

From Austerity to Inclusive Growth – what progress?

EAPN Assessment of the National Reform Programmes 2014

Key Recommendations

- Move From Austerity to Inclusive Growth
- Promote an Integrated Strategy to Fight Poverty based on Social Investment and Social Protection
- Tackle unemployment through quality job creation
- Getting ownership and accountability

October 2014

CONTENTS

INTRODUCTION	5
KEY MESSAGES AND RECOMMENDATIONS	7
Key Recommendations to the AGS 2015	9
EAPN's 5 key recommendations to the Mid-Term Review	10
EAPN MEMBERS' ASSESSMENT OF 2014 NRPs	11
1. General assessment	11
2. Macroeconomic.....	15
2.1 Key concerns	24
2.2 Key messages	30
3. Employment	31
3.1 Key concerns	40
3.2 Key messages	44
4. Education and Training	45
4.1 Key concerns	53
4.2 Key messages	55
5. Poverty.....	56
5.1 Key concerns	68
5.2 Key messages	77
6. Governance and Participation.....	78
6.2 Key concerns	81
6.3 Key messages	84

INTRODUCTION

2014 marks the last round of National Reform Programmes before the Mid-Term Review of the Europe 2020 strategy in 2015. Whilst some signs of recovery have been seen in some countries, Europe's social crisis continues to worsen, as a result of rising unemployment and continuing austerity policies. Instead of progress on the Europe 2020 objective of lifting at least 20 million people out of poverty and social exclusion, poverty has increased by 10 million since 2009 to 124 million in 2012, with growing inequality in the majority of countries. Whilst the Commission's 2014 Annual Growth Survey¹ and their Communication launching the Mid-Term Review gives some recognition to the lack of progress on the poverty target, the overriding message is optimistic of the EU's recovery underlining the need to continue with policies of fiscal consolidation with an increased emphasis on growth and jobs. This narrow approach will not be enough to ensure a reduction in poverty, and runs the risk of contributing to the growing exclusion and inequality gap, if the negative impact of continuing austerity policies and macroeconomic approaches undermining adequate incomes, jobs and services, with serious implications for social cohesion and the prosperity of all, as well as for sustainable, inclusive growth in the EU.

In this context, EAPN members have continued to try to engage in the Semester and Europe 2020 process at national and EU level, with the hope that increased engagement could help to bring real progress on effective policies to meet the poverty target. The report builds on the 2013 NRP Assessment: Widening the Gap and EAPN member's assessment and proposals for Country-specific Recommendations for 2014.

Scope of the report

The report aims to provide a synthesis of EAPN National Networks assessment of the 2014 NRPs, on how far the NRPs are delivering on the social targets (particularly the poverty target, but also to the employment and education targets) and on the effectiveness of stakeholders' engagement with the governance process. It will draw together the quantitative and qualitative conclusions from the questionnaire received from members, providing key messages and recommendations to Europe 2020, as well as input from EAPN workshops held in May in Prague. The report also aims to provide a snapshot of member's views and actions as well as examples and testimonies (positive and negative) of the reality on the ground, in contrast to the NRP official version.

The style of the report is non-academic, and aims to provide a direct picture of grass-root organisations assessment and concerns, rather than a formal scientific analysis of the NRPs.

Process

In June 2014, an online questionnaire was set up in order to know the assessment of EAPN's national Networks on the National Reform Programmes' impact on poverty and social exclusion in the Member States. This questionnaire adapts previous questionnaires which have formed the basis of EAPN assessments of the NRPs since the beginning of Europe 2020, and indeed builds on questionnaires used for assessments under the Social OMC since 2000. While 13

¹ EC (Nov 2013) Annual Growth Survey 2014

national Networks took part in this Survey in 2013, in 2014 the responses increased to 20, as seen in the following Map:

Map 1. EAPN National Networks who took part in this Survey



The information they provide mostly come from the consultation with other members of their network. Most of them (80%) got feedback from their network's members; 40% did receive considerable input from them, although 40% would have liked to receive more information. Only a 10% did not consult their Networks.

Comparing with 2013 figures, this Survey counted with more participation of the national Networks, and more members were involved in this consultation process.

The on-line questionnaire was complemented by additional information from a Word questionnaire and from detailed notes taken in the capacity building exchange on the National Reform Programmes held under the auspices of the EAPN EU Inclusion Strategies Group on the 16-17 May in Prague.

KEY MESSAGES AND RECOMMENDATIONS

The continuing failure to rebalance social and economic goals, giving priority to austerity or non-inclusive growth, continues to undermine the delivery on the poverty target within NRPs. As the NRPs are primarily focussed on macroeconomic Recommendations (CSRs), the poverty target continues to get too low profile, whilst macroeconomic policies focused on austerity with cuts in social spending are seen as contributing to rising poverty and an unequal distribution of the burden of the crisis. Although some progress is seen on social investment and some specific social policies for particular groups, an overarching, rights-based integrated strategy is lacking which can comprehensively ensure access to quality work, services and social protection for all, backed by thematic strategies for different groups. Whilst employment, particularly for youth, is an overarching priority, there are insufficient signs of public investment in quality jobs, or integrated action to ensure that the most excluded can access them. Neither is there real evidence of progress towards more inclusive education systems or integrated active inclusion approaches, which link personalized support into jobs with guarantees of adequate social protection systems, particularly minimum income, and access to quality services. Severe concerns are raised about attacks on public services, particularly the widening gap on access to affordable housing, quality health care, education/counselling. This is seen as contributing to increasing inequality as well as poverty, underlining the need for urgent public investment to ensure universal access to a comprehensive social protection system that can protect against all risks and provide a floor and automatic stabiliser to the economy.

Whilst the Commission has given an increased focus on participation and the importance of stakeholder engagement, uneven progress is noted with the majority of countries failing to deliver any kind of meaningful dialogue with stakeholders or national parliaments or to demonstrate the impact on policy. A major new initiative is needed to ensure participation and democratic governance is at the heart of the Semester and Europe 2020, if anti-poverty organisations are to continue to make efforts to engage and to support it.

Specific Messages on NRP Policy areas

Macroeconomic

- 1. Austerity measures are still main priority continuing to undermine social rights and inclusive recovery,** with inadequate progress on social impact assessment.
- 2. Social investment is increasing but social expenditure is still penalized as a cost not a benefit, with ongoing cuts and restrictions** with grave concerns about growing lack of access to affordable public services.
- 3. Lack of inclusive tax policy misses the opportunity to reduce growing inequality,** backing tax justice based on progressive taxation.

Employment

- 1. Job creation is under prioritised.** Investment in the creation of quality and sustainable jobs is crucial for tackling unemployment, together with positive activation, i.e., comprehensive, holistic support for people, especially those from key groups, towards these jobs.

2. **Quality of jobs and employment is neglected.** Quality, durable jobs and inclusive labour markets are prerequisites for both competitive economies, and poverty-free societies.
3. **Narrow employment-only solutions still prevail.** The labour market is not a “one-stop-shop” solution for poverty, discrimination and exclusion, it needs to be articulated coherently with other support measures, including income support and services, within comprehensive anti-poverty strategies.

Education

1. **Inclusive education is not a concern.** Segregation and discrimination are still pervasive in the schooling system, and vulnerable groups, such as Roma children, are not always effectively supported towards equal educational opportunities and outcomes.
2. **No link between the education and poverty targets of Europe 2020.** Evidence shows that children and young adults most prone to drop-out or poor attainment live in poverty – the cycle of disadvantage must be broken by tackling the poverty of children and their families, as a prerequisite for better educational outcomes.
3. **Lifelong learning is not considered beyond labour market needs.** While education and training should, undoubtedly, prepare individuals for accessing jobs, the purpose should be much broader, and encompass community and individual needs and development, including basic literacy and numeracy skills.

Poverty

1. **The poverty target is still not being taken seriously nor the reality of poverty adequately captured,** particularly with regard to timeliness and scope of data collection for hard to reach groups.
2. Although signs of increased social investment, it is unlikely to reduce poverty unless defending adequate social protection and minimum income as part of an overall integrated poverty strategy to reach all groups– with particular attention to active inclusion.
3. Uneven treatment of key target groups and piecemeal measures are proposed that still fall short of integrated strategies to fight discrimination and promote inclusion: of women, investing in children, combating homeless, Roma and Travellers, but also for migrants, single parents, older people and people with disabilities and health problems.

Governance and Participation

1. **Inadequate progress on meaningful participation is leading to grass-roots alienation from the European Semester process and EU policies.**
2. **Few signs of a stronger connection to national policy and parliaments or increasing equality between social and economic actors to increase policy impact.**
3. **Lack of concrete guidance or financial support from the EU for effective stakeholder engagement including support to participation of people in poverty, is limiting ownership and accountability.**

Key Recommendations to the AGS 2015

1) Move From Austerity to Inclusive Growth

- The AGS 2015 must give positive signs of the wish to re-balance social and economic objectives, re-focus on Europe 2020 targets and confirm inclusive and sustainable growth as the key objective, not growth at any price.
- The approach must mark an explicit shift away from austerity policies which are damaging welfare states and living standards and increasing poverty. This must include effective social impact assessment before policy proposals are made.
- A key priority will be to identify inclusive tax policies, based on progressive taxation which can help to close the inequality gap between rich and poor.

2) Promote an Integrated Strategy to Fight Poverty based on Social Investment and Social Protection

- Develop an overall EU strategy and require national integrated strategies to achieve the poverty target, based on access to quality jobs, services, social protection and participation.
- Give priority to Social investment, seeing social policy as a benefit not a cost, particularly in integrated approaches: active inclusion policies, investing in children and tackling homelessness and housing exclusion.
- Insist on the significant improvement of the adequacy and coverage of universal social protection, including minimum income if the social impact of the crisis is to be reversed, poverty reduced and the European Social model defended.

3) Tackle unemployment through quality job creation

- Commit to investment in the creation of quality and sustainable jobs, and make sure that these jobs are accessible to those furthest from the labour market and people living in poverty. Social economy, particularly WISEs, can play a significant role.
- Defend and promote quality of jobs and employment, as well as inclusive labour markets, as prerequisites for both competitive economies, and poverty-free societies.
- Place employment within comprehensive anti-poverty strategies, including adequate income support, access to quality services, the fight against discrimination, and participation.

4) Getting ownership and accountability

- Underline the crucial role of stakeholders, particularly civil society organisations and people with direct experience of poverty, and national parliaments in the Semester and support funding for their engagement.
- Propose the development of Joint EU Guidelines to require meaningful and effective engagement monitored transparently through an Annual Progress Report on the Semester.
- Outline steps to follow up on the EP's proposal of an inter-institutional agreement with EP Parliament for better shared decision-making.

EAPN's 5 key recommendations to the Mid-Term Review

The National Reform Programmes 2014, will be the last under the current guidelines for Europe 2020, before the Mid-Term Review in 2015.

In terms of the overall working of the Europe 2020 within the European Semester, EAPN has made a full assessment with our members and underlines our 5 key priorities for change, as outlined in their proposals for the Mid-Term Review.²

- 1) Building a coherent economic/social strategy and governance model
- 2) Establishing credible poverty reduction and social targets
- 3) Prioritising an EU Integrated Strategy to fight poverty and an urgent Marshall-type investment plan
- 4) Establishing democratic and accountable governance
- 5) Using EU Money for Poverty

[See our position paper for more details.](#)

For the Annual Growth Survey 2014, building on this 2014 NRP Assessment, EAPN makes the following Recommendations.

² EAPN (2014): [EAPN Input to the Mid-Term Review of the Europe 2020 Strategy – Can the Strategy be made fit for purpose enough to deliver on its promises on poverty reduction?](#)

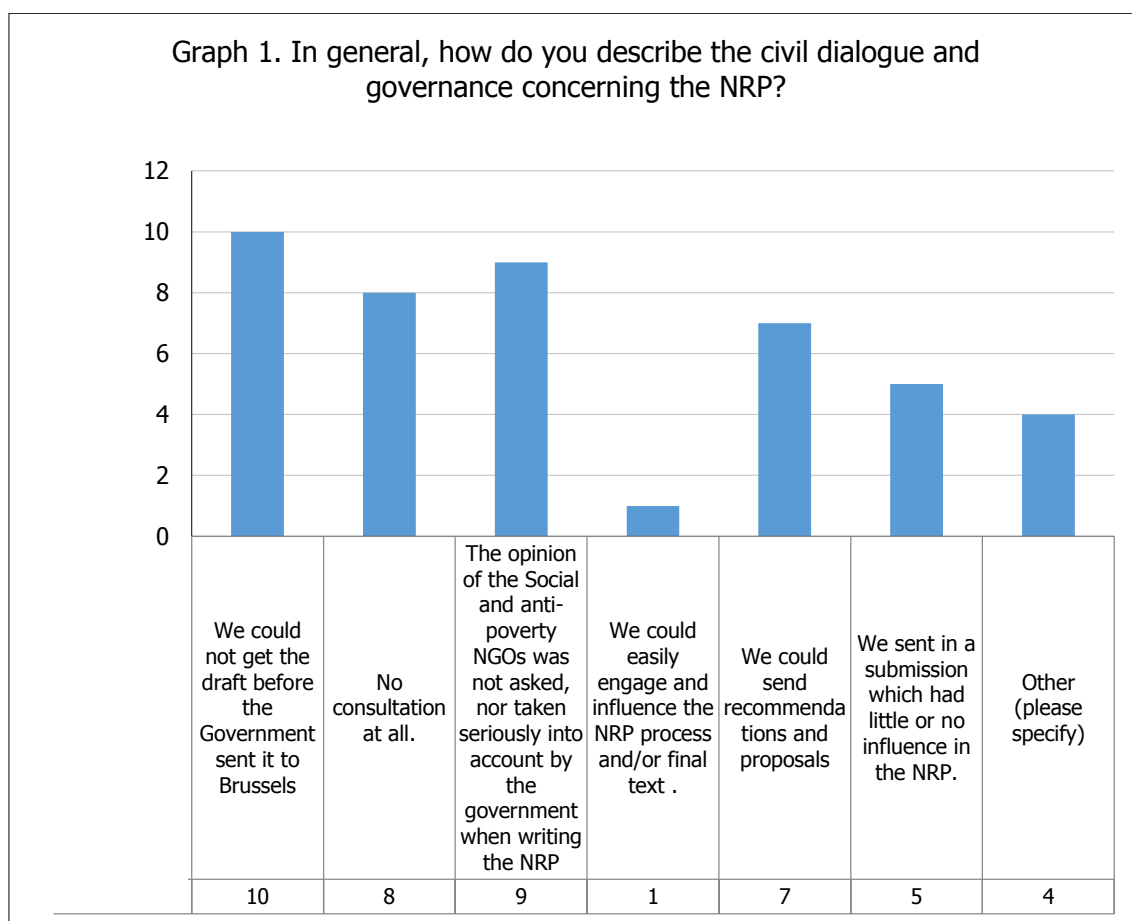
EAPN MEMBERS' ASSESSMENT OF 2014 NRPs

1. General assessment

In this section we set out the overall assessment of the National Reform Programmes.

