have happened as a result of the crisis and austerity measures (CY).

The fact that still only a small minority of countries have set a specific sub-target for key groups e.g. for reducing child poverty and social exclusion – reflects the continuing relatively low priority given to poverty and social exclusion in Member States' efforts to achieve the Europe 2020 targets. There are, however, some **positive developments** to build on, although it is not enough. For instance EAPN Bulgaria and UK highlight positive **sub-targets** on child poverty. Eurochild highlights that Greece, Romania and Spain have also proposed improvements in this area. However, in the UK case, this was lodged in legislation by the previous government, and is unlikely to be met. The failure of the target to be operational is also clear with all responses highlighting that poverty has not been reduced since the last NRP.

Nearly all respondents think that the EU should be more prescriptive about how MS define, and use their targets/indicators (BE, BG, CZ, CY, DE, DK, ES, IT, NL, PL, PT, SE). Key to this is seen to be getting better civil society engagement in the choices of indicators/targets. Only Poland and Belgium cite that they have been involved in the choice and follow up on the poverty target.

A **positive example** was highlighted in Denmark where a new Official Poverty line will be agreed for the first time, which could lead to more specific strategies for fighting poverty.

Low profile poverty chapters lacking integrated, multidimensional poverty strategies

Poverty gets a low profile in many of the NRPs. For example in Estonia, it is hardly mentioned and when it is only through a focus on employment and education, whilst in Sweden, only the social inclusion of people not in the labour force is mentioned, not poverty. 83% of respondents reject that the anti-poverty measures proposed are the right ones to achieve the target (BE, BG, CZ, DE, ES, IT, LU, PT, SE, UK).

Lack of an integrated, multidimensional strategy to fight poverty and social exclusion of all groups

Most members see their governments response as inconsistent and piecemeal, with 92% saying that their government has not proposed any overall **integrated, multidimensional strategy** to fight poverty and social exclusion for all groups (AT, BE, BG, CZ, DE, DK, ES, IT, LU, NL, PL, PT, SE, UK). As Bulgaria highlights, the anti-poverty policies proposed are “fragmented measures”, with a weak poverty alleviation effect. The main solution is seen to be employment of any kind, without consideration of the broader frame of ensuring access to rights, resources and services. For example in Portugal, although 2 pages in the reduced NRP are dedicated to poverty and social exclusion, the national goal remains reintegration into jobs. Some **positive examples are** highlighted in France and Poland. In France, a 5-year action plan against poverty has been announced by the Government, with 2, 5 billion attached. This includes raising minimum income levels with a revaluation of 2% each year (RSA), facilitating access to complementary health coverage, youth guarantee, support to single parents, social housing, extension of subsidized contracts, measures to promote access to bank credit and access to childcare facilities for vulnerable groups. In Poland, an anti-poverty programme is being prepared, related to the ex-ante conditionality for ESF, although it is likely to be overly focused mainly on new measures for unemployed, with negative sanctions.

Uneven implementation of EU Thematic Priorities

Clearly a major concern for EAPN members was the impact of macroeconomic decisions on austerity, attacking benefits and services, and the failure to invest in social protection and enabling services (details on this are provided in the macroeconomic section).

However EAPN was keen to monitor whether core **thematic priorities** from the Social OMC, European Platform Against Poverty and new Social Investment Package would be implemented as NRP priorities, particularly: Active Inclusion, Child Poverty, Homelessness and Roma Exclusion. Again the results were mixed, depending on the theme.

Activation rather than Integrated Active inclusion, but some small progress on pillars

Integrated Active Inclusion is claimed to be generally invisible, and in reality means only activation, with an increase in more punitive conditionality (see employment Section for fuller details), or mentioned as a term but not implemented as an integrated strategy (ES, IE). The picture is much the same for the other strands (Adequate Minimum Income and Access to Quality Services).

Cuts to Minimum Income while prices rise...

Only Sweden emphasizes that there is a focus on providing a **minimum income which ensures a decent standard of living** for all people experiencing poverty. Minimum Income and social

protection benefit levels have often suffered cuts in levels (see macroeconomic section). In some cases levels have been maintained, but at the cost of cuts to other social protection measures (IE). Even where cuts are not carried out, levels are still too low to ensure a dignified life. For example in Finland, 500.000 long-term low-income people, including students, are living on less than 500 a month, while there is an average salary of 3000. The NRP only mentioned indexing of benefits for students. In Austria, the new minimum income scheme is still insufficient to take people out of poverty and is not implemented evenly across federal states. In some, the new minimum income schemes mean a decrease in social security. However, when it comes to ensuring a link between MI and the other strands (access to services and employment), the picture is more varied, with 4 responses highlighting an increasing emphasis on coordination (ES, NL, PT, SE, UK), whilst many find no clear link between three equal pillars, no holistic inclusive approach (BE, BG, CZ, DK, IT, PL). A major challenge is **declining benefit levels compared to rising prices**. Some countries (e.g. PT) are introducing social tariffs for transport, gas and electricity but the take up is very low.