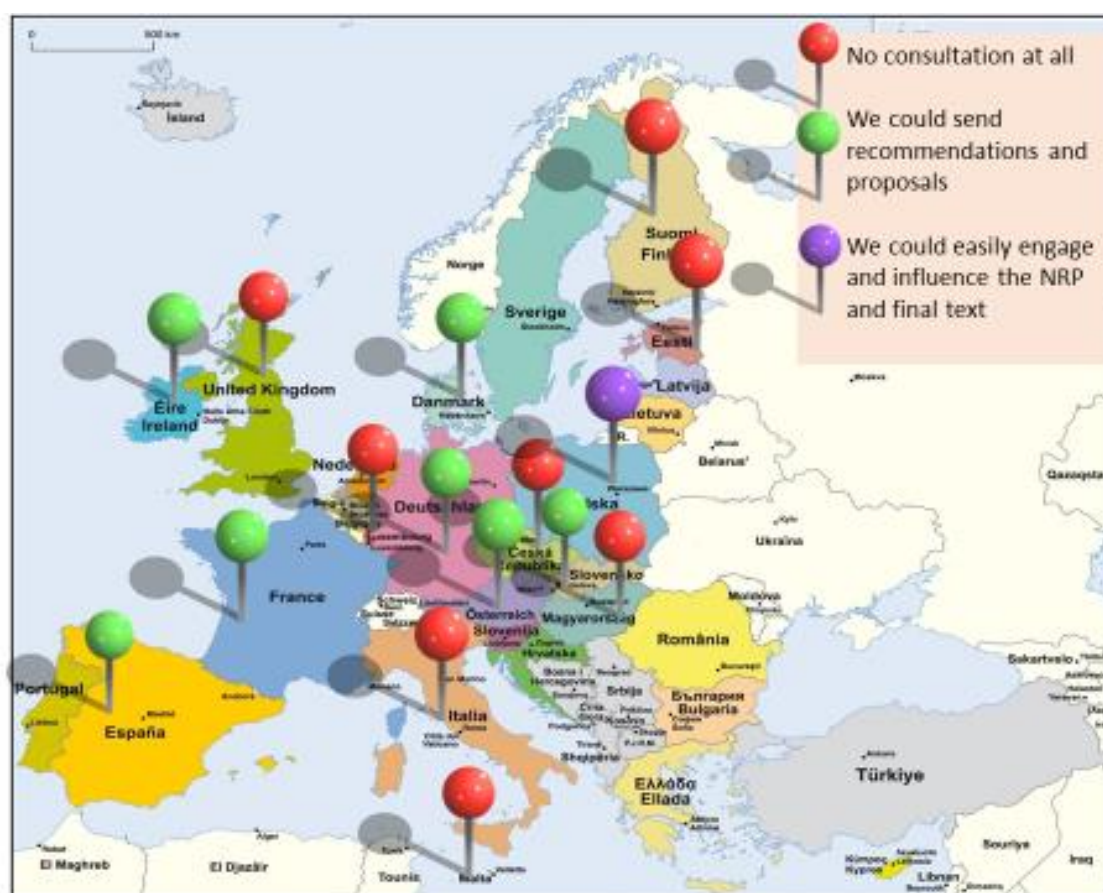
We asked about the status of the National Reform Programmes in their countries; 19 of the responses said that NRPs were obligatory and only Cyprus said that it was optional. This reflected the current exemption given to countries under the Emergency Assistance Programmes (Troika).

As seen in the following Graph, most of the Networks had some degree of exchange with their national governments. However, 50% could not get the draft from the authorities, before they sent it to the European Commission, and 40% stated that the authorities did not carry on any sort of consultation.



The following Map shows that, although many networks could send proposals to the NRP, there are still many governments that do not carry any consultation with stakeholders at all. Only Poland could easily participate in the process.

Map 2. Consultation Process



Explanations and Testimonies from the Networks on the Governance Process of the NRPs

Ireland

We attended a meeting with the Department of Social Protection, but we are unsure what impact it had on the final document, as many issues raised were not addressed in the NRP.

Luxembourg

There was an information meeting organised by the Ministry of Family (about the social target only). It was told that the target was out of reach, that the number of people AROPE had risen instead of falling, but this had no influence on the NRP, which is the same than last year. Also our question, whether there should not be more measures decided as the target would not be reached did not receive any answer.

Slovakia

We participated in the inter-departmental comment procedure (that lasted 5 days only), sent several comments and proposals, only marginal things were accepted.

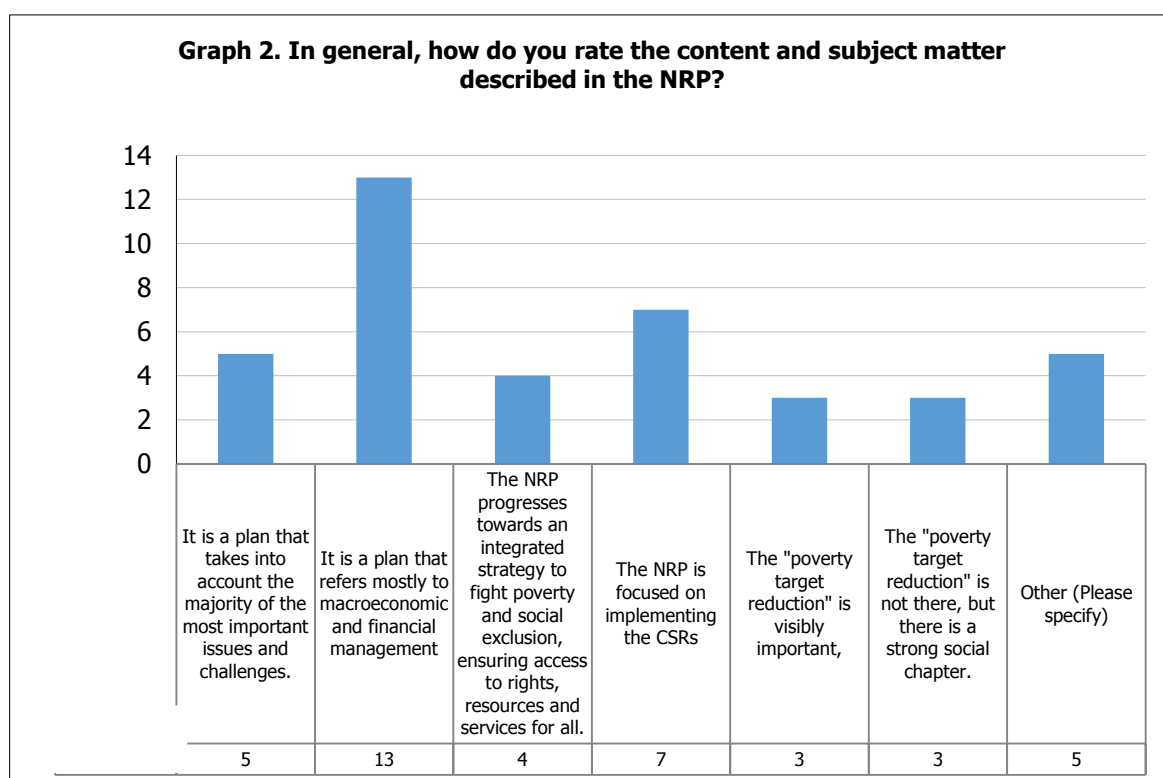
Spain

We sent a document and had meetings with the Economic Office of the Government, in charge of writing the NRP. Our proposals, as well as those from the social agents, were included in the latest version of the NRP. Although, most of them were not implemented.

See more details on the governance process in chapter 6.

Key Features of the National Reform Programmes

There are two key-shared visions regarding the NRPs. The first (selected by 80% of respondents) is that NRPs are mostly macroeconomic and financial plans. The second is that they mainly respond to the Council's Recommendations. Only 15% considered that the "poverty target reduction" was visibly important.



The following Graph displays the geographic distribution of the three most agreed answers.

Plans are mainly macroeconomic and financial policies:

Spain, Luxembourg, Belgium, Finland, Germany, Estonia, Slovakia,
Cyprus, Lithuania, Denmark, Malta, United Kingdom.

The NRP is focused in implementing the CSRs:

The plan takes into account the majority of the most important issues and challenges:

Czech Republic, Slovakia, Romania, Malta, United Kingdom.

The Map shows the few countries that recognized that the poverty target was visibly important, and those who said that despite the target not being visible, their NRPs contained an important social chapter. In overall, they only represent 30% of the responses.

Map 3. “Poverty target” and “Important Social Chapter” in the NRPs



Follows a detailed description of the respondents' views on the different features of the NRPs. The respondents contrasted this information with their perspective of how it might affect people in poverty, and the poverty target agreed for EU2020.

2. Macroeconomic

Findings from the questionnaire

The consensus from the survey is that macroeconomic and financial policies, as proposed at the NRPs, keep on unequally distributing the burden of the crisis. Many Networks claimed that the deficit reduction would affect the social investment and social protection expenditure levels and are contributing to growing levels of poverty and social exclusion.

80% thinks that, with these policies, the burden of the crisis was unequally distributed.

65% believes that the deficit reduction would affect the social investment and social protection expenditure levels.

60% thinks that these policies will generate increased poverty and social exclusion.

60% thinks that the deficit reduction is the core of the macroeconomic orientation of this NRP.

50% believes that the proposed macroeconomic policies were not reasonable and appropriate.

50% believes that the NRP reformed the pension system, increasing the retirement age.

50% thinks that these policies are adequate in view of creating more employment.

50% considers that there is some new focus on inclusive growth through public investment

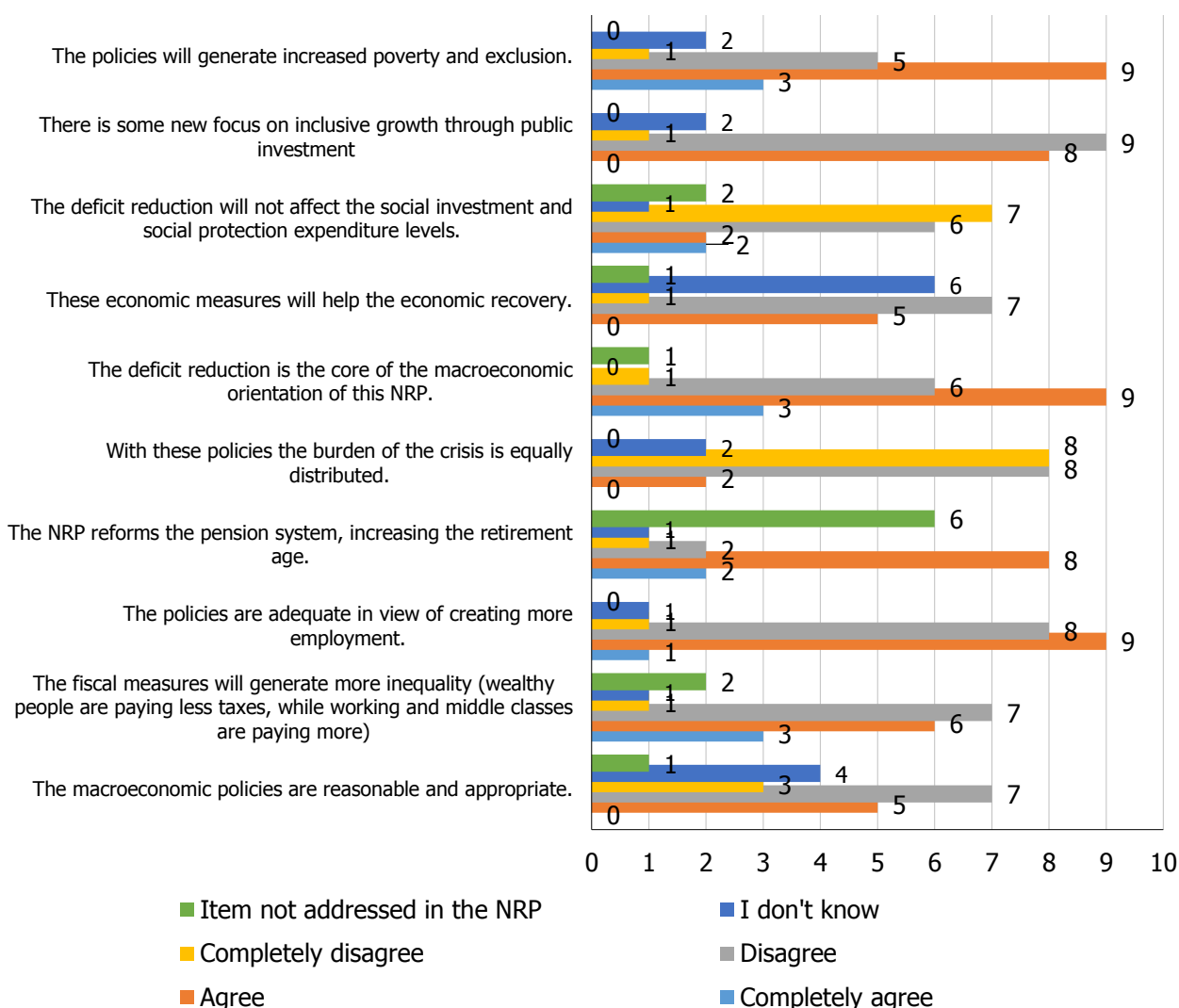
45% considers that this policies would generate more inequality, but a similar percentage disagrees.

40% thinks that the these economic measures will help the economic recovery, but a similar percentage does not know.

The analysis of the macroeconomic chapter and the possible impact of the foreseen policies and measures shows the following results:

Detailed and complete answers can be found in the following Graph.

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



In the following map we can see the Networks who thought that the macroeconomic and fiscal policies contained in their NRPs unequally distributed the burden of the crisis. Those who said that poverty would increase in their countries are shown as well; many of the answers coincide.

Map 4. “Unequal distribution of the crisis’ burden” and perspective of an “increased poverty and social exclusion”



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

Austria

There are no specific new negative measures, but the problem is that there is no shift in the general economic approach. Even as a tax reform is demanded by one part of the government (Social Democrats), the other part (Conservatives) opposes a real reform, which includes more taxes on wealth.

Denmark

The overall economic frame is given which is focused on restricting the deficit to 3%.

Estonia

Macroeconomic policies in the Estonian NRP focus on raising the skills of employees, increasing the workforce, increasing the volumes of research and development in the private sector, developing infrastructure, raising the skills of employees that supports enterprises on the international level and promoting investment.

Finland

The Finnish government has been doing some recovery measures to fuel the economy in recent years, but now Finland is starting to face the new fiscal limits of EU austerity policies (i.e. new limits to the public debt and government deficit ruled by the Stability and Growth Pact, Two-Pack etc.) and that means that unemployment might still grow bigger and poverty might start to grow again.

France

There is a pact of responsibility based on reducing employers' social charges on low wages. This is how they promote employment. Measures promoting subsidized contracts and the reform of labour insertion through economic activity continue together. The age of retirement was delayed years ago. The poor and unemployed are increasing and their situation is worsening. Deficit reduction has a key place. Fiscal adjustments reduce IRS for low-income families.

Germany

The deficit reduction and the obligation for the “Länder” to not make any new debts leads to less social investment. Even if a “Bundesland” has a financial surplus it hesitates to invest, instead it holds back surpluses for times of economic downturn.

Hungary

The government wants to increase economic development, expansion, and the employment rate. Its plans do not coincide with the Commission's Recommendations. Measures were taken in order to reduce economic imbalances and deficits. The measures cumulate and have great impact on poverty and people in need. According to the last data [EUROSTAT (EU-SILC)] the measures do not reduce social inequalities and poverty rate.

Ireland

The main focus of macroeconomic policy is to continue to reduce the budget deficit, which will continue austerity measures into 2015. Unless there is a change of strategy from the last number of years, this will result in an increase in poverty and exclusion.

Italy

Since February there is a new Government, so it is a very short time for to make a complex judgment. The new Government has designed a new approach involving a small reduction of labor taxes and a small increase in financial taxes.

Lithuania

Our government agencies began a more open macroeconomic debate, but they are still narrow and inaccessible for most networks and civil society.

Luxembourg

As there is a new government in place only since December 2013, the overall “new” policies are not yet known. Looking at announcements and signs, we expect a severe cut in social budgets to come during the next years. The macroeconomic chapter is also limited, but in the chapter with answers to the CSR's, it's most of all about macro-economic policies. And the main focus is austerity, for example undermining the indexing system, freezing of wages...

Poland

All macroeconomic policies are included not in the NRP but in the Convergence Programme.

Slovakia

The Slovak NRP focuses on recovery of the economy and support for the creation of new jobs and improvement in the correspondence between education/research and the demand of the economy (subordinating them to the needs of representatives of employers who had strong words in the consultation procedure).

Spain

Macroeconomic policies are oriented to reducing the deficit through further cuts in social expenditures, and restrictions in public investment. These approaches will generate more inequality in accessing social services, and will not tackle unemployment.

United Kingdom

Fiscal measures will generate more poverty as spending cuts are focused on welfare benefits ie uprating working age benefits by just 1% for 3 years, when the Consumer Price Index is around 2.7%. Cuts to tax credits, which top up low pay and cuts to child allowance have also reduced income for lower income groups in paid work.

The ratio of tax rises to spending cuts is 85:15. VAT was raised and is regressive. Capital is taxed lightly relative to income and the wealthy can also shelter income from tax. Personal allowances were raised but tax credits are means-tested. Local authority budgets have been cut by a 1/3."

Findings on the Convergence and Stability Programme and its impact on the social objectives of the NRPs

Members were further asked how about the parallel process to the National Reform Programmes in the Europe Semester – i.e. the Convergence and Stability Programmes, and how far these were seen to have an impact on the poverty target and other social objectives.