Positive examples are highlighted in **Italy**, with the experimentation of the new pre-paid social card for 40 euros a month, for 12 big cities. However, it is provisional - only for 1 year, and with different amounts, and limited to Italian citizens on a very low income, raising questions of its effectiveness. In **Austria**, needs-orientated minimum income of about 800 Euros has been introduced, with support to access jobs through good personal case management, and already 40.000 have managed to find work and get off benefits. In **Sweden**, **FEANTSA** highlights that social assistance reforms have been undertaken in order to help reach the EU poverty target. The Government has proposed changes in the Social Services Act aimed at strengthening the opportunities for those receiving social assistance to support themselves through work and to extend the social services' possibilities to stimulate, encourage and support those receiving assistance to support themselves.

Severe attacks on the affordability and quality of services

The austerity measures have been undermining the affordability and quality of services due to 3 main reasons:

1. The ongoing **administrative reform** of the local authorities aiming at rationalizing public spending are leading to a **reduced quality of social services** (DK) or, even worse, to an elimination of social services' provision at local level (ES). Conversely, the **decentralization** of social services' delivery without the corresponding financial means from the state level will lead to **less services** than when provided at central level (CZ).
2. The fiscal consolidation which is being undertaken is leading to **severe cuts in budgets allocated to social and health services' delivery** (20% cuts in CZ; reduced expenditure on healthcare in BE and BG). This **increases co-payments** requirements leading to increasing difficulties for people experiencing or at risk of experiencing poverty and social exclusion in accessing social services. In the Netherlands, given the rise of health insurance, people have now to pay 150 euros per person, from 18 and then 350. For the first medicines, people have to pay until they reach the cap which hinders access to doctors and dentists for people experiencing poverty. In Portugal, the increased cost of essential services and goods has been reported with increasing co-payments in health.

3. The completion of the **liberalization of services** including network services is **causing a rise of prices**. In Portugal, the process to increase the transition to the liberalized market is being pushed by a trimestral increase of the prices in the regulated market, done by the regulator (ERSE). The competition between the companies operating in the liberalized market is almost non-existent and most of them are also keeping up with the trimestral increase. Although the NRP talks about the reduction of prices for consumers due to increased competition, what is possible to observe is a generalized increase in the cost of energy for individuals and families. The social tariff that was created for the most vulnerable registered a very low level of take-up so far (90.000 individuals of an estimated target of almost 600.000), and energy poverty is becoming a very important issue. The Government is now launching (June 2013) an awareness campaign.

Some **positive examples** have been reported on ensuring more affordable and quality social services such as facilitating access to complementary health coverage (FR), initiatives aiming at eliminating health inequalities (FI), or ensuring free dental healthcare for children (IS).

FEANTSA highlights that in **Greece**, actions have been highlighted to generally develop a “social safety net” against social exclusion, which includes access to basic services, such as medical care, housing and education. This specific objective is not quantified, but highlights the need and willingness of the Greek Government to increase access to basic services in the framework of the third pillar of active inclusion policy. In **Sweden**, social assistance reforms have been undertaken in order to help reach the EU poverty target. The Government has proposed changes in the Social Services Act aimed at strengthening the opportunities for those receiving social assistance to support themselves through work and to extend the social services’ possibilities to stimulate, encourage and support those receiving assistance to support themselves.

Eurochild adds that while in many Member States there are no specific measures outlined in the NRP to protect children from the worst effects of financial consolidation or austerity packages, across the NRPs there are a range of individual initiatives to protect children particularly at risk. For instance, the Czech NRP emphasises the intention to continue reforms leading to improvements in the quality of care for vulnerable children, while in Finland the biggest cities have portioned out extra money to support schools in the most challenged areas. In Slovakia there are some programmes planned for: increasing the access of Roma children to school and pre-school education; the development of living conditions for people with disabilities and their families; ensuring the availability and multi-agency networking of the social services and deinstitutionalisation.

Lack of integrated child poverty strategies

There was little sign that the **Commission’s new Recommendation on child poverty**³⁰ and well-being is currently being implemented promoting **integrated strategies to promote child poverty and well-being** based on three pillars – adequate resources, access to services and children’s rights and participation. 83% think the policies proposed will not reduce child

³⁰ EC (Apr 2013) Investing In Children (Part of Social Investment Package).

poverty (BE, BG, CY, DE, DK, ES, IT, LU, PL, PT, SE, UK), whilst only CZ, NL and SE think that measures proposed will improve the situation of large families. A major concern is the overall impact of austerity measures on child and family income and on access to key services, including childcare. Some negative developments include: the reduction in payments to one-parent families (CY) and in Ireland, where child support and family allowances have been cut, despite a focus on child poverty. In Bulgaria, child poverty is addressed, but lacks concrete measures.

Eurochild highlights that in most Member States (e.g. BG, CZ, DE, DK, EE, EL, FI, FR, IE, IT, LT, LU, NL, PL, PT, RO, SE, SI, SK, UK) the NRP fails to develop a comprehensive and multi-dimensional approach to tackling child poverty and few emphasise a child rights approach. Where child poverty is mentioned the tendency is just to focus on particular aspects such as access to employment or tackling educational disadvantage.

However more **positive examples** are cited in AT, CZ, ES, LU and MT. Mainly these represent **improvements in childcare places**, which is welcomed. For example: in Luxembourg, there is an increase in places for childcare, and in commercial childcare places (by 30%). In Austria, childcare places are increased, but restricted depending on the region ie in lower Austria the places are only for half a day and not useful to support families in full-time work. In the Czech Republic, new legislation will be introduced with concrete measures on new services and reform of childcare departments. Other examples include specific chapters e.g. on children in need (CZ) or in Spain, an appendix on promotion and defense of children and adolescents; or good measures for supporting large families (SE). In Malta, new childcare centres will be set up, giving priority to single parents who wish to return to work, funded through ERDF. Changes will also take place in the out-of-home care programme, which will now provide support to children under a care order, irrespective of their legal status.

However, there are concerns **that childcare is only viewed through the lens of getting women into full-time work**, rather than the need to invest in children through quality early learning, as well as limited focus on affordability. Most measures are piecemeal and lack an integrated approach. Spain further highlights the inadequacy of the measures proposed in the face of the rising risk of poverty (30% of children at risk of poverty, and 2 million families that do not have any income). Despite the poverty target in the UK, child poverty is predicted to rise from 20 to 25% by 2020.

Insufficient progress on access to housing, tackling homelessness/housing exclusion

So far, the reports on strategies to reduce homelessness in the NRPs are not provided every year, and when they are, there is not always sufficient information to genuinely assess progress. The Staff Working Document on homelessness, which is part of the Social Investment Package, recommends the development of housing-led strategies based on preventive measures. However access to housing is being undermined by several factors:

1. Housing costs: rents remain at a very high level and represent a very high share of households' budget (FR, LU, MT, NL, PT). In this particularly harsh context, the conditioned and decreased level of housing allowances impacts negatively on access to housing for people experiencing poverty (FI).
2. The provision of social housing has been identified as an important element to address the high housing costs and, thus, ensure access to housing and prevent or tackle homelessness

and housing exclusion (CZ, LU, NL). The current lack of social housing and difficult access for very vulnerable groups such as the homeless, has been stressed by several members. In Luxembourg, social housing only represents 4% of the whole housing sector. In Czech Republic, where social housing is mentioned it is only about how private corporations would somehow build cost-effective housing. In countries with high levels of social housing such as France or Finland, access for homeless people can still be very difficult.

- Where homelessness is a focus, members found it often rather restricted to emergency provision of shelters and refuges rather than low-cost housing and more comprehensive measures (CZ). Several members highlight the inadequacy of the response in the context of growing homelessness, even in countries without previous difficulties eg Cyprus, where increasing numbers are now threatened with loss of their homes due to bank loan repayments, unemployment or salary reductions.

Positive examples include: France with the creation of 9000 more units in shelters and housing structures for asylum seekers (4000), however the rise of the VAT rate for social housing construction risks being harmful. The new government has decided to decrease this rate now due to lobbying from the social housing sector and anti-poverty organisations. FEANTSA points out that focusing on emergency provision is not necessarily always a good thing. They highlight that in France too little attention is paid to sustainable solutions to homelessness – the outflow out of the homeless system remains too low... Others cite financial support which could mitigate or prevent homelessness e.g. in **Spain**, new support will be given to mortgage debtors. **Malta** highlights a subsidized rental scheme for the private sector, targeting those on low incomes, which could help to reduce homelessness.



FEANTSA highlights some positive measures (see below), and underlines that the homelessness measures outlined in the 2013 NRPs reveal that countries are at different stages in the development and implementation of homelessness strategies. They also emphasize that the governance structure underpinning the European Semester clearly has an impact on the priority setting in the field of social inclusion, and that it would be crucial for countries active in reducing homelessness to state their actions in the NRPs, with brief progress reports where appropriate. They suggest that the SIP policy guidelines for developing effective homelessness strategies can be a useful benchmark for all Member States.

FEANTSA Review of Positive Measures in the 2013 National Reform Programmes³¹

	Homelessness strategy	Improving service provision	Prevention
AT			
BE			
BG			
CY			
CZ			
DE			
DK			
EE			

³¹ Extract from “FEANTSA review of 2013 national reform programme “Implementation of the Social Investment Package guidelines on homelessness through the Europe2020 strategy: first results”, June 2013.

EL			
ES			
FI			
FR			
HU			
HR			
IE			
IT			
LT			
LU			
LV			
MT			
NL			
PL			
PT			
RO			
SE			
SI			
SK			
UK			

-  Actions highlighted in 2013 NRPs which have an impact on homelessness reduction
 Existing national/regional/local homeless strategies not referred to in 2013 NRPs.