Belgium

Absolutely, the main focus is making the social security system 'efficient and affordable. This is translated into making early pension quite difficult, undermining the indexing system... Austerity is undermining the social objectives.

Czech Republic

The new Government mentions the possibility of subsequently joining the Stability Pact, which was accepted by government when accepting Euro. Fiscal policy is reaching its goal - structural "saldo"/deficit -1% GDP. Fiscal policy is slightly aimed at stimulating the economy (government deficit for 2014 was 2.7% of GDP, slightly increasing to 2.9%), though this slight increase may stimulate also social objectives by public spending.

Estonia

It will have an impact on social objectives, raising the skills of employees, investing in infrastructure of hospitals. Also, special attention is paid to availability of medical treatment in rural areas.

Germany

In the Convergence and Stability Programme, the terms “poverty” and “social exclusion” are not once mentioned. But the government sets out that Germany is going to target investment in education. Another focus is the promotion of employment and to get unemployed back to work.

Ireland

The Irish Stability Programme focuses mainly on Ireland’s economic recovery with little focus on social issues apart from a summary of the NRP in an annex at the end. There is a focus on employment and addressing unemployment throughout the Programme, but without great detail. The main focus is on the Action Plan for Jobs. There is no mention of decent jobs. In relation to taxation, however, it highlights that Ireland aims to maintain a competitive and fair taxation policy. As part of this commitment, the Government intends conducting a regular programme of tax relief reviews using public consultation.

Luxembourg

It prescribes the macroeconomic trajectory the NRP has to follow. So, there will clearly be an impact.

Poland

It is difficult to assess the impact of the Convergence Programme on the social objectives of the NRP. Reforms of the pension policy from 2009 mentioned in CP will decrease social expenditures to 2017.

Slovakia

Social objectives (with exception of employment growth and stability of pension system) are rather on the second track with less priority.

Spain

The Spanish Network mentions that the 2014-2017 macroeconomic scenario maintains the conservative nature of the previous Stability Programme. The assumptions used are conservative and foresees a moderate economic growth, in line with that estimated by national and international public organisations and private analysts. For further balancing the fiscal effort necessary to achieve the medium-term deficit target, the deficit goal is reduced in 2014 down to 5.5% of GDP, compared to the required 5.8%. Accordingly, the negative impact on the social objectives could be sustained in the years to come.

Positive and Negative measures in the Macroeconomic Policies of the NRP

Austria

Positive measures

As fighting poverty is not a key target in the macroeconomic chapter, there are no real positive measures.

Negative measures

What is new in 2014 is the disability pension ("IP Neu"), 5 which went into effect on 1 January 2014 for all persons under the age of 50 (as of that date). It aims to achieve the sustained (re)integration of people with disabilities into the labour market by way of medical and vocational rehabilitation. EAPN Austria and unemployment initiatives in Austria are sceptical that this goal will be achieved and will monitor the development.

Belgium

Positive measures

Some measures to prevent in-work poverty, which result in higher minimum wages. Adaptation to Welfare of Minimum Income schemes.

Negative measures

Undermining of the indexing system, the freeze of wages...

Czech Republic

Positive measures

Planning of more public investment into education, employment and families with children. More cuts in own management and public operating expenses, better collection of taxes not social cuts. Possible changes in gambling business taxation. Lower taxation for second and more children, medicine, books, children nutrition, although it is discussed if the market will change prices as well. Pro-solidarity perspective with the capping of deductions for health insurance (for the wealthier) is planned to be cancelled. Self-employed will have a revision of lump sum expenses for more equal taxation.

Negative measures

Lack of overall prioritisation of the issue; anti-poverty paradigm perspective marginalised. Self-employed - revision of lump sum expenses for more equal taxation may have effect on employment levels and possibilities.

Estonia

Positive measures

Huge investments in infrastructure are good, also in innovation and different start-ups.

Negative measures

We need to develop better infrastructure; more investing in research and development, and in raising the skills of employees. Policy is very much focusing only on the labour market.

Finland

Positive measures

The structural reform of local government and social and health services. There will be five big areas, which will organise the health and social services. This is likely to improve access to services.

Negative measures

Balancing local government finance by 2 billion euros and reduction of municipalities' duties and obligations. This will decrease peoples' access to social services, which are organised by municipalities.

France

Positive measures

Subsidized jobs and social protection policies are maintained. The MIS scheme is confirmed. Disability benefits as well, housing benefits to be confirmed.

Negative measures

There are some cuts in social protection transfers, family benefits. Other social transfers are frozen, except for Minimum Income.

Germany

Positive measures

The Federal Government will disburden the regional Governments with 6 billion Euro, with the result that the regions can invest more money into their educational infrastructure. (Budget-Legislation). The introduction of a prevention law, which will reform the health care system so that in every educational institution there are going to be regular medical check-ups.

Negative measures

The Federal Government does not introduce a new way of increasing budget revenue – no tax for financial transaction and no wealth tax is mentioned. The only aim in that matter is to try harder to prevent tax fraud. The chapter of macroeconomics is long but it mostly addresses the current account surplus, and how to deal with it. The Government announces an increase in investment of public funds but they do not use the chance to explain into what exactly and they do not comment how macroeconomics policies can compensate inequalities.

Ireland

Positive measures

The NRP mentions the long overdue report from the Advisory Group on Tax and Welfare, which could potentially address current barriers that make it difficult for people to move from welfare to work. It is hoped that this report will lead to reforms, which will mean that people can have a decent income while on welfare and while transitioning to work.

Negative measures

One of the three pillars of Ireland's Medium Term Economic Strategy 2014-2020, introduced at the end of 2013 following the exit of the Troika from Ireland, is to get public debt down to safer levels (currently 122% of GDP). To achieve this without a change in the approach of

Government will result in continuing austerity measures. The NRP states that the Government will maintain the competitiveness of our tax system, which includes maintain the 12.5% Corporation Tax level but there is no mention of progressive taxation or re-distributional policies to address inequality.

Hungary

Positive measures

1/1/2013 (New Labour Code): employers are entitled to a social contribution tax allowance and a relief on vocational training levy after disadvantaged job-seekers (under the age of 25, above 55, those returning from child care, those without qualification, permanent job-seekers). By extending the Code from 1/1/2014 for employees with 3 or more children returning from the payment period of childcare fee, childcare benefit, child-raising allowance, the tax allowance on social contribution available to the employer will be 28.5% in the 1st 3 years and 14.5% in the 4th and 5th years of employment.

Negative measures

"From 2013 a completely proportionate, flat-rate personal income taxation was introduced in Hungary after phasing out the tax base supplement and terminating the upper limit of pension contributions" (page 9) "Moreover, the extension of public work scheme has also significant fiscal liability on the national budget."

Lithuania

Positive measures

They should prioritise economic growth-enhancing expenditures, and continue to strengthen the fiscal framework, in particular by securing enforceable and binding expenditure ceilings in the medium-term budgetary framework.

Negative measures

The Recommendation 3 is too bureaucratic and insufficient, because there were poor debates with the NGO sector.

Slovak Republic

Positive measures

An increase of teachers' salaries by 5%.

Negative measures

The stagnation of expenditures for active labour market policies.

Spain

Positive measures

The perspective of a tax reform is one of the positive measures. This may help to reactivate the economy. In particular, the reform allows that those households earning less than 12,000 per year do not pay income tax. We believe that the fight against illegal employment and fraud social security, to protect public resources, protect the rights of workers employed illegally and prevent unfair competition from companies that resort to irregular work, are positive actions as well.

Negative measures

We are concerned about the continued reference to more adjusting of the public spending by cutting social expenditures in order to meet the structural effort required until 2016 (up to a total of 1.44 percent of GDP reduction). We believe that social expenditures are necessary and should be exempt from the adjustment. For example, the sustained reduction in health expenditure, by the consequent restriction of the right to health care of vulnerable groups and the elimination of drugs from the vademecum of the public system, are presented as “achievements” by the NRP, while they are clearly a loss in the healthcare quality and efficacy.

United Kingdom

Positive measures

There is no macroeconomic chapter in a meaningful sense. If the government can take credit for it, the most positive is the growth forecast, since that will increase the tax take automatically, helping the budget and therefore the potential to reduce the swingeing cuts being implemented in welfare and social policies. But hell will freeze over first.

Negative measures

The pace and scale of deficit reduction, this reduces the scope for local authorities et cetera, to mitigate the impact and the fact that the heaviest cuts are borne by working age benefits. The UK Convergence programme states that the richest contribute the most to reducing the deficit - this is because of soaring incomes and for no other reason.

2.1 Key concerns

This chapter sets out the main concerns regarding macroeconomic policies in the NRP highlighted by members regarding the 2014 NRPs, drawing on the broader discussions that took place in EAPN’s EU inclusion strategies group, as well as the questionnaires input.

NRPs dominated by Stability and Growth Pact and CSRs

The macroeconomic section of the NRP is underpinned by the Economic Guidelines 1-6 of the Integrated Guidelines of Europe 2020³, 4 of which focus on fiscal and economic deficit and debt control with some investment criteria for growth. However, whilst the dominant driver of the NRPs is clearly the Annual Growth Survey priorities, increasingly the focus is given to the implementation of the Country-specific Recommendations (CSRs) with the Stability and Growth Pact in the driving seat, as highlighted by EAPN members in the survey. **This year the NRP reports are clearly organised around the CSRs – giving a paragraph for each.** This inevitably runs the risk of a narrowing of the agenda, creating a disconnect from the Europe 2020 goals dominated by the Stability goals as well as undermining the transparency of the process. The

³ 1) Ensuring the quality of public finances, 2) Addressing macroeconomic imbalances, 3) reducing imbalances in the Euro area, 4) Optimizing Research and development and innovation, 5) Improving resource efficiency and climate change, 6) Improving Business and Consumer Environment and Modernizing the Industrial base

current CSRs give an overwhelming priority to macroeconomic and employment linked to the Stability and Growth Pact, rather than a structured approach requiring a balanced and consistent progress on all Europe 2020 targets and objectives, section by section.

The Annual Growth Survey⁴ (AGS) this year (2014) sent the main message that the EU has reached 'a turning point in the crisis', with signs of slow growth. However it reminded Member States to keep up the reforms to reduce deficits and public debt, whilst 'improving competitiveness and lasting recovery'. The same 5 priorities were highlighted as last year. In the macroeconomic priorities this meant 1) Pursuing differentiated, growth-friendly fiscal consolidation, 2) Restoring lending to the economy and 3) Prioritising Growth for and Competitiveness for today and tomorrow. Some positive rhetoric can be found in the stronger reference to the need to demonstrate fairness i.e. "fairness considerations and clarity about the goals will be essential to serve lasting success, efficiency and public acceptability of efforts at national and EU level.

Last year, a further instrument was added to reinforce the S+G requirements as for the first time all Euro areas, except those under a macroeconomic adjustment programme (ie Troika) had to present their budgets to the Commission as part of the economic surveillance measures under the "six and two" pack. The NRPs largely reflected this development.

Unfair austerity cuts or expenditure ceilings continuing to generate poverty

Nearly all responses highlighted the continuing priority given to reducing deficits through fiscal consolidation or austerity measures. (BE, DE, ES, FI, FR, HU, IE, IT, LU, PL, SK,). This continued to involve cuts in services or limits imposed on raising social expenditure. The harshest measures were apparent in the countries currently under or emerging from Troika arrangements, i.e. Ireland where the main focus was explicitly 'putting public finances back on a sustainable path', with predictions of austerity measures to 2015, in attempts to bring public debt (currently 124% of GDP in 2013) down. However EAPN Ireland points out that 64 billion of this is banker's debt, with almost 1/5 of revenue in 2013 going to servicing the national debt, highlighting the unfair targeting of social expenditure paying for the banking crisis still. In Spain, cuts of 1.44% of GDP are expected for 2015 and are expected to hit health and social services. Even in countries like Finland with relatively small deficit challenges, cuts are expected in March, hitting the same services. In Poland, every new social policy raising social expenditure is opposed by the Finance Ministry. However, some countries outside the Eurozone have not needed CSR requirements to continue to implement swingeing cuts to welfare states. UK appears the key example, with the ratio of cuts in social expenditure to tax rises of 85% to 15%, which is worse than those under Troika arrangements (70% to 30%).

Attacks on indexing and long-term financing of pension systems is also noted (e.g. BE, SK, UK - where the automatic decrease of replacement rates for pensions is put into place together with the automatic increase of retirement age).

NRPs dominated by Convergence and Stability programmes

Many responses highlight the importance of the Stability and Convergence programmes whilst underlining the difficulty of making a clear assessment, as poverty or the implications are not

⁴ EC (21.11.2013) Annual Growth Survey 2014.

highlighted (DE, PL). The objectives are clearly focussed on stabilizing public finances and economic recovery, with little focus on social issues, although in Ireland the NRP is summarized in an annex. To most, there appears a clear negative impact on social objectives. (BE, CZ, DK, EE, HU, IE, LT, LU, PL, RO, ES,). Key priorities are making social security more 'efficient and affordable' which translates into reductions in pension levels, undermining indexing (BE), reducing social benefits and minimum income (DK). Spain highlights the conservative nature of the assumptions, with some flexibility introduced around deficit reduction goals, although this is likely to mean an extension in the duration of the social impact. However Estonia, Germany and Lithuania highlight some potential positive impact (i.e. greater investment in skills, education and infrastructure). Lithuania remarked the need for careful monitoring of implementation. IE and DE highlight focus on employment and addressing unemployment, but concerns about the lack of mention of decent jobs.

Some positive rhetoric around limiting social impact

EAPN has consistently called for ex-ante social impact assessment on proposed fiscal consolidation measures, particularly in the countries under Troika programmes and the development of a social golden rule. EAPN welcomed some signs of this approach in a few countries, e.g. in Slovakia where key services were 'red-lined', to avoid hitting the income or consumption of low-income households. However, this commitment appears to be undermined by the de-indexing of pensions, introducing automatic decreasing of replacement rates and automatic increases of pension age which will increase poverty for older people. In France, although 50 Billion Euros of public expenditure cuts are proposed, attempts have been made to limit the social impact, with social benefits for the elderly, disabled, long-term unemployed kept in line with inflation and minimum income raised by 2% per year. These are seen as positive examples which other countries could be following.

But efficiency priority undermines access to health and social services

Particular concern was raised by EAPN networks regarding the impact on health and social services (CY, DE, FI). A large number of countries received CSRs related to increasing the effectiveness and efficiency of health services. (AT, BE, BG, CZ, DE, ES, FI, FR, HR, IE, LT, LU, MT, NL, PL, PT, RO, SI, SK – pensions and health care). However, the overriding priority appears to be given to increasing efficiency, requiring a rationalization of health services. The increase of out of pocket payments for health care and medicines is of particular concern. In Cyprus, under Troika arrangements, this is seen explicitly as hindering access to affordable health care.

Some positive developments are seen in Germany where the federal government will support investment in educational infrastructure at regional level. A new prevention law is proposed which also applied also to people in homes, and includes regular check-ups in all schools, could help to prevent the health service becoming a two-tier system for the rich and the poor. However as the major driver is efficiency to save money in health services, it is not clear the impact on health inequalities and access as well as quality of care for the most disadvantaged. In Finland, a specific CSR was received to reduce health inequalities, with some new measures proposed, but not implemented as yet.

Some increased economic investment but highly dependent on EU funds

A few networks noted an increase in focus on growth and investment (EE, SK, IE, RO). However the majority saw few signs. In Estonia an increased focus on increasing skills, innovation,

education, development, creative industries and health infrastructure was noted. But the increase in the rhetoric, was not always matched by concrete measures. In Ireland, the importance of a growing economy, getting people back to work, social standards and addressing equality was underlined, but lacked practical steps. The role of EU funds was seen as a clear factor. In Poland it is seen as the major component of government investment policy. In Slovakia, there is a clear rhetoric of investing more and stopping policies that harm the economy, supporting job creation and link between education/research and economy. However the employers seem to have the main say. In reality EU funds are the main source of money in many countries. EAPN SK highlighted that Structural Funds projects were stopped this year completely because of lack of co-financing from the national level. Similarly in Romania, in practice there is no money to implement the measures. In countries bordering the conflict zone of Ukraine, an increased budget is noted in defence (EE, RO). Even in some countries, like Finland, investment measures currently in place are now likely to be curtailed because of the new fiscal limits.