Limited measures for other excluded and vulnerable groups

- **Roma, ethnic minorities and migrants (including undocumented):** Only the Bulgarian and Spanish EAPN networks highlighted measures to fight against poverty and discrimination of Roma, refugees and migrants. In Spain, specific measures are proposed to improve the living conditions of Roma, however the attack on social rights of undocumented people is not mentioned, related to access to health services in some regions. Members highlight increasing victimization of ethnic minorities and migrants, with the continuation of the crisis and the search for scapegoats (CY)
- **Sickness and Disability:** Austria, Belgium, Bulgaria, Spain and Czech Republic highlighted measures quoted in the NRP, for example psychiatric care reform (CZ).
- **Gender and discrimination against women including domestic violence:** Austria, Belgium, Germany and the Netherlands highlighted measures.

Benchmarking with Candidate Countries

Serbia has had an anti-poverty strategy since 2002, and now has national strategies and action plans for different groups. However, there are difficulties around the trustworthiness of the data. With Roma, there have been a lot of achievements, as well as for the elderly and rural poverty. The pension fund is a major fund to keep families above the poverty line. Research has shown that people with a single income from pensions, particularly in rural areas, have the best chance of staying above the poverty line. In Macedonia, 32% are below the poverty line (60% at risk of poverty), but although access to rights and resources are in theory good, the reality is that most cannot achieve their rights, especially Roma.

5.3 Key messages

1. **The poverty target is not being taken seriously**, the lack of transparency, visibility and coherence over choice and use of indicators undermines the key role that the target could play in driving priorities to poverty reduction.
2. **An EU and national integrated, multidimensional strategies to fight poverty for all groups is crucial**, if serious efforts are to be made to reach the poverty target. **Social investment** can play a key role but must challenge austerity and back greater investment in social protection and enabling policies.
3. **Some progress is seen on some thematic priorities (child poverty, homeless, Roma, individual pillars of active inclusion) including investment**, but integrated strategies are lacking, with employment at any price, as the main driver. Specific national (sub) targets should be set in such areas to help advance on the overall poverty target.

6. Structural Funds

6.1 Findings from the questionnaire

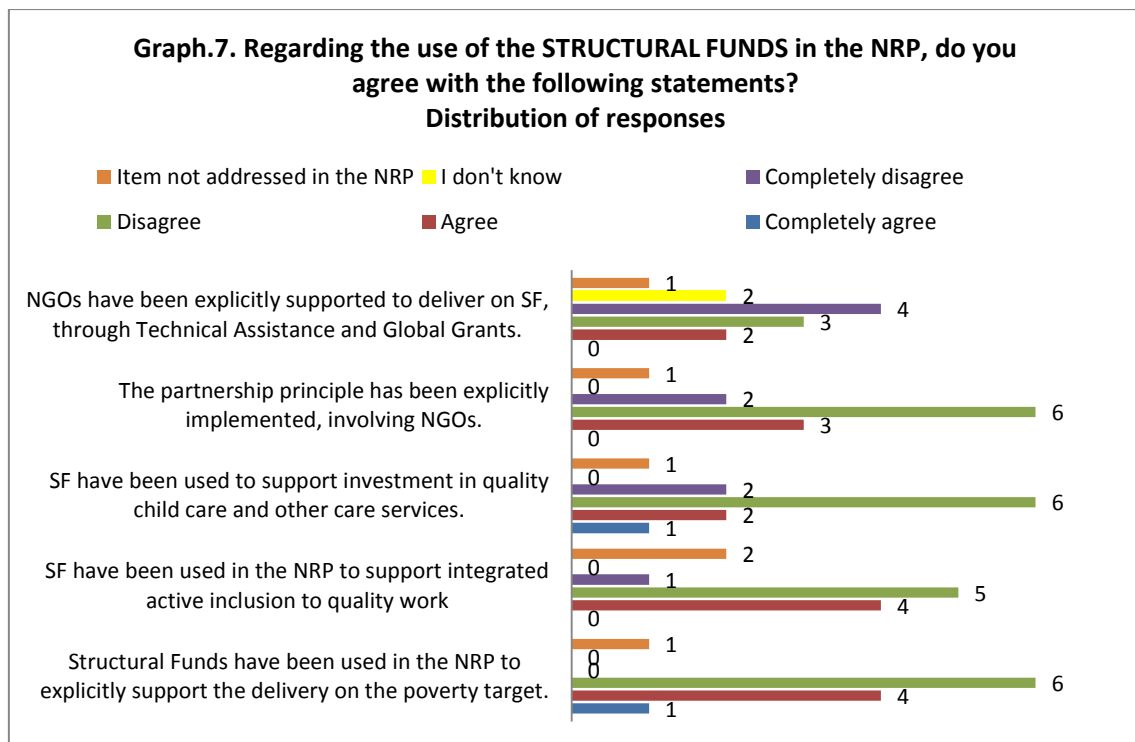
One year before the start of the new programming period of Structural Funds (2014-2020), the NRPs still poorly reflect how Structural Funds will deliver on the social targets of Europe 2020 (poverty reduction, employment and education) while giving little space to social inclusion/ active inclusion in general. This raises real doubts about Member States' willingness to financially back the delivery on the social targets, particularly when there is no progress made on better enforcing the partnership principle and improving access to Structural Funds for NGOs.