Some piecemeal signs of social investment but low priority

Some networks highlighted some more signs of social investment – ie in investment in quality jobs, tackling in-work poverty, social protection and public services and enabling support (BE, CZ, DE, SK, IE), however some, like Ireland, underlined that this remained as rhetoric rather than promoting concrete measures. Others noted that an **integrated approach across the range of social investment** areas was missing, particularly in relation to the importance of investing in universal social protection and quality services. In general, a stronger emphasis was noted on **education and early learning** and care, providing enabling support for children and their families, and young people (e.g. CZ, IE, SK) although in some cases the dominant focus is primarily to support women into the labour market rather than ensuring the quality of early learning for the benefit of the child. In Ireland, a new children and young people's policy framework could deliver better outcomes, as well as the child poverty target, also the new Action Plan for Jobs and pathways to work, and support to employment and living conditions, but the **lack of emphasis on social protection and services**, is likely to mean 'little improved quality of life for the most vulnerable'. In Slovakia, important investments in teachers and pedagogical salaries in kindergartens and elementary schools by 5%, and the capacity of ECEC were welcomed as well as an increase in minimum wage, however stagnation of expenditure for active labour market measures will undermine access to employment. In Germany, the CSRs recommended an increase in public investment and to create jobs as well as criticizing weak domestic demand, however not all this is apparent in the NRP. The major positive step is in the introduction of the minimum wage from 2015, however the exceptions are of concern. (See employment section). Kindergartens and childcare are to be improved to support women back into the labour market, as well as proposed improvements to the educational system, however as these are delivered through the Lander, it's not clear how it will be implemented.

A new priority appears to be given in some countries to **reforming the housing market** with potential for social investment. However, the major focus appears to be supporting the re-launch of the private housing market, rather than ensuring access to affordable housing. In Spain, banks reclaimed housing/buildings where owners defaulted on mortgages. These are being sold to foreign investors and increasing homelessness.

In some countries **negative restrictions are placed on socially-innovative funding and projects** which appears to counter the social investment priority E.g. Spain where crowd funding for social projects is capped at 3.000 per project and 6.000 for a whole project for a single person. In Belgium, positive measures are noted in tackling in-work poverty with higher minimum wages. However, on the whole, Social expenditures are still being treated as a cost not a benefit. Given the crucial importance of social investment to achieve inclusive growth and reduce poverty, EAPN Spain calls on the Commission to exempt social investment from the adjustment programmes.

Pressure to centralize and reduce local services provision

A new priority appears to be given to rationalizing local administration as noted by several networks with the main focus on efficiency (DE, EE, ES, FI, SK). This appears to be mainly a centralizing move with budget consolidation as the primary goal, with reinforcement of the control of national budget over local spending on services, for example in Slovakia. In Estonia, the question is asked 'who is responsible for what? The national government or the local authorities? A key issue will be what happens to rural areas. In Estonia, a special policy for rural areas is being established. However in Spain, this is resulting in the dismantling of local proximity services, with the reduction of rural services outside the main population centres. In some cases the rationalization could ensure more positive social outcomes eg in Germany where changes are proposed to the fiscal pact with the Lander in order to improve the quality and accessibility of kindergartens and elementary education although the concrete impact is as yet unclear. Finland also notes that the restructuring of social and health services into 5 big areas, could improve equality in universal access, although the cuts in funding to local provision with the reduction of municipal duties and obligations will decrease access to local social services in the short-term.

Increased growth-friendly tax misses opportunity to reduce inequality

Most networks note an increase in focus on tax and social security contributions – with an emphasis on 'better taxation' (CZ, DE, ES, HU, IE, IT, PL, RO, SK,). The majority of these appeared to follow the Commission's guidance on '**growth-friendly**' taxation, switching tax away from labour, with increases in consumption and property taxes. However, there are little signs of an inclusive tax justice approach which promotes tax as a key instrument to support progressive redistribution which can impact on growing economic inequalities. Emphasis on **reducing the tax burden on low incomes** is cautiously welcomed (DE, CZ, ES, HU, IT) also as crucial measures to increase disposable incomes and to re-activate the economy. However concern is raised about more blanket reductions of taxes and social security contributions and its long-term impact on the financing of social protection systems. In Hungary, a job protection act and its extension is highlighted – with small business tax, introducing fixed tax rate for enterprises and employer benefit systems for the most disadvantaged employees, a family contribution relief and decrease of contributions for employers in disadvantaged regions. In some countries, tax reductions are giving the main focus. ie in Spain where taxes are reduced until 2016, all families to pay 21%, with the exception of families who earn less than 200.000 who are exempted. In Czech Republic, a focus is noted on reducing tax on small business.

Some welcome measures are noted to **tackle transitions between tax and benefit systems**. Some highlight increases in taxes (RO, SK) but raise concerns about whether due safeguards have been put in place to ensure that the measures do not hit working people. In Slovakia, it is

noted that increases in income taxes were proposed, but seen as a threat to growth, so they were encouraged to increase them only slightly. However, in reality a lot of high revenue companies continue not to pay tax at all.

In other countries, the focus on **tax evasion and avoidance** is underlined. (DE, ES, PL). However whilst tackling undeclared work is seen as important, the priority focus given to pursuing the workers rather than the employers who are propitiating these systems is challenged. EAPN Spain underlines the importance of protecting rights of workers illegally unemployed and preventing unfair competition from companies based on irregular work (ES).

A major gap continues to be the lack of attention paid to **progressive income taxes**, with continuing support to flat taxation systems which give an unfair and disproportionate burden of taxes to low income people, who pay the same taxes as the rich. (BG, HU, LT). Companies continue to escape paying their fair contribution with reductions in corporate taxation (e.g. UK where corporation tax will be 20% compared to 40% in the US) or maintenance of traditionally low rates which also promote unfair tax competition (e.g. Ireland, with rates of 12.5%). Ireland points out that it is also important not to focus just on the official rate but also on the effective Corporate Tax rate, which through tax breaks, exemptions etc. is low in many countries. The failure to focus on Financial Transaction Tax and its use is highlighted (DE) also wealth taxes. At no time is the role of macroeconomic policies in reducing inequalities raised. (ES).

Benchmarking non EU countries

Similar trends are noted in non EU, particularly in some Candidate countries. For example, **Serbia** faces for the first time austerity measures are presented as a package. The focus is on cutting budget expenses to maintain social protection but with a targeted rather than universal approach ie pensions and lowest transfers. It is however hard to calculate the real costs of these measures. Some positive measures are noted around introducing progressive taxation, with public employees paying higher taxes, but there are no clear actions around redistribution with the wealthiest. In others, some signs of social investment are seen - e.g. **Macedonia**, the government is investing in large infrastructure projects, e.g. rebuilding the railway to Bulgaria, to try to attract foreign investment and create jobs, although using the hook of qualified and rather cheap labour. Meanwhile some progressive taxation measures have been proposed, i.e. promising to decrease taxation on educational material for school children, to save 100 Euros a year for each family, but not clear it will be implemented. **Iceland**, on the other hand, is investing in an increasingly progressive tax and benefit system which aims to promote inclusive growth. The tax system is divided into brackets (37.3% - 46,24%) so that those on the lowest wages pay lower income tax, with the same personal tax-free allowance. Home ownership is encouraged through tax relief on the principal of housing loans, with particular support for the 5.8% of home owners who are below the poverty line. A new housing benefit system is planned to equalize the position between homeowners and renters, as 22% of tenants live in poverty. Some revisions are also taking place to counter the poverty traps between transitions between work and benefits.

2.2 Key messages

- 1. Austerity measures are still dominant continuing to undermine social rights and inclusive recovery,** with inadequate progress on social impact assessment.
- 2. Social investment is increasing but social expenditure still penalized as a cost not a benefit** with grave concerns about growing lack of access to affordable public services.
- 3. Lack of inclusive tax policy misses the opportunity to reduce growing inequality,** backing tax justice based on progressive taxation.

3. Employment

Findings from the questionnaire

Most of the national Networks considered that the employment policies included in their respective NRPs are guided by the activation principle, that they are not aimed at the creation of quality jobs, and that they are not part of an integrated Active Inclusion approach (clearly related to the access to social services, to adequate minimum income and to an inclusive labour market).

A majority (58%) also thinks that wages are being pushed down, as a way of internal devaluation. This is confirmed by the same agreement on the negative impact of the NRPs on the reduction of workers' rights and/or labour conditions.

On the positive consideration of the proposed employment policies, 79% said that their respective NRPs contain concrete measures to tackle youth unemployment, and 53% thought that their countries are on track to getting to the Employment target.

Employment policies. Key agreements

69% considered that the NRP does not give priority to investing in quality jobs.

64% believed that the employment of excluded and vulnerable groups, including the long-term unemployed, is a NRP priority.

63% saw that social economy and bottom-up social innovation are not promoted by supporting access to NGO funding and support.

63% believed that the employment measures will not ensure access to employment in a meaningful way.

58% understood that anti-discrimination and inclusive labour markets are not mainstreamed in the employment chapter of the NRP.

58% believed that activation is the main approach with negative conditionality and sanctions on benefits.

58% thought that the employment measures are not the right ones and will not increase access to employment in a significant way.

58% said that quality of work is not an issue. Wages are pushed down in order to promote more competitiveness.

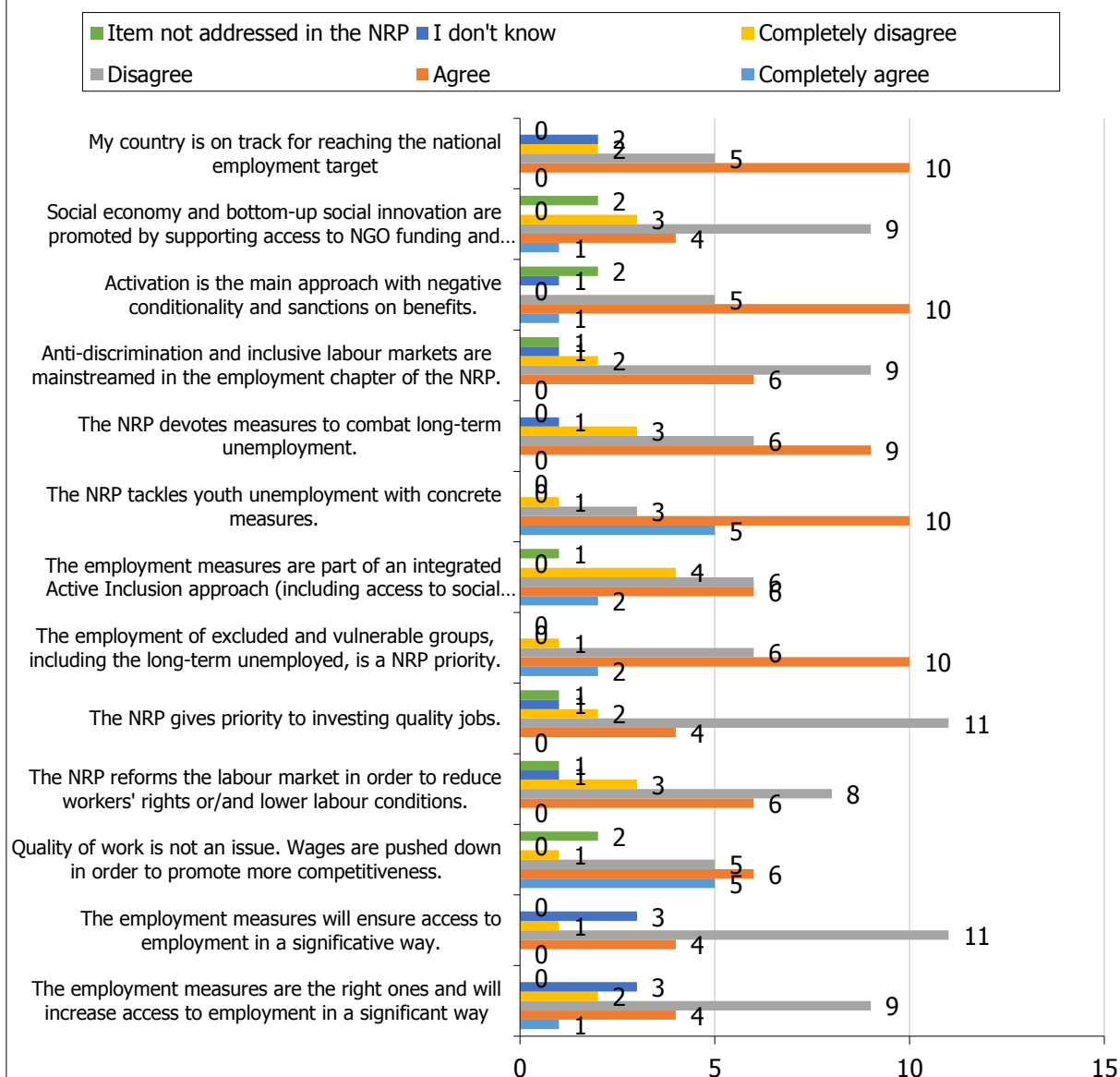
58% thought that the NRP reforms the labour market in order to reduce workers' rights or/and lower labour conditions.

53% thought that their countries are on track for reaching the national employment target, while 37% thought the opposite.

53% understood that the employment measures are part of an integrated Active Inclusion approach (including access to social services and to adequate minimum income).

48% saw that their NRPs do not devote measures to combat long-term unemployment, while another 47% considered the opposite regarding their own NRPs.

Graph 4. Regarding the EMPLOYMENT POLICIES of your country's NRP, do you agree with the following statements?



For some countries, increased unemployment and more and deeper poverty are seen as a “price worth paying” for the hope of more jobs and growth for some in future. The following Map displays the visions regarding the suitability of these policies for the access to employment.

Map 5. Suitability of Employment Policies within the NRPs



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

Austria

A main issue is the effort to keep people longer in the labour market and to fight unemployment of elderly people. On the other hand, young people, especially NEETS are addressed in the NRP.

Belgium

There is attention for vulnerable groups on the labour market, but the measures are not focused on creating quality jobs, or improving the access to the labour market, or fighting discrimination and exclusion.

Czech Republic

It is a rather overall "modernization" of the public employment services, more individualized approach to counselling services.

Denmark

The exclusion from the labour market is growing for poor, non-educated. Relatively many are migrants.

Estonia

1) Increasing the participation rate in lifelong learning among adults (25-64). 2) Implementing Youth Guarantee. 3) The division of labour and competences between higher educational institutions is one of the most major higher educational system and reform objectives. 4) They are planning to bring labour qualification into conformity with the needs of the contemporary labour market; innovation is positive!"

Finland

There are some measures to tackle long-term unemployment but these measures are not enough.

France

Measures on employment were necessary (contrat de génération, emplois d'avenir), but the generation contract failed and jobs of the future could not reduce unemployment alone. But there is a clear priority on employment and an integrated approach to fight poverty. There is a wage freeze in the public service.

Germany

Anti-discrimination and inclusive labour markets are not mainstreamed in the employment chapter of the NRP, but some measures are mentioned. Right now the government is discussing the harder approach of negative conditionality and sanctions on benefit, if long-term-unemployed do not apply for jobs enough or miss an appointment with their case-manager, but it is not mentioned in the NRP. Social economy and bottom-up social innovation are not mentioned in the NRPs but social entrepreneurs have access to some NGO funding of the government and of the ESF.

Hungary

Employment policies are activation based (but there is no emphasis on quality services and social work at all) and highly focused on the workfare programme.

Ireland

The Employment chapter mentions a number of policy areas which covers such issues as unemployment, including youth unemployment and jobless households. It also mentions addressing the discrimination facing specific groups. However, it is the approach to these issues, which needs to be addressed. There is an increase in negative conditionality to force engagement with activation services although there are still very limited work opportunities. The National Employment Services is also prioritizing those registered as unemployed.

Italy

The new Government worked for the reform of regulation of labour market, but the results are still pending.

Lithuania

The Government is not promoting social economy and social innovation. They are not planning to include partnership and Active Inclusion.

Luxembourg

As stated already last year, possible answers are not black or white. The reality is grey! Just one example: There is a number of such policies, but they are not strong enough. New jobs will be created, but the unemployed will not get these jobs. There is a mismatch between their skills and those needed for these new jobs.