Opinions are divided concerning the use and impact of the Structural Funds, as reflected by the respective NRPs. Half of the respondents reject that the partnership principle, involving NGOs, has been explicitly implemented. 38% agrees.

Again, half of the respondents rejects that NGOs have been explicitly supported to deliver on Structural Funds, through Technical Assistance and Global Grants. 42% agrees.

58% rejects that Structural Funds have been used in the NRP to explicitly support delivery on the poverty target. However, there are 17% who agrees.

With respect to the rest of statements, the most shared visions are the following (more detailed data is available on Graph. 7). 67% rejects that the Structural Funds have been used in the NRP to support integrated active inclusion to quality work, and another 67% disagrees with the fact that SF have been used to support investment in quality childcare and other care services.



6.2 Key concerns

Poverty reduction target still insufficiently reflected

If a few EAPN Members (CY, CZ, ES, PT, FEANTSA) reported that Structural Funds have been used in the NRPs to explicitly back the poverty reduction target, there is still a big majority (AT, BE, BG, DE, DK, IT, LU, NL, SE, PL, UK) of EAPN Members who do not see any improvement. This is particularly worrying because Structural Funds should have already started to help delivering on the poverty reduction target as developed in the EU flagship initiative of the European Platform against Poverty. Only one EAPN Member (ES) clearly said that the NRP mentions for the first time the role of Structural Funds to support the social targets of Europe 2020. There is hardly any mention of the future Structural Funds even though 2013 is the drafting year for the partnership contracts and Operational Programmes. According to the Commission's proposal, social inclusion and poverty reduction should be better promoted than in the current Structural Funds with common thematic objectives on these issues for all Structural Funds (ESF, ERDF), and with 20% of ESF earmarked for social inclusion and poverty reduction. So, the higher profile given to those fields should have been reflected and better incorporated. This has been reported only by two EAPN Members (PT, CZ). In Portugal, there is one objective in the partnership contract about reinforcing Integration of people at risk of poverty. In Poland, ESF in the programming period 2014-2020 is being designed to financially support the national anti-poverty program.

Inclusive education almost invisible

According to EAPN Members' feedbacks, investments in inclusive education through Structural Funds is almost absent in the NRPs. In only one Member State, is the explicit role of Structural Funds in delivering on the education target on early school leaving mentioned (ES). In one other, Structural Funds will be the main financial instrument to invest in education (through improvement in primary education in CZ) without any detailed measures attached to it.

Some progress on the support given to integrated active inclusion approaches to quality work but...

As stated in the EC Recommendation on Active Inclusion and in the Social Investment Package, Structural Funds have a particular role to play in putting into practice integrated strategies on the ground: by "guaranteeing the relevant resources and benefits under the social protection arrangements; use the provisions and resources of the Structural Funds, in particular the European Social Fund". This will have an even more binding nature in the future ESF Regulation with Active inclusion mentioned as one of the investment priorities of the thematic objective *Promoting social inclusion and combating poverty*.

Compared with last year's EAPN assessment, EU Member States seem to be better using Structural Funds to support integrated active inclusion approaches leading to quality work and inclusion, at least for a growing minority of EAPN Members (AT, BE, CY, PL, SW, FEANTSA). But this support still remains fragmented and inadequate (BG, DE, DK, ES, NL, PT, IT) or is still not documented in the NRPs (CZ, UK). For instance, in Portugal, Structural Funds 2014-2020 will be mobilised to provide direct support and active labour market policies. In Czech Republic, a lack of support to social services has been reported with no current ESF projects operating in this field.

In the context of a rise in the unemployment rate with scarce and shrinking public resources to finance employment policies, Structural Funds and ESF especially will have a crucial role to play in reaching the employment target at national level. In some EU Member States, EAPN Members reported that Structural Funds will be the sole financial instrument to boost employment (PT).

Unfortunately, EAPN Members either deplored the lack of connection between Structural Funds and employment (BG) or underlined that when this linkage is mentioned, this does not entail any pre-requisite of support to decent and quality jobs (CZ, MT, PT). On the contrary, employment activities listed by some EAPN Members are in most cases narrowly labour-market-oriented without aiming to reach those who are furthest from the labour market through long-term integrated pathways to employment and social inclusion.

In Luxembourg, one third of the ESF resources has been used to set up a labour market observatory with a 3-day seminar organized in 2012. In the Czech Republic, Structural Funds give no space to quality jobs, with the demand side as a starting point, but rather focuses on qualified people so as to match labour market needs. Structural Funds' support to social economy is mentioned but without clearly defined measures attached.

In Malta, ESF is used to artificially achieve the employment target by taking people out of unemployment statistics through their integration in different ESF-funded work schemes. But this has nothing to do with quality and sustainable employment. However, one good initiative is being implemented. In order to attract more unemployed single women, childcare centres are being built in various industrial estates with ERDF co-financing.