Malta

The Employment in the Social Economy project and the Supported and Sheltered Employment Training for Disadvantaged Groups encourages employers to recruit persons from disadvantaged categories and persons with disability. Other initiatives on the Youth Guarantee Programme launched in March 2014 are the Active Youth for Employment Programme, the JOB BRIDGE Programme and the Embark for Life Programme. The Government is committed to address the pension reform. He is on record stating that this does not mean increasing the retiring age unreasonably.

Poland

In the Employment part of the NRP there are information on many reforms of the employment services, support for employers in economic difficulties, childcare, equal treatment, employment of older workers, activation of people with disabilities. Social economy is described in the Anti-poverty part of the NRP.

Slovakia

The majority of new employment measures are either based on alleviations and supports provided to employers, or have still the proposal form and will be implemented only in the new programming period.

Spain

We disagree to rate as "positive" the reduction in the share of wage mass in GDP. The text says: "This is a process of wage moderation and it will improve the competitiveness of the Spanish economy. The labour reform and the II Agreement for Employment and Collective Bargaining facilitated wage moderation: the average wage increase (in agreements) is around 1% in 2012 and 0.6% in 2013". We believe that internal devaluation and loss of labour rights, should not be the way to gain competitiveness, but investment in capital and technology by companies.

United Kingdom

No employment chapter as no CSR. CSR 3 relates to youth unemployment. Labour market reforms have already cut rights at work. UK has amongst the most restrictive trade union law but now access to employment tribunals has decreased as no legal aid is available. UK Government won't implement the Youth Guarantee, but Scotland may. School leaving age is raised to 18 and young people under 21 likely to find themselves without any independent right to an income but subsisting on a parentally means-tested training allowance. The Work Programme is a work first approach. Recent reports show it is not working.

Positive and negative measures in the Employment Policies of the NRP

Austria

Positive measures

18.9% of Austria's overall population in 2012 came from a migrant background. One of the main obstacles for this group on the Austrian labour market is finding employment suitable to their education. In 2008, more than one-fourth of employed persons born outside of Austria were overqualified for their professions. As the regulations and competences for the formal recognition of qualifications earned outside of Austria are highly varied, contact points for the recognition of professional qualifications have been established. We consider this as one new positive measure.

Negative measures

Reducing the feminisation of poverty is no real target - although the Austrian Gender Pay gap is criticised on a regularly basis by EU institutions).

Belgium

Positive measures

The focus is on youth, but underneath good measures/intentions is the lack of an integrated (Active Inclusion) strategy and the strong focus on 'activation'.

Negative measures

Reinforced regressivity of unemployment benefits. Unbalanced focus on activation.

Czech Republic

Positive measures

Slight focus on increasing the active employment policies, more investment in time in this area is planned. In 2013 the budget was increased up to 65% which is ok, but in general the budget is low (from 2.5 mil CZK to 4.2 mil. CZK, which is a yearly budget of a small regional NGO).

Negative measures

Only mentioning age and families, no specific targets on Roma and other vulnerable groups, nothing about possible testing of discrimination etc., still low active employment budget and tools lacking, no creativity and innovations, e.g. social economy, NGO cooperation, alternative concepts.

Estonia

Positive measures

Continue to develop career advisory, etc. services, and to increase the availability of such services. b) Effectiveness of the provision of active labour market measures and enable the growth of their impact. c) Preventing youth unemployment. d) Provide more measures for helping older people to return to the labour market e) reforming the system of capacity for work - also disability. f) Investment in the living situation of relatives of disabled people, also some reform in employment area in order to help them be more open to people with disability.

Negative measures

They are planning to reduce the public expenditures, however they are making the budget more flexible.

Finland

Positive measures

Positive measures are targeting to young people (youth guarantee), to immigrants and people with partial work ability and also to long-term unemployed.

Negative measures

There are more sanctions towards long-term unemployed.

France

Positive measures

The integrated and multidimensional feature of the multiannual plan to fight poverty is the principal positive measure.

Negative measures

The failure of the generation contracts and the lack of enough measures for the youth in difficulty could be the worst points. The youth guarantee does not truly work, being the target 10,000 youngsters that cannot be achieved. There is no MI (Revenu de Solidarité) for youth.

Germany

Positive measures

Introduction of a statutory minimum wage in 2015 (presumably 8.50 EUR/hour). Many different measures for training and reintegration into the working-life. Quality campaign for teacher trainings to improve the education of teachers. Restructuring of the transition area between school and working-life.

Negative measures

The minimum wage will not apply for long-term-unemployed people and for people younger than 18 years old.

Hungary

Positive measures

There is no dedicated anti-discrimination measure in the NRP, however there are some allowances which supports the special groups to reintegrate into the labour market, such as tax allowance for employers in case of hire youths, women (with child/ren) or elderly people. There are significant steps to tackle youth unemployment. 2 programmes were launched. First Job Guarantee from 2012 and Youth Guarantee will be introduced from this year (page 13).

Negative measures

The growth of employment rate is a priority. The main tool to achieve the EU2020 target is the extension of public work. Though it was said that it is not a favourable idea but should be highlighted the active labour market measures (ALMPs), the government still stresses it. The most important issue is the extension of the public work. Though there is a CSR for

Hungary to reduce the importance of it the government clearly disagrees. In last year's NRP public work was mentioned as a temporal tool, now it's clear: the government wants to maintain it for a long run, though it's costly and inefficient.

Ireland

Positive measures

The NRP highlights the Action Plan for Jobs and that targeted actions will continue to address the employability of specific groups that experience labour market disadvantage including groups that may be discriminated against on the basis of age, race, family status and disability. These will include specific technical supports to develop the equality capacity of employers, vocational education and training providers and labour market providers. The focus on discrimination and equality in the labour market is essential. Many more proactive measures are also necessary to address discrimination.

Negative measures

The NRP highlights the Action Plan for Jobs and the importance of addressing unemployment, particularly youth unemployment, and joblessness. However, it fails to address these issues in the context of an active inclusion approach. Therefore, the issue of quality jobs and decent work is not mentioned, despite the increase in in-work poverty over the past few years.

Italy

Positive measures

The proposal of a new regulation.

Negative measures

No considerations.

Lithuania

Positive measures

Youth Guarantee Programme.

Negative measures

No real steps in pension system, especially early pension and motivation seniors to move to social economy arena.

Luxembourg

Positive measures

The measures against youth unemployment (youth guarantee) as well as the reconciliation of work and family life.

Negative measures

None.

Malta

Positive measures

The unemployment rate will remain broadly the same at 6.5%. Maintaining employment growth rate 2.1%. Educational efforts taken to reduce skills gaps in the youth. These include

reducing the early school Leaving rate, the Lifelong learning strategies, closer collaboration between higher education institutions and industry, adult learning and giving higher priority to mathematics, ICT and science subjects. To strengthen employability prospects, the Government has various schemes and initiatives like the Employment Aid Programme to help those who are at risk of becoming detached from the market.

Negative measures

Some initiatives and schemes supported by ESF funds are so recent that one has to wait to see if they will be successful and reach their targets, especially with regard to youths. The Government is trying hard to make school leavers without any qualifications (NEETs) to continue their education. In practice, this is not succeeding as desired. There are issues of mental health, which the NRP does not tackle at all. When we talk of disability, it does not necessarily take into account those suffering with mental health problems. Our mental hospital for instance is old and needs to be renewed.

Poland

Positive measures

It seems that activation of people with disabilities are the most important, but rather as a topic than comprehensive programme.

Negative measures

Probably new measures for long-term unemployed in employment services are the most negative. They are based on forced and quick activation with outsourcing possibility.

Slovak Republic

Positive measures

Early child education and care for children from socially disadvantaged environment and marginalised Roma communities has become national target (though still rather "theoretical").

Negative measures

Amendment to the Act on assistance in material need (Minimum Income Act) that introduces work conditionality to basic benefit. No attention to the negative impact of poverty on the school results and early school leaving of children from MRC.

Spain

Positive measures

Assessments of both internal and external labour reform show positive results, according to the text. They say that "job losses has slowed," and that "internal flexibility mechanisms alternative to dismissal are being used." Some data are observed in this line.

Negative measures

Concerning active employment policies, the NRP but relies in more employers' subsidies and job (re) training. Investing in these variables has not shown positive results in the past. In fact, there are problems of over-qualification of unemployed workers. The unaddressed issues underneath unemployment are on the companies' side: small size, low productivity, low capital investment and poor diversification.

United Kingdom

Positive measures

The WP takes a casework approach, which could be positive if the regime were less harsh and if there was integration with services and sufficient quality jobs.

Negative measures

No focus on sufficient quality jobs. Punitive sanctions regime. Appalling work capability testing for people with a disability. The test is now discredited and revised.

3.1 Key concerns

The Employment part of the National Reform Programmes is dedicated to efforts to reach the employment target – 75% of the 20-64 year-olds to be employed. It should be underpinned by the Employment Guidelines 7 and 8 of the Integrated Guidelines of Europe 2020⁵. However, the Guidelines mention important elements, such as job quality, the feedback received from our members indicates that this concern, and other important ones, are missing from their country's NRP. National Governments rather endorse the line proposed in the Annual Growth Survey 2014 (backed by the Joint Employment Report), which speaks explicitly of aligning wages with productivity, and strengthening the link between activation and social assistance. Some improvements, related to outreach to vulnerable groups and more personalised services are also pointed out by our Members, in line with the AGS. Overall though, the assessment of the effectiveness and inclusiveness of employment policies is doubted by most EAPN members, as reflected below.

Is the employment target on track?

Only slightly above half (53%) of EAPN members felt that their country was on track for reaching the national employment target. Similarly, Eurostat reports, for 2013, an employment rate of 68.4% for 28 Member States, **far behind the proposed objective of 75% of the Europe 2020 Strategy**. Compared to past years, this is a setback, from the same value of 68.4% in 2012, and marginally higher rates of 68.5% in 2011 and 2010, and 69% in 2009. This is not encouraging news.

Even less encouraging is what makes up these percentages. Eurostat clearly states that “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.” Having a target based on such a definition, which reduces employment to extremely limited, precarious, unstable, and unsustainable engagement with the labour market, undermines the explicit purpose of employment, as a vehicle for inclusion and fighting poverty, and as productive factor for the economy. **The absence of complementary criteria to measure the quality of jobs proposed reduces the exercise to a numbers' game**, whereas, even if the

⁵ Guideline 7: Increasing labour market participation and reducing structural unemployment. Guideline 8: Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning

target were to be achieved, it would not mean, in practical terms, that 75% of the population are satisfactorily employed.

Moreover, **the absence of a Progress Report on the Europe 2020 targets from the Annual Growth Survey** makes it difficult to assess to what extent countries are moving in the right direction to achieve this target. The UK, notably, did not even establish a national target.

In our members' assessment, 58% of respondents felt that the measures proposed in the NRPs are NOT the right ones in order to achieve the employment target. What remains clear is that, without complementary measures to ensure sustainable job creation, to promote quality of jobs and employment, and to support people towards accessing these jobs, the employment target of Europe 2020 will remain a meaningless statistical exercise.

Employment is prioritised, but not its quality, while in-work poverty is rising

While the fight against unemployment is a key priority in both EU-level documents, as well as National Reform Programmes, **much less attention, if at all, seems to be paid to its quality and sustainability**, and its real capacity to provide a stable route out of poverty. 58% of EAPN members felt that quality of work is not a key issue in the NRPs, and wages are pushed down to promote competitiveness.

Wages are under attack in most of the Member States, as EAPN national networks report. Issues such as the gender pay gap are still prevalent and remain unaddressed (AT), minimum wages are set at low levels (UK, NL, MT) and come with exceptions (DE). Where raises in minimum wage have been announced (RO, PL), there are doubts about the correlation of such promises with budgetary policies, and the lack of a comprehensive approach. Precarious jobs, including involuntary part-time work and zero-hour contracts, are also increasing, while little attention is paid to it (UK, NL).

In-work poverty has also been seen to rise, while it is not addressed in a number of NRPs (CZ, PL, IE, EE, HU). And yet, employment continues to be advertised as the main response to poverty (BG, PL), while it is clear that it does not work without quality and sustainability safeguards. More positive news come from Denmark, where our members report that there has been a reduction in the number of people experiencing in-work poverty from 80.000 to 46.400 thousand, which helps reach the target of 22.000 people by 2020.

Where are the jobs?

While an overwhelming emphasis is placed on increasing employment – both as means of competitiveness and as a route out of poverty – much less attention seems to be paid to the **lack of jobs in the crisis-shocked European economies**. As many as 69% of EAPN respondents reported that their NRP does not give priority to investing in quality jobs.

In the rare cases when such investment is indeed mentioned (LU, CZ), there are strong concerns regarding the quality of the newly-created jobs, or the ability of those most in need to access them. Equally, while demand is not ensured, additional pressure is put on the supply, focussing on the employability of individuals, or on people finding own solutions through self-employment (which often disguises de-facto unemployment and poverty) and entrepreneurship (NL, EE, RO).

More stick than carrot in activation practices

Most Country-Specific Recommendations issued recently (July 2014) by the European Commission urge countries to invest more in personalised counselling and pathway approaches towards the labour market, particularly when it comes to vulnerable groups. This constitutes the strongest proof that corroborates EAPN members' assessment, that the activation policies currently pursued by Member States are not the right ones. 58% of EAPN respondents considered that activation is the main approach promoted by their country's NRP, with negative conditionality and sanctions on benefits.

And while the CSRs focus on strengthening support, nothing is mentioned about the **rampant increase of negative activation practices, featuring negative conditionality and punitive measures**, which often force people to accept low-quality jobs, which at best don't affect, and at worse increase, their state of poverty. A number of EAPN networks (SK, UK, DE, HU, BE, NL) refer harsh conditionality, which leads to people losing income support unless they accept any training, placement or job offer, or lack of specific support (income schemes, tailored services) for different vulnerable groups, facing multiple obstacles when attempting to engage with the labour market (IE). Our members points out that forcing people into the labour market is not the right way to engage, and that strong social security systems work best in supporting people in finding a job (IE, BE).

Another significant problem is the **understaffing and lack of investment in public employment services** (PL, SK), while some positive measures in this respect are reported in others (RO, HU). Particular concerns have been raised regarding the outsourcing of employment services to private agencies, and whether the introduction of for-profit entities will not lead to even more pressure on the unemployed to accept precarious jobs, in order to meet the targets agencies were contracted for (PL, IE, UK). Another concern is the lack of such outsourcing towards NGOs, despite the European Commission's PARES programme, which encourages it, and despite the long-standing experience and expertise of NGOs in supporting those furthest from the labour market.

Unequal support for vulnerable groups, including youth and the long-term unemployed

On a more positive note, 64% of EAPN members feel that different vulnerable groups are prioritised, or at least mentioned, in their countries' NRP. However, it is felt that some groups are forgotten, while others get the spotlight, and that the measures are sometimes incomplete, or inadequate. In other words, comprehensive strategies for key groups, integrated in a broad and overarching anti-poverty strategy, are missing.

Closely connected with actions aimed at key groups facing specific obstacles, anti-discrimination measures are shockingly absent from this year's NRPs: 58% of EAPN networks thought that anti-discrimination and inclusive labour markets are not mainstreamed in the employment chapter of the NRP. As an exception, Romania mentions a law on inclusive labour markets.

Young people are, without a doubt, the key group that most NRPs focus on, prompted by rising youth poverty rates in many countries, as well as the strong focus on recent European initiatives targeting youth (such as the Youth Guarantee and the Youth Employment Initiative). A very high 79% of EAPN respondents felt that their NRP tackled youth unemployment with concrete measures. However, the measures proposed are often considered inadequate, as they don't

take into account quality of job offers to young people (CY, DE), feature a work-first approach which does not take into account other needs (DK), or have a widespread creaming effect (FI, UK).

Most members welcome the Youth Guarantee in principles, and some consider it positive also in practice (DE, RO, HU, SK). However, a number of issues have been raised regarding its implementation, including unequal implementation across the country (CZ), lack of involvement of civil society in the development of plans (EE), lack of income support for young people (IE) or negative conditionality (NL). The UK reports that young people not in education or employment is close to one million, yet the Government will not implement a Youth Guarantee. Other countries report that schemes are too short in duration, or badly remunerated (CY), while others express concern that these measures won't reach youth in deep poverty, and will settle on creaming the most able instead (FI).