Partnership principle still virtual for NGOs

The issue of NGOs involvement in Structural Funds, at strategic and project level through a better enforcement of the partnership principle, is even less addressed according to the vast majority of EAPN Members (AT, BE, BG, CY, DK, IT, LU, NL, PL, PT, SE). Despite some progress towards a better enforcement of the partnership principle in the future Structural Funds in the drafting of the partnership contracts, the OPs and the new Code of Conduct on partnership, Member States still do not take it really seriously (the only exceptions are CY, DE, and ES).

Access to Structural Funds for NGOs still remains very problematic (except in 2 countries DE and ES, according to EAPN's assessment). This phenomenon is aggravated by the lack of use of Technical Assistance, Global Grants or pre-financing schemes for NGOs' use, stressed by the major part of EAPN Members (AT, BE, BG, CZ, CY, DK, IT, NL, PT). This leads to a situation where, in some Member States, NGOs are getting simply discouraged from applying for ESF projects because of red tape issues (MT).

6.3 Key messages

1. **Structural Funds still fall short of their potential to deliver** on the poverty reduction target despite a slight improvement and the education target still remains almost invisible in the NRPs.
2. **Although some progress is noted, support to integrated active inclusion approaches through Structural Funds is still insufficient** and piecemeal which gives little room for investments in long-term pathways to quality employment and inclusion.
3. **The partnership principle is still not being really enforced** at National level, which makes access to Structural Funds still very problematic for NGOs.

7. Governance and Participation

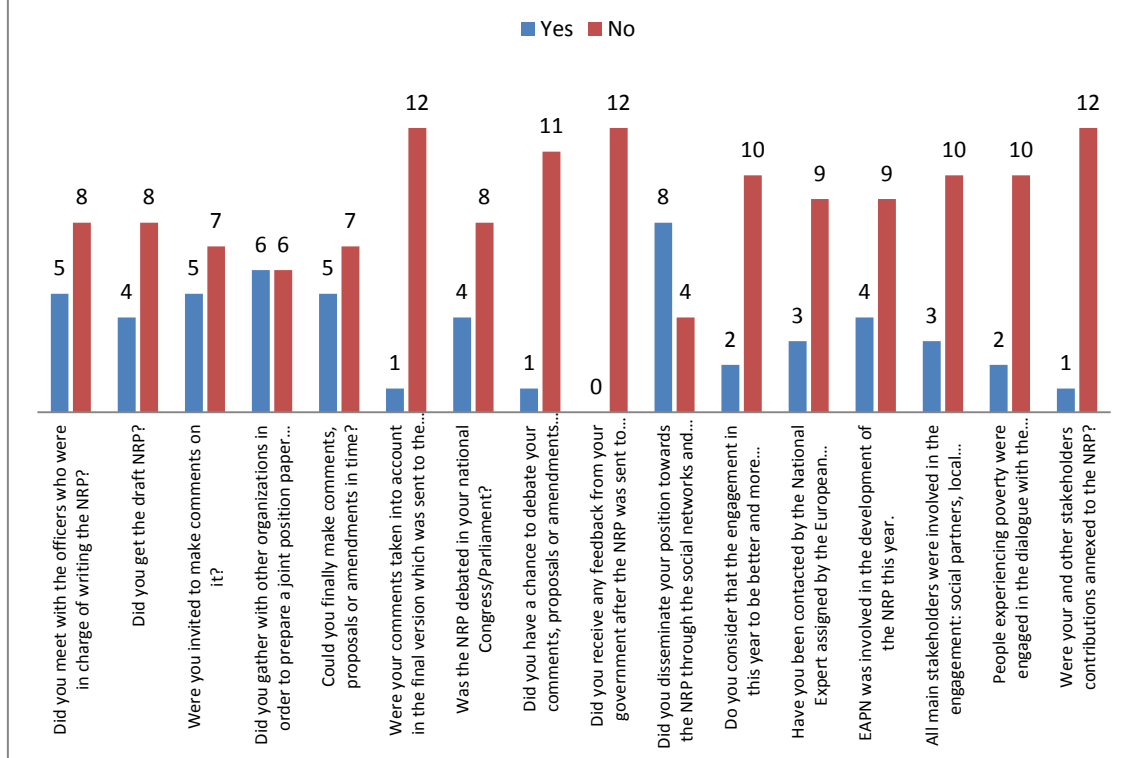
Although some consultation processes took place in several countries, overall participation in the NRPs 2013 has been extremely weak, as in 2012.

There is a dominant feeling of disappointment, as we mostly see steps backwards in terms of effective and meaningful participation. Anti-poverty activists on the ground increasingly wonder how far this EU process is worth the efforts made to get involved, and tend to try to find other ways to get heard.