The **long-term unemployed** are another key group which appears to receive some focus in the NRPs, though opinions are split, as 48% of EAPN members said that their NRP did not devote measures to combat long-term unemployment, while 47% said their country's did. However, on both sides, the comprehensiveness and appropriateness of the measures is again called into question, as measures are seen as not enough (FI, DE), marred by sanctions (FI, PL), leading to employment that leaves the person worse-off (PL, FR), or prioritising activation above all other concerns (DE).

There is an increased focus on supporting **women** back into the labour market, usually by means of providing better, more, and more affordable childcare, or through providing for better balance between private and professional life (DE, EE, HU). **Older workers** are also mentioned in a number of NRPs (FI, AT, EE, PL, RO, CZ, HU), focusing on retaining them for longer on the labour market. **People with disabilities** are also named in some NRPs (PL, UK, EE, RO), sometimes with a supportive rhetoric (EE), and others with a negative focus on activating them at all cost (UK). Our members do not report **migrants or ethnic minorities** being mentioned in the NRPs, although this is badly needed, with the exception of some emphasis on the Roma in a few countries (HU, RO). Other categories, such as mental health, or lone parents, are regrettably absent.

Limited support for inclusive labour markets

Employment measures are seen, in most countries, either as isolated from other support mechanisms (income, services), or as the only "silver bullet" response to all social issues. **Comprehensive approaches, rooted in Active Inclusion**, which place inclusive labour markets in a reinforcing context with access to social services and adequate minimum income, **are rather absent**, in our member's analysis: only 53% of EAPN respondents through that the employment measures presented in their NRP were part of an integrated Active Inclusion approach.

An overarching **premium is placed on making work pay**, while inclusive labour markets remain a distant concept, undermined in practice by consistent decreases in the quality of employment – that is, the quality of one's engagement with the labour market throughout the lifecycle, including transitions from education to employment, from a job to another, and from employment to retirement. Employment rights are decreasing, so are workers' protection and participation rights, as reported by 58% of EAPN members. Weakening of trade unions is reported in some countries (UK, HU).

Little innovation – social economy and civil society actors not supported

Most EAPN members (63%) feel that innovative solutions, including schemes to pilot and support local successful initiatives, run by NGOs or social economy enterprises, are not mentioned, nor encouraged by their Governments. While **social economy** is mentioned in some countries (DE, PL, MT, RO), not enough is done at national level to support bottom-up social innovation, and **access to funding for civil society organisations** and emerging social enterprises, as well as for other innovative approaches, remains problematic.

Benchmarking with non-EU countries

The assessment of EAPN members who are not part of the European Union regarding their countries' employment policies is not very different than what is happening in the Member States. While **Iceland** reports some measures (in the form of summer jobs) for young people, the overwhelming emphasis on employment and activation undermines comprehensive approaches to poverty and social exclusion. The **Macedonian EAPN** reports that the Government is striving to create jobs through great infrastructure projects and attracting foreign investment – but the quality of these jobs is unknown. Finally, in **Serbia**, worrying changes to the labour law have translated into increased rights for employers and reduced rights for employees, while quality of work is decreasing. While unemployment in Serbia is at a staggering 23%, there is no public investment in active labour market policies.

3.2 Key messages

- 1. Invest in job creation!** Invest in the creation of quality and sustainable jobs, and support people, especially those from key groups, towards them, rather than punishing the unemployed for failing to get jobs that don't exist.
- 2. Defend quality of jobs and employment!** Support and promote quality jobs and inclusive labour markets, as prerequisites for both competitive economies, and poverty-free societies.
- 3. Place employment within comprehensive anti-poverty strategies!** The labour market is not a “one-stop-shop” solution for poverty, discrimination and exclusion, it needs to be articulated coherently with other support measures, including income support and services.

4. Education and Training

Findings from the questionnaire

Most of the national Networks (74%) considered that the education and training policies included in their respective NRPs do not support comprehensive and equal access to education for all, prioritising well-being and personal development beyond labour-market demands.

A majority (63%) think that the measures will not improve the long-life learning of people in poverty and social exclusion, and that they are not clearly related to access to other social services, to employment and adequate income support (Active Inclusion).

Education and Training policies. Key agreements

74% agreed that measures do not support comprehensive and equal access to education for all, with support towards well-being and personal development beyond labour-market demands.

69% stated that the NRP includes measures towards better school attainment and/or prevention of early school drop-out.

63% thought that the measures will not improve the long-life learning of people in poverty and social exclusion.

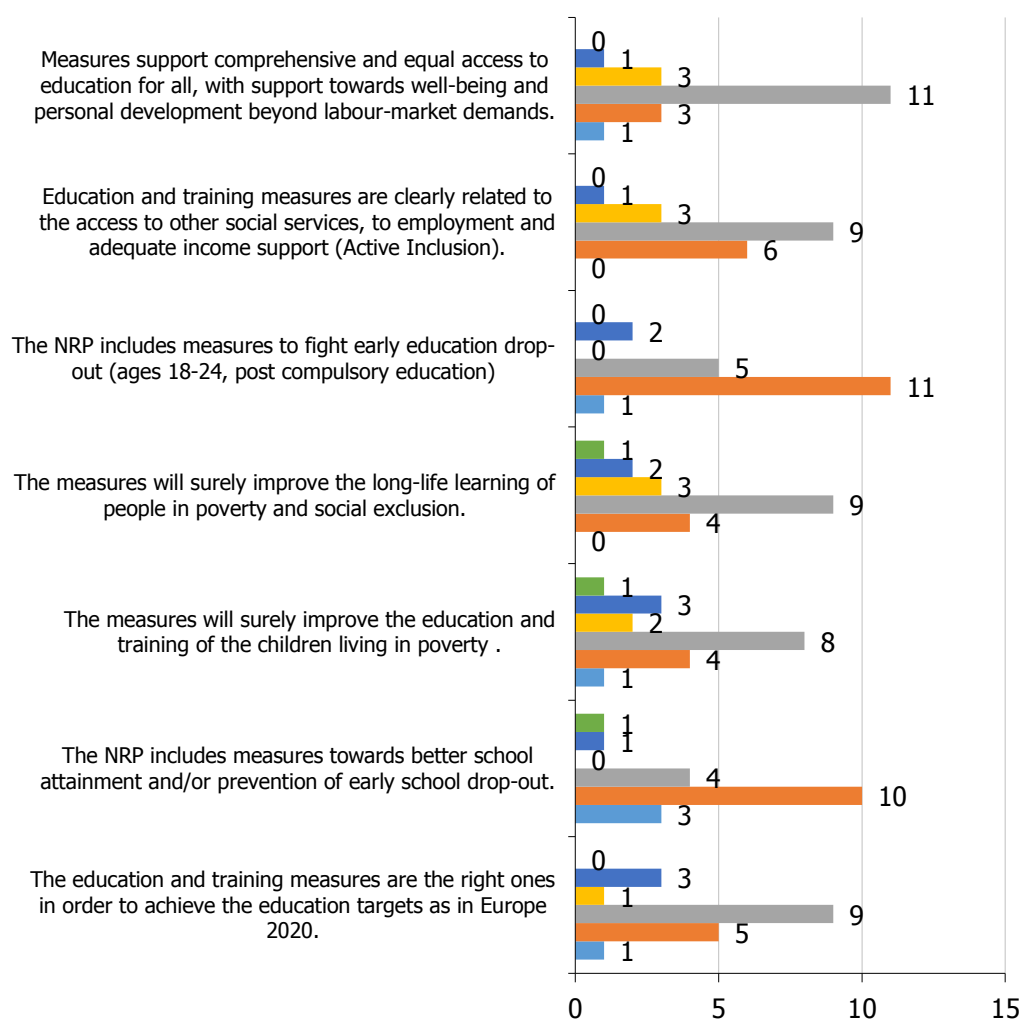
63% considered that education and training measures are not clearly related to the access to other social services, to employment and adequate income support (Active Inclusion).

63% said that the NRP includes measures to fight early education drop-out (ages 18-24, post compulsory education)

53% considered that the measures will not improve the education and training of the children living in poverty .

52% considered that the education and training measures are not the right ones in order to achieve the education targets as in Europe 2020.

Graph 5. Regarding the EDUCATION AND TRAINING POLICIES of your country's NRP, do you agree with the following statements?



■ Item not addressed in the NRP ■ I don't know ■ Completely disagree
■ Disagree ■ Agree ■ Completely agree

Map 6. Education measures in relation to children living in poverty



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

Austria

There is no fully integrated approach which links education and training measures to social services such as housing.

Belgium

Some measures are positive, but not enough and not clear in order that they could be effective.

Czech Republic

"Family and child care focus, preschool education focus, family - work infrastructure and care facilities focus. Plus university reform focus regarding quality, accreditations - priority and supporting technical secondary education connected with practical labour market."

Denmark

There is a school reform starting in 2014, which are aimed to improve basic education and vocational training. It is too early to see what the results will be, but there are many worries especially for the inclusion of children from weak families. There have for many years been approx. 20 % of the children who leaves the primary school as functionally illiterates. Hopefully, this will be changed by the reform.

Estonia

NRPs are focusing on vocational training; the rate of participation in lifelong learning. The division of labour and competences between higher educational institutions; development of support systems, incl. study counselling and career services to reduce drop-outs.

Finland

The government makes quite a lot of measures to improve access to education, especially for young people after compulsory school (at the moment 9 years).

France

Within the plan against poverty, there have been initiatives against early school drop-outs. The recently adopted law on vocational training improves long-life learning. It creates a training personal account, which gathers the different jobs and experience.

Germany

The NRP includes measures to prevent early school drop-out and therefore Germany continues its strategy to support weaker students. But although the early drop-out rate has declined the regional differences are immense, especially between eastern and western 'Bundesländer'.

Hungary

The NRP refers to 2 strategies (national strategy to reduce early school leaving and public education development strategy) aiming the reduction of early drop-out and support school attainment, however these are still under discussion in the Parliament. (Both strategies are ex-ante conditionalities as well, which first deadline's was end of 2013). Thus, the measures planning to tackle issues in the education system are still not public and known. After the first years of the large-scale reforms it seems the changes do not serve the aim mentioned in part 4.4.2.

Ireland

There is positive progress towards meeting the target for early school leaving and there is some progress towards levels of participation in higher education. However, a key concern is to the extent that education and training provision focuses on labour market access and not on the more basic needs of some people, or the provision of community education. The new Further Education and Training Strategy addresses this issue to some extent. While the Delivering Equality of Opportunity in Schools programme can support all children in disadvantaged schools there have been cuts to specific supports for children from groups with lower educational outcomes particularly Travellers but also for children for which English is not one of their primary languages.

Lithuania

There is no equal opportunity for early childhood, extra curriculum, and leisure time activity for children, poor prevention programmes and day-centre programmes.

Luxembourg

Our educational system is one of the most expensive but with poor results. Despite there are some measures in the NRP, but nor really big reforms as would be needed.

Poland

NRP consists mainly reforms of the higher education and support for cooperation of employers and schools.

Slovakia

Majority of measures related to education of children from socially disadvantaged environment are vaguely defined and fully dependent of the structural funds.

Spain

Some of these policies measures are mentioned in the National Action Plan for Social Inclusion, which has a specific focus on educational inclusion.

United Kingdom

No education chapter as no CSR. There is a strong focus on education reform, with aims to take schools out of LA control and increase parental choice through private for profit providers, a heavy regime of testing children and inspection and an emphasis on academic rigor and British culture and values. School age raised to 18, but severe cuts in further education most impacts on non-academic routes. Education and Maintenance allowance which helped keep poor 16 year olds in school has been cut. Piecemeal measures on training an apprenticeship, mainly in low paid sectors.

Positive and negative measures in the Education and Training Policies of the NRP***Austria******Positive measures***

The expansion of Austria's "new secondary school" (Neue Mittelschule) and the further improvement of full-day supervision offerings as well as remedial language support for multilingual pupils in German and their first languages are positive measures, but a general educational reform is still missing.

Negative measures

None.

Belgium***Positive measures***

The positive thing is that there is so much attention for young people. However, the solutions are not the right ones.

Negative measures

Lack of an integrated effective strategy, with enough emphasis on Adequate Income.

Czech Republic***Positive measures***

Testing of primary school children in 5th and 9th grade, which is planned, might show the problems in non-inclusive primary schools and ghetto schools for necessary reforms.

Negative measures

Although Council recommendations address also specifically preschool care for Roma children this is not specifically addressed in NRP 2014. Neither investing in secondary and inclusive primary education of vulnerable groups, more equity is missing. Concrete measures for drop-outs, school attainment are missing.

Estonia

Positive measures

Lifelong learning; career services; bringing education more close to labour market; better training of teachers; educational system must be combined taking into account the needs of society and private sector; different start-ups in area of education.

Negative measures

NRP are planning huge changes in educational system, however there is no connection with reduction of social inclusion and poverty. It is not clear how families with needs and disabled people will benefit from it.

Finland

Positive measures

To implement the education guarantee, structural reform of upper secondary education, raising of age of compulsory schooling.

Negative measures

There are not enough measures to improve situation of long-term-employed and social excluded and people at the highest risk of social exclusion.

France

Positive measures

Within the poverty plan there is the will of better integrating families in poverty by improving the dialogue between parents and teachers. The personal account is a positive point.

Negative measures

None.

Germany

Positive measures

The positive measures are: Quality campaign for teacher trainings to improve the education of teachers. Restructuring of the transition area between school and working-life. Raise educational attainment of socially disadvantaged people. Expansion of the day-care infrastructure. Expansion of the all-day schools.

Negative measures

No comprehensive strategy to implement active inclusion in schools, especially for pupils with disability.

Hungary

Positive measures

There are several measures which seem positive at the first look: such as the expansion of quality education in early childhood, strengthening of basic competencies, organisation of education promoting school success (support measures for student groups that require special attention, modern teaching methods, extra-curricular activities promoting school success, see Tanoda programmes), and correction measure (Bridge [Híd]) programmes and Second Chance (Második Esély) programmes (page 21). However, as we do not see any follow-up on these programmes so far, it cannot be mentioned as positive obviously.

Negative measures

Hungary initiated large-scale reforms on education from 2010 by adopting the Public Education Act, the new Higher Education Act and the new Vocational Training Act. The main objectives of these are to decrease early school-leaving, to improve the level of skills, to increase practice-oriented training by introducing dual vocational training, and to increase the share of people with higher education, and the introduction of the new teacher career system, which improves the standard of the public education system (page 21). According to the last data the drop-out rate is increased in the last year...

Ireland

Positive measures

The Government is reforming the further education and training sector and in 2013 established SOLAS, the new Further Education and Training Authority, and also local Education and Training Boards. It also published a Further Education and Training Strategy. It is essential that while these reforms can provide quality opportunities that can support people back into the labour market that they also support people to access more basic skills and deliver on the need for community education. Equality of Opportunity in Schools (DEIS) is an important programme which needs to continue to be adequately resourced and implemented.

Negative measures

There are no sub-targets for specific groups who have a lower level of outcome from both education and training, including the formal education system. Sub-targets are needed for specific groups with low educational attainment in order to bring focus on these groups and capture outcomes for sub-groups such as Travellers, migrants and children/people with disabilities or special learning needs. Children from these groups require extra supports to ensure they have the opportunity to participate in mainstream education and to move towards having equal outcomes to the wider population.

Lithuania

Positive measures

Programmes for support for children at Day Centres.

Negative measures

Poor summer activity programmes and positive discrimination programmes for children in risk.

Luxembourg

Positive measures

The insertion measures for those who have left the educational system.

Negative measures

The new law on financing third degree studies has some defaults with regard to students from families with lower revenues.

Malta

Positive measures

To give school leavers the opportunity to further their skills beyond the school leaving age, which legally it is 16 years of age. The Government has committed himself (this is not in the NRP) to study the possibility of increasing the school leaving age to 18 years of age. The recent (this has been launched after the NRP was issued) Literacy Strategy for all in Malta and Gozo 2014-2019. The government is aware that we have scored badly in surveys such as PISA, TIMMS, PERLS and has taking this challenge very seriously.

Negative measures

None.

Poland

Positive measures

None.

Negative measures

There is no clear link between education measures and anti-poverty effects

Slovak Republic

Positive measures

There is a promise of free of charge ECEC for children from socially disadvantaged environment since 2015 (= not only MIS beneficiaries as it is now, widening free of charge access)

Negative measures

Too much concessions to the interests of employers, blaming education system for youth unemployment though there is striking imbalance between labour offer and demand and blind ignorance of the fact that also living conditions of children (financial and housing situation) should improve in order to improve school results!

Spain

Positive measures

Objective 4 said that the rate of early school leavers should be below 15% and that 44% of people between 30 and 34 years should complete tertiary studies. The rate of early school leaving in Spain fell to 23.5% in 2013, compared with 24.9% in 2012. Percentage of people

between 30 and 34 who have completed tertiary studies has increased from 40.1% in 2012 to 40.7% in 2013.

Negative measures

The Second National Strategic Plan for Children and Adolescents 2013-2016, which contains a comprehensive set of measures to provide care to children at risk and helplessness, has no budget. However, a (scarce) fund of 17 million euro was released in July to fight child poverty and increase educational attainment of children living in poverty.

United Kingdom

Positive measures

The Youth Contract could be positive but it is rather small and mainly focuses on incentives to employers, in a context of harsh conditionality. Scottish Government has retained the Education and Maintenance allowance and has a stronger Youth Guarantee. There's been a drop in the number of school drop-outs but it's still close to a million.

Negative measures

The total training spend is too small and fragmented. There is too much focus on unpaid and mandated 'work-related activity', which is demoralising to young people.

4.1 Key concerns

The Education and Training chapter of National Reform Programmes defines national policies aimed at achieving the dual so-called education target of the Europe 2020 Strategy: 1) Reducing the rates of early school leaving below 10%, and 2) Having at least 40% of 30-34-year-olds complete third level education. These policies should be underpinned by Guideline 9 of the Integrated Guidelines of the Europe 2002 Strategy⁶. However, most policies reported by our members focus on education strictly as responding to labour market needs. Better matching of skills with employers' demands is a highly recurrent topic also in most of this year's Country-Specific Recommendations, and most national Governments seem to prioritise it. While this is not negative in itself, such a narrow approach precludes a broader vision about education as a tool for personal and human development, and misses important links with other important elements, such as adequate income, interplay with other social services, participation, and the fight against discrimination and segregation. This chapter explores our members' main concerns about the educational approaches in the National Reform Programmes of 2014.

Are the measures proposed the right ones to achieve the target?

Over half of EAPN members (52%) report that their countries are not on the right path to achieve the two education targets of Europe 2020, or that the education and training measures proposed are not the right ones. While it is undeniable that, in general, education and training are prioritised in the labour market, there are **strong doubts expressed to whether the course of action envisaged by the Government, or the funding allocated to it, are appropriate to reach the objectives**, while ensuring that nobody is left behind. Some members argue that sub-targets

⁶ Guideline 9: Improving the performance of education and training systems at all levels and increasing participation in tertiary education.

for specific groups with low educational attainment should be introduced, while others insist for a nuancing of the all-encompassing educational attainment, by focussing on specific issues such as adult literacy (IE, MT).

Early school-leaving reduced – but no link with inclusive education

Most EAPN national networks agree that their countries' NRPs do include measures aimed at curbing early school-leaving (63%), and some countries report progress (IE, HU, MT, RO). However, **several shortcomings are pointed out**, such as the measures do not have the expected effect in practice (MT), no broader link made with poverty and socio-economical background (SK), there are significant regional disparities in results (DE), or funding has been cut (UK). Hungary reports a national strategy for early school-leavers, but its efficiency is unknown, as it has not yet been approved by the Government.

One of the most important connections to be made, when tackling early school-leaving, is with the socio-economic situation of children most prone to drop-out, as well as with **discrimination, segregation and, the lack of an inclusive education environment**. However, this link does not appear to be made in most NRPs, as 53% of our members report that the measures will not improve the education and training of children living in poverty.

Some limited positive correlations are reported in Romania and Hungary (where, for instance, Roma students benefit from affirmative measures), Germany (efforts to break the link between socio-economic origin and educational success), Ireland (where the DEIS programme addressed the educational needs of children and youth from disadvantaged communities).

However, doubts persist that these measures alone will be able to make a difference for children living in poverty and their educational outcomes. Obstacles cited include lack of adequate funding (further reduced through cuts), lack of coherence and cooperation in implementation, as well as the absence of an overarching approach to breaking the cycle of poverty and disadvantage in education, including through wrap-around support for families.

Lifelong learning and tertiary education attainment supported, but not for the most vulnerable

Once again, many EAPN members (EE, FR, RO, HU, MT, IE) agree that lifelong learning is mentioned in their country's NRP, but 63% think that **these measures will not improve the situation for people living in poverty and social exclusion**, and the same percentage (63%) feel that the initiatives are related to access to other social services, in the framework of an integrated Active Inclusion approach. The lack of flexible opportunities for adults to develop their literacy and numeracy skills is also missing. Insufficient funding was also mentioned by respondents as a cause for concern.

Another factor of great concern is that, even when training and learning for adults are prioritised, **the focus is placed exclusively on labour market needs**, rather than also aiming to contribute to community needs, and to an individual's personal aspiration and human achievement. A staggering 74% of EAPN members feel that **well-being and personal development are not considered** beyond labour market needs. Conversely, most EAPN respondents highlight that education is more and more focussed exclusively on employers' needs (EE, IE, MT, RO, PL, CZ, SK). EAPN Spain equally points out that an overemphasis on upskilling the labour force won't solve all problems, as a number of unemployed workers are actually overqualified.

Benchmarking with non-EU countries

In **Iceland**, the project “Education is the road to employment” (Nám er vinnandi vegur), operated by the Directorate of Labour, is considered a success, financially backed by schemes of student grants and student loans. The **Macedonian EAPN** reports that the Government promised to decrease taxation on educational materials for school children, so that every average family will be able to save 100 euro per year – yet this is considered a populist promise, with no guarantee of implementation.

4.2 Key messages

- 1. Make inclusive education a priority!** Combat segregation and discrimination in the schooling system, and ensure that vulnerable groups, such as Roma children, are effectively supported towards equal educational opportunities and outcomes.
- 2. Link the education and poverty targets of Europe 2020!** Evidence shows that children and young adults most prone to drop-out or poor attainment live in poverty – break the cycle of disadvantage by tackling poverty of children and their families, as a prerequisite for better educational outcomes.
- 3. Support lifelong learning beyond labour market needs!** While education and training should, undoubtedly, prepare individuals for accessing jobs, the purpose should be much broader, and encompass community and individual needs and development, including basic literacy and numeracy skills.

5. Poverty

Findings from the questionnaire

On the topic of poverty within the NRPs, a large number of the Networks agreed that poverty had not been reduced since the last NRP (89%) and pointed to the lack of an ambitious target or an explicit integrated, multidimensional strategy to fight poverty for all groups (69%). Over half considered that the measures proposed were not the right ones to achieve the target. Effective integrated thematic anti-poverty policies for key groups were also missing for the majority of networks (one-parent families, children living in poverty, people with disabilities, chronic diseases and drug-abuse,) as well as low priority to tackling discrimination against women, or ethnic minorities e.g. Roma and migrants, tackling homelessness and housing exclusion.

Although active inclusion strategies were marginally more visible, 68% considered that minimum income remained a low priority, with the NRP not including a minimum income scheme that could ensure a decent standard of living, and with a third considering that there was no clear link to access to quality services and inclusive labour markets.

A vast majority (84%) agreed that the EU should be more prescriptive about how governments define, complement and use their target indicators.

Anti-poverty policies. Key agreements

84% agreed 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)

69% saw that the measures will not improve the situation of the one-parent families.

68% said that the measures will not improve the situation of the elderly persons living in poverty.

63% considered that the NRP does not include a minimum income scheme which ensures a decent standard of living to all the people affected by poverty and social exclusion.

63% considered that the NRP does not include measures to fight in-work poverty.

58% thought that the measures will not improve the situation of the children living in poverty.

53% stated that the NRP does not include a specific sub-target on child poverty

52% said that the anti-poverty measures are not the right ones in order to achieve the "poverty reduction target" as established in Europe 2020.

37% said that the NRP includes measures to fight against poverty and discrimination of vulnerable groups, such as Roma and other ethnic minorities, refugees and migrants. Another 31% disagreed.

58% thought that the measures will not improve the situation of the large families (3 or more children).

89% stated that poverty has not been reduced since the last NRP.

84% agreed that the EU should be more prescriptive about how governments define, complement and use their target indicators.

73% said that the NRP does not include measures to fight against poverty and discrimination of women in general, victims of domestic violence, abused, etc.

69% thought that the NRP does not promote an adequate minimum income scheme which ensures a decent standard of living to all the people affected by poverty and social exclusion.

69% said that the NRP does not propose an integrated, multidimensional strategy to fight poverty and social exclusion for all groups.

64% said that civil society has not been involved in the choice and follow up on the poverty target.

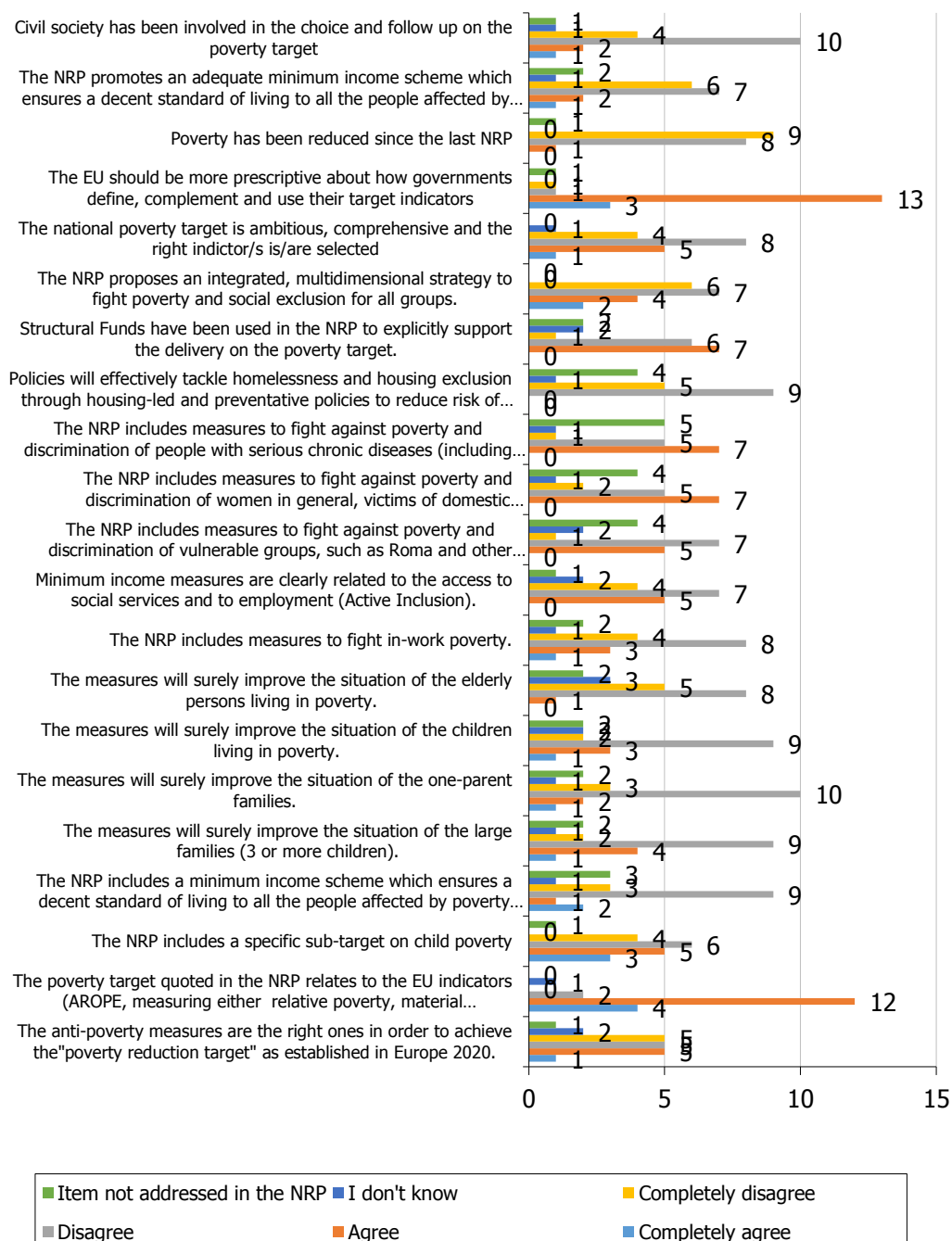
63% considered that policies will not tackle homelessness and housing exclusion through housing-led and preventative policies to reduce risk of poverty, in an effective way.

38% stated that the NRP does not include measures to fight against poverty and discrimination of people with serious chronic diseases (including mental health), disabilities and dependence. However, 37% thought the other way around.

63% considered that the national poverty target is not ambitious, comprehensive and the right indicator/s is/are selected.

39% agreed that the Structural Funds have been used in the NRP to explicitly support the delivery on the poverty target, but another 39% thought the opposite.

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



Map 7. Suitability of the Anti-poverty policies within the NRPs concerning the Poverty target



Child Poverty

The following map shows the existence of Child Poverty Plans in EU member states. Although 6 do not have those plans, there are 7 governments that are currently working on them. Moreover, there are 5 countries that already have developed such plans.

Estonia

Special attention is paid to reduce child poverty. The government is increasing the social benefits for families, also increasing the "child support". Social inclusion problems are not addressed very clearly.

Finland

No changes in the number of poor people since 2012. This is because the government improved pensions 2010 (guarantee pension) and also unemployment benefits were remarkably increased. In Finland, we are not talking about Minimum Income, because most people get social benefits from the social security system. Only people without papers and in some rare cases other people can leave outside social security.

Germany

In Germany, there is no comprehensive governmental understanding of poverty and social exclusion. Therefore, an over-all strategy to reduce poverty does not exist. So, the indicator the German Government uses to describe poverty is only long-term-unemployment. Consequently, the measures the German Government presents in the NRP to tackle poverty stand only in context with training and reintegration into the labour market, mainly co financed by the ESF. In our view, that is definitely not enough. These measures do not focus adequately on all the groups of people who are affected by poverty.

Hungary

The gap between the reality and reducing poverty according to the EU2020 target is clearly growing. There are no real, systematic policies about housing first, early school-leavers, socio-geographic fragmentation of the country related to poverty, the involvement of methods related to Roma inclusion and anti-discrimination from early education etc. Many vulnerable groups are not clearly recognized (migrants, families with one parent, victims of domestic violence, et cetera).

Ireland

Following a review in 2012 the Irish Government adopted a revised Ireland's Headline Target: *'To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3%.'* The poverty target is less ambitious than the previous target but in either case has not been a driver of any policies or clear strategy to achieve it. The macro-economic strategy of austerity as a means of addressing the budget deficit still dominates decisions and access to the labour market highlighted as the key route out of poverty.

Lithuania

"Main problem is poor debates with networks NGO and civic society and poor partnership and clustering between public and NGO sectors. The NRP aligns the statutory retirement age with life expectancy and empowerment of seniors for social economy activities."

Luxembourg

The minimum income scheme is under review. Elderly persons have a very low at-risk-of poverty rate. There is a national strategy on homelessness based on “housing first” but it is not implemented. There is an announcement of using the structural funds, but until now nothing concrete. The national poverty target is not ambitious. Civil society was informed, but not involved, and will be unlikely to be involved in the follow up. There are some elements of a strategy to invest in children, but they are isolated and poor or only announced.

Malta

The Government has issued a green paper to confer with civil society how to combat child poverty. The government intends to lift 22,000 people out of poverty by the end of next year with particular focus on children and the elderly. €10 million will be invested towards this with social mobility being the underlying theme of the strategy. Poverty increased from 27.7% in 2011 to 30.9% in 2012.

Poland

National rate of extreme poverty (subsistence minimum as a threshold) increased in 2013 from 6.6% to 7.4%. NRP includes the announcement of a strategic anti-poverty programme, outline of the social assistance reform, a new programme for long-term unemployed, support for families, older people, youth, and social economy.

Slovakia

The NRP informs about the workfare reform of the Minimum income scheme.

Spain

The NAP Social Inclusion gathers together the majority of measures regarding social inclusion and anti-poverty policies. The problem is that this Plan does not introduce fresh funds, and mostly gathers what is already being carried out by the overall administration on the social chapter.