7.1 Findings from the questionnaire

The participation on the NRPs 2013 has been very low. In some countries, there has been a slight improvement with respect to 2012 (the case of Spain, for example). In others (the case of the Czech Republic), the participation has taken a step backwards. But the process remains almost hermetic to social NGOs. The officers in charge of the draft were not available for most of the networks (they were available only for BE, DE, DK, SE). The draft of the NRP was not handed out (with the only exceptions of BG, DE, DK, PL), in order to analyze it, before their governments sent it to the European Commission. But the most striking finding is that none of the respondents report that their comments and contributions were taken into account by the governments. Also none of them received any feedback from their government after their NRP was sent to the Commission. As a consequence, all of them consider that the efficacy of their lobbying work was insufficient, despite the fact they all, except UK, consider that they devoted at least a fair amount of time to the follow up and engagement in the NRPs. Most worryingly, there is no democratic debate around the NRPs. More detailed answers can be seen in Graph. 9.

Graph. 9. Regarding your Network or European Organization's engagement in the NRP process...



Explanations and Testimonies from the Networks on their Engagement in the NRP process

Austria

There was no engagement. The NRP is a reporting system of the Austrian government to the European Commission. It lacks the elements of a true programme.

Belgium

We were involved in the development (as were other partners) but it was not a quality involvement. We wrote an elaborate document with recommendations, presented it to the policy makers and officials, but nevertheless we never received a draft version and our recommendations were not taken into account at all.

Bulgaria

We have made a statement and send a position paper last year. It was not taken in account. This year the consultation process of the NRP only involved those NGOs that were in support of the previous one.

Czech Republic

Last year, we had at least some interconnection with the NRP, but absolutely none this year.

Cyprus

Due to the situation, no NRP was prepared and no NGO was contacted or consulted for any measures to be taken by the government and the Troika.

Denmark

The NRP gives an overview of governmental policies and is useful in actions and lobbying for the poor and socially excluded.

Germany

Once again, it was evident that the NRP was coordinated by the Federal Ministry of Economics and Technology, and thus the focus is dominated by economic perspectives. Social aspects are being mentioned because they are obligatory, but they don't seem to matter as much. The process of participation for social stakeholders is rather complicated because they are consulted only by the Federal Ministry of Labour and Social Affairs. This ministry is gathering the statements and giving them to the coordinating ministry. Thus, it is not possible to talk to the responsible person but only to the intermediary.

Italy

Although we sent our reports, there has been a poor coordination between the ministries responsible for policies and lack of dialogue with the social partners and NGOs.

Luxembourg

We participated in one meeting of all the stakeholders organised by the Ministry of Family. We participated also in working groups on minimum income, child poverty and homelessness. There was also one meeting organized by the Ministry of Economy (in charge of the NRP), but their preparation was weak and (therefore?) NGO-participation was also weak: the meeting was cancelled after ½ hour.

Netherlands

We could give our opinion on the draft NRP on paper, but we got no reaction at all.

Until a few years ago the ministry organized several discussions with NGOs, in which EAPN NL was involved. We then had the feeling to really be heard. But since the last 3 or 4 years, we are lucky to get invited to react at all. They tend to focus on social partners.

Spain

We asked for a meeting with the officers in charge, but were not summoned. The only reaction was that we were asked to make "comments" within a 48 hours time-frame, without knowing the draft. These inputs were not taken into account at all.

Sweden

At the end of December last year EAPN was invited together with other NGOs but this was obviously a meeting for a one-way communication from the Government. As the Swedish NRP is mainly descriptive and based upon the Budget Bill for 2013, which was decided during autumn 2012, there was in fact no room for NGOs to have influence on the NRP.

Portugal

No room for engagement in the NRP process. EAPN Portugal is preparing a position on the progress report that will be disseminated. EAPN Portugal was contacted by the national expert in order to get our feedback on the document and the general ideas behind our position paper on it.

Poland

It was the second year of our involvement in the official body responsible for consultation on the NRP. This time we got comments on our proposals, but mainly negative.

United Kingdom

As far as we know there were no stakeholder meetings in England and only one each in some devolved governments and administrations. There is no structured process through which case examples are provided for the NRP. The NRP is a report on UK activities insofar as these are covered by any Treaty relevant obligations. The UK limits its engagement in the EU social field to the minimum consistent with Treaty obligations.

7.2. Key concerns³²

Little progress on meaningful participation

There is no satisfactory participation process in the Europe 2020 process. The national situation with regards to participation varies a lot, but the majority of members report a disappointing participation process.

In a number of countries there was clearly **no opportunity for participation** at all. In the cases of Troika countries such as Portugal and Cyprus where the NRP process was optional, there was no opportunity to discuss the social situation. There was also no participation process at all in other countries such as Italy and Czech Republic. From the questionnaire, only 3 (BE, DE, PL) noted that all main stakeholders were involved in the engagement – social partners, local authorities, NGOs...

In a majority of countries (E, BG, DE, DK, ES, FI, FR, IE, LU, NL, PL) participation processes do exist at various levels and under different forms, but they do not deliver effective participation. Austria found it more difficult to engage than previous years. Indeed EAPN members noted that their engagement had an impact in only a limited number of countries (LU, and partly DE, NL). They are concerned that although consultation is often mentioned in their NRP, it was not meaningful.