United Kingdom

CSR 3 covers housing supply and CSR 4 support for low-income households, cutting child poverty. UK does not report on AROPE indicators. The Government has just published a revised child poverty strategy, which is likely to downgrade the target and reduce importance of income poverty and reduce sensitivity of indicators to changes in welfare benefits. On Minimum Income, the UK has generalized social assistance, and the minimum is well below the 60% threshold, in some case 40% below. Housing is in chronic supply shortage and government has introduced measures for first time buyers, but housing allowances have been cut for renters.

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

Austria

Positive measures

There are no new positive measures, despite the explicit reference to Roma (and Sinti).

Negative measures

None.

Belgium

Positive measures

Some are positive, like the anti-poverty civil servants, the Flemish W2 concept... But they are not strong enough; they cannot change the general negative direction. They are marginal.

Negative measures

The overall emphasis of the budgetary restraints, making social security 'affordable', results in the undermining social security.

Czech Republic

Positive measures

Having an integrated strategy to fight social exclusion 2014-20 is good (but not seen as political priority in practical life). They are planning some policy on social housing, although not clear about the concrete "paradigm" behind and more "in concepts" than "in life". Other positive measures include an increase of quality of public childcare approach, deinstitutionalisation of childcare.

Negative measures

More focus on "career systems", with a law on social workers status (which is not seen as a priority by NGOs, rather as academic lobby), less focus on impacts on people in need. Lack of concrete preventive measures, or focus on prevention. Danger of social services collapse due to reform which says that cities and towns will have to pay up to 20% of social prevention services or they will not exist (usually services to the very vulnerable and in need, disabled, senior care). Currently these services are co-financed about 2-5% by cities/towns so 20% in 2015 seems as a big issue.

Estonia

Positive measures

Changing the system of social benefits, better investment in people, it is good that the reduction of child-poverty is a special target.

Negative measures

No inclusion and cooperation within the development of Youth guarantee national programme. Not enough attention to Russian minorities.

Finland

Positive measures

Unemployed persons receiving adjusted unemployment benefit can earn EUR 300 per month without their unemployment benefit being reduced. Particularly young people will enter vocational rehabilitation at an earlier stage than before.

Negative measures

There will be more sanctions towards long-term-unemployed if they refuse work or activating measures and this will reduce their benefits and increase their poverty.

France

Positive measures

The ALUR housing law aimed at encouraging an affordable, rented housing contains interesting measures, including housing support and simplified organisation.

Negative measures

The ejection of Roma people without granting their rights.

Germany

Positive measures

“Pension for mothers” – mothers who gave birth to children before 1992 are rewarded with additional points in the pension system. But that is not discussed in the NRP. Increase in the disability pension benefits.

Negative measures

There are no integrated strategies for all groups. Child poverty, homelessness are not even mentioned.

Hungary

Positive measures

Hungary has a National Social Inclusion Strategy (NSIS) since 2011. Before it there was a National Strategy to combat Child Poverty (it was merged with the NSIS). It was based on complex approach (education, health, housing, infrastructural, social, employment context taken into account) and targeted the services according to sub-regions. This approach was transferred to the NSIS as well with the extension to other disadvantaged people and special focus on Roma people. The NRP and also NSIS puts attention on child poverty.

Negative measures

Homelessness and housing exclusion is not tackled properly as the policy goes towards the criminalization of homelessness. Though there are several measures to support Roma inclusion, the discrimination of Roma people hasn't decreased and far-right movements are getting stronger. According to the last EUROSTAT (EU-SILC) data social and income inequalities increased during the last year. The issue of in-work poverty is not touched on in the NRP at all. The new programme of the EU, FEAD (Fund for European Aid to the most Deprived) is also not mentioned at all.

Ireland

Positive measures

There is a new Child Poverty target published in 2014 as part of the National Policy Framework for Children and Young People 2014-2020 'Better Outcomes: Brighter Futures'. The target is to lift over 70,000 children out of poverty by 2020'. This would be a reduction of two thirds from 2011 levels. It has yet to be seen how this will be implemented. It must be implemented in the holistic approach as outlined in the Framework and the main focus not limited to the activation of parents, including lone parents, without applying an active inclusion approach involving access to adequate income.

Negative measures

The NRP includes an active inclusion structure but does not take a balanced active inclusion approach. For example there is no mention of decent work and no attempt to highlight what is an adequate or decent income, instead repeating that social transfers in Ireland are amongst the most effective in removing people from the risk of poverty. While this is true, more people continue to fall into poverty and many on low incomes continue to experience repeated cuts to their supports. A report by the Economic and Social research Institute has highlighted that those in the bottom 10% have been hit worse by the crisis, even excluding the impact of cuts to services.

Italy

Positive measures

From last year there is a new proposal of Support of Active Inclusion (SIA) but at this moment we have only enlarged the social card; the proposal of a Minimum Income system is not financed.

Negative measures

None.

Luxembourg

Positive measures

The measures regarding reconciliation of work and family life. Measures to ease transition from school to work with special attention to NEETs.

Negative measures

None.

Malta

Positive measures

It is calculated there are 22,801 children at risk of poverty and social exclusion and a total of 13,000 children live with families earning an income below €6,500. Another 3,000 children live in families earning less than €8,800 annually. A total of 8,000 elderly people live on less than €6,500.

Negative measures

The NRP mentions that 6500 will be helped to come out of the risk of poverty. When launching the Green Paper the Prime Minister has mentioned the figure of 22000 who will be helped out of poverty by 2015... This is a discrepancy. If the figures are correct poverty, irrespective of the measures the Government is taken, seems to be growing and not diminishing. With regards to figures (not measures) the Government is being over optimistic. No wonder that according to the mid-term review the Government although it has made some progress may not achieve the targets for 2020.

Poland

Positive measures

The most important is the strategic anti-poverty programme and social assistance reform.

Negative measures

All seem to be somehow connected with likely reduction of poverty

Slovak Republic

Positive measures

The focus is on early learning (ECEC), Youth guarantee, elaborated in a rich set of measures (all funded from the Structural Funds).

Negative measures

Continuing ignorance of the importance of adequate minimum income.

Spain

Positive measures

The inclusion of the NAP Social Inclusion in the NRP could be a guarantee that at least these funds do not disappear from the national budget.

Negative measures

Both the PENIA (National plan for child and youth rights) and the "Family and Child Protection Plan" are not endowed with funds. In the latter, there is not an available, public document.

United Kingdom

Positive measures

None. 'Universal Credit' – currently being piloted for one-person households in a few areas is meant to simplify the benefit system and improve incentives to work and enable take-up of mini-jobs. It is the flagship 'welfare' programme in addition to the Work Programme for activation. It was cautiously welcomed by many social NGOs. But it is beset by technical problems and administrative complexities and the incentives to work have been damaged by cuts to welfare benefits. There are negative Parliamentary reports on both Universal Credit and the Work Programme. The former could yet be abandoned.

Negative measures

The NRP does not cover the welfare system per se, though elements are referred to in both the NRP and the Convergence Programme reports for 2014. The cuts to benefits and services, sanctions and administrative delays, simultaneously with falling real wage incomes, rising rents and cost of living above wage and benefits, have caused a major increase in risk of poverty. The figures for poverty and social exclusion are beginning to rise, as the data, tracking the past, showed the impact of some positive policies by the last Labour government (e.g. they more than doubled tax credits for low income).

National Social Reports

The National Social Report (NSR) is prepared by national social ministries for the EU Social Protection Committee⁷ reporting on progress on social protection and social inclusion within the

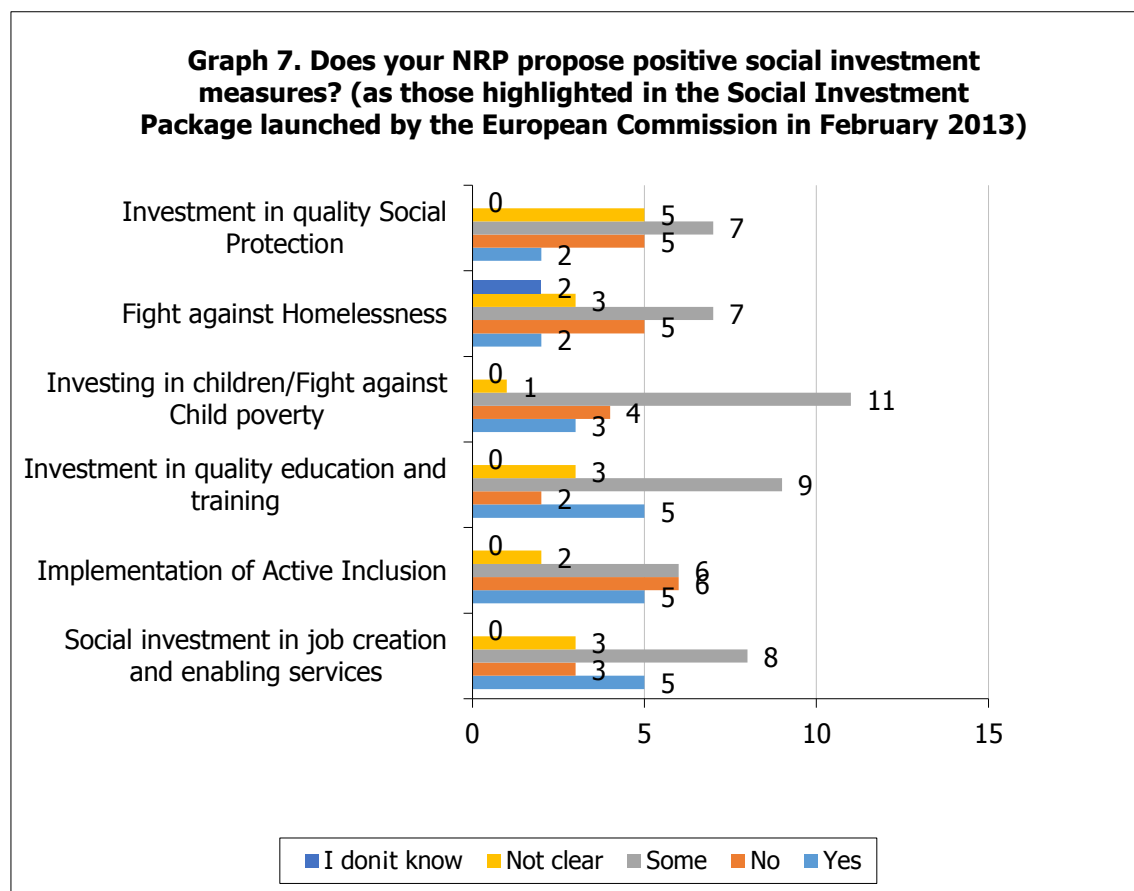
⁷ The SPC is made up of officers from social ministries working on social protection and inclusion policies and feeds into the Council of Employment and Social Ministers (EPSCO).

However, as shown in the following Map, in 2014 only 7 countries have developed National Social Reports at the time of the survey⁸. Members also highlight that social stakeholders were generally not informed or invited to participate in the process, and/or the outcome has not been made public. This highlights the secondary role that the social situation and targets seem to have for most EU Governments as well as for the Commission giving priority to the macroeconomic commitments in the NRPs and the Semester. However, the Commission also appears to give little importance to these reports, no longer producing a joint assessment with the SPC and placing little pressure on Member States to produce the reports.

[illegible]

67

The Survey also refers to the Social Investment measures, as those remarked in the Social Investment Package launched by the European Commission in February 2013. As seen in the following Graph, there has been a very slight progress in this matter. The most frequent answer is “some” investment, whilst the area of greatest investment appears to be investing in children.



5.1 Key concerns

Poverty still increasing but low EU priority to the poverty target

2014 marks the last year before the Mid-term Review of the Europe 2020 strategy and its targets in 2015. Shockingly, poverty and social exclusion continue to increase demonstrating a further breach in the promise to reduce poverty and/or social exclusion by at least 20 million by 2020. Between 2011 and 2012 (the latest data) 2.9 more people became at risk of poverty or social exclusion. However EU policy documents still appear complacent rather than insisting on placing poverty reduction policies at the heart of the Semester.

In 2012, nearly 1 in 4 of the population- 124.5 million people or 24.8% of the population were at risk of poverty or social exclusion (AROPE composite indicator).⁹, compared to 124.3% in 2011. This reflects an increase of nearly 8 million since 2009. Neither is the burden distributed

⁹ At risk of poverty and/or social exclusion (AROPE) - aggregate of 3 indicators: at risk of poverty, severe material deprivation and low work intensity.

equally. The highest rates (AROPE) are in Bulgaria (49%), Latvia (37%) and Greece (35%), and the lowest in the Netherlands and Czech Republic (15%), Finland (17%), Sweden and Luxembourg (18%). When we disaggregate the different indicators, the differences are even more striking.¹⁰ In terms of **relative poverty** (at risk of poverty), which captures households who live below the 60% poverty threshold of disposable income, the EU average continues at 17% however this disguises the large differences between the highest (Greece and Romania) at 23%, and Bulgaria and Croatia (21%) compared to lowest in Czech Republic and Netherlands (10%).

For **severe material deprivation**, which measures access to basic living standards, whilst the EU average is 10%, 44% of people in Bulgaria, 30% in Romania and 26% in Latvia and Hungary are affected, compared to 1% in Sweden and Luxembourg, 2% in Netherlands and 3% in Denmark and Finland. Whilst the 10% average across the EU hides the differences between 14% in Croatia, Spain, Greece and Belgium with Luxembourg and Cyprus (6%).

Neither are all groups impacted equally. Children continue to be a major at risk group with the most recent data highlighting 28.1% at risk of poverty or social exclusion, an increase by half million in only one year (from 2011 to 2012) to an amount of 26.5 million children in the EU. Only the risk of poverty rate for children is at 20.8%, with women at 17.5%, young people 23.1%, and single parent households at a staggering 34.2% together with large families (25.7%). The unemployed are also a key at risk group (46.9%) but the % of those in poverty who are working continues to rise.

Migrants, Roma and disabled people are all at risk, but complete and comparable data is lacking at EU level, as with homeless people. Older people although registering a lower average risk of poverty at 14.5%, show enormous differences across Europe, with only 5% Netherlands compared to 29.3% in Cyprus. Older women are at substantially higher risk than men (16.4% cf to 12.1%).

In terms of the NRP Report, the poverty section is underpinned by Guideline 10 of the Integrated Guidelines: promoting social inclusion and combatting poverty, but the main guidance comes from the Annual Growth Survey 2014, which confirmed the same priorities to previous years: 4) Tackling unemployment and the social consequences of the crisis. Whilst recognizing the sharp increases in poverty, the main proposals continued to focus on participation through activation in the labour market and increasing education and skills (See employment and education/training sections), with a focus on promoting 'better performing' social protection. Integrated Active Inclusion continued to be mentioned, highlighting efficient and adequate income support, activation, measures to tackle poverty like child poverty, with access to affordable high quality services. However, in terms of the concrete priorities, the main focus was put on Labour market activation, and strengthening one-stop shops providing personalized services to unemployed people, simplifying and better targeting benefits to the most vulnerable, ie away from universal provision.

The major concern of EAPN members continues to be the **failure to take the poverty target seriously**, the **lack of an integrated strategy** ensuring access to rights, resources and services, which support people into quality jobs, with access to quality services and income support through integrated active inclusion, whilst ensuring the right to access to key rights and services

¹⁰ EU SILC (2012).

for all groups across the life cycle for those who cannot work. Specific measures need to be taken to fight discrimination and to develop integrated thematic strategies for key target groups and challenges.

Limited ambition or progress on poverty targets

The majority of responses highlight the explicit mention of the national poverty target in the NRP (BE, CZ, DK, EE, ES, HU, IE, PL, RO). However, continuing problems are highlighted around the low ambition of the target, the selection of the indicator and the reliability of the indicator and data used. Several networks highlight the lack of ambition of the target (CZ, HU, IE, PL, RO,). This is of particular concern when the target is ostensibly being achieved. For example, in Poland the target was reached before the 2014 NRP was started. This was because between 2008 and 11, the AROPE figure decreased by over a million, when the target for the whole strategy is only 1.5 million. As a result, EAPN Poland has called for an increase in the poverty target to 3 million. In some countries, the target set is completely disproportionate to the size of the challenge – e.g. Romania, which has a very low target, when the rate for AROPE is 42%. For others the choice of the national target is highly problematic, with a tendency to cherry-picking and gaming (e.g. SK, DE