In some countries (BE, BG, DK, ES, IE, PL) consultation was organized through meetings or a call was made for comments on a draft, but without the points of the NGOs being properly taken on board. In some cases, the stakeholders were not given the draft (BE, FR) or had too short a time to react (48 hours in Spain!). In France, the NGOs' submission was annexed but the NRPs do not reflect their concerns. Some governments consulted with some organisations only (NL, BG). Under these conditions no meaningful participation involving the people in poverty themselves can be implemented. Only two respondents to the questionnaire noted that people experiencing poverty were engaged in the dialogue with the authorities about the NRP (BE and DK). **Democratic debate around the NRPs is lacking.** Debate on NRPs in national parliaments were seldom organized (only in BE, LU, CZ, DE, ES). NGOs do not have the chance to debate their position with the political parties in the opposition (except for DE).

³²Drawn from additional EUIS workshop on 10th May minutes.

No room for influencing the process

What is clear is that all the NRPs processes are dominated by austerity priorities and ultimately managed by the Ministry for Economy and Finances or the Prime Minister, with whom NGOs do not manage to engage directly. Even when NGOs are engaged in a proper dialogue with the Employment and Social Affairs Ministry their efforts do not give results (DE).

Last year, EAPN's assessment of the NRPs concluded a step back on stakeholders' engagement³³. This is confirmed this year. Only 3 respondents to the questionnaire (DK, LU, PL) noted that their engagement was better and more meaningful than in previous years.

NGOs in a difficult situation but wanting to be involved

Social NGOs seem to be trapped in a vicious circle when it comes to participation: it is made more difficult at a time when they are squeezed between increasing social demand and cuts in funding. With limited resources they still keep trying to engage and to carry out advocacy work. A significant number of the respondents to the questionnaire said that they met with other organizations to prepare joint contributions (BE, BG, DE, DK, ES, UK).

Several EAPN networks who were not involved in a participatory process, report lobbying activities – shadow reports, hearings, engaging with MPs and political parties... aiming at raising awareness on the need to rebalance policy priorities through alternative channels (ES, IT, PT). However, whatever their situation, a number of national members consider that engaging in the NRP process helps their organization to be stronger, more visible and accountable (IT, DK, BG, SP, PL).

Some members also question the possible impact of the NRP itself, seeing it more perceived as a reporting document (SE). Others question what real impact it has on national policies (AT). **There is a feeling of discouragement, and members are tempted to give up on trying to engage with this process.** Obviously, the partnership approach recommended by the EU Commission³⁴ is still not happening.

Some good practices

Better participation is possible and **some positive practices** can be underlined.

- In Denmark, our member is part of a contact Committee together with some 30 other organisations having short informal meetings with the Minister.
- In Germany, stakeholders' engagement resulted in the extension of the NRP poverty section from half a page up to 3 pages. Furthermore, a discussion about the modification of the poverty reduction aim starting from 2015 was announced.

³³ "An EU worth defending: Beyond austerity to Social investment and Inclusive growth, EAPN analysis of the 2012 NRPs" -<http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2012-eapn-nrp-report-en.pdf>

³⁴ "This partnership approach should extend to EU Committees, to national parliaments and national, local and regional authorities, to social partners and to stakeholders and civil society so that everyone is involved in delivering on the visions" in Europe 2020 Communication – See also recital 16 of the Integrated Guidelines.

- In Luxembourg a standing Committee has been set up which is working with the Ministry of Family, and sub working groups have been created. But even if one sub group has been focusing on homelessness, the NRP does not mention any action on housing.

Benchmarking with Candidate Countries

There is not any formal EU related consultative process in candidate countries, but NGOs get organized already at various levels to try and influence policy-making. In Iceland, “EAPN together with Red Cross and the University produces the Welfare Watch”; in Macedonia, EAPN “last year made a Report on poverty and held 2 conferences, carrying out advocacy”; in Serbia the network “wants to produce a systematic overview of the situation and use it for advocacy for a national strategy against poverty”.

National Members from European Organisations in membership of EAPN also tried to get involved in the NRPs processes. Some national members from the FEANTSA (European federation of national organisations working with the homeless) were involved in a consultation process through their Social Affairs Ministry.

7.3 Key messages

1. **EAPN reports an overall lack of progress towards implementing meaningful participation** in the NRPs processes at national level.
2. **Organizations start to question the value of engagement.** Organizations working with and for people experiencing poverty have been prepared to input into the NRP process at national level since it was launched. But given the lack of engagement and room for influencing the actual content of the NRPs they are about to put this engagement under question.
3. **We urge Member States to implement meaningful stakeholder participation and involve National Parliament in the debate on poverty.** We demand that the Commission presses national governments more strongly to implement participation. In Troika countries, a stakeholder process should be urgently set up to discuss the social impact of the crisis and current Troika Programmes.

INFORMATION AND CONTACT

For more information on this publication, contact

Sian Jones – EAPN Policy Coordinator

sian.jones@eapn.eu – 0032 (2) 226 58 59

See EAPN publications and activities on www.eapn.eu

The European Anti-Poverty Network (EAPN) is an independent network of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



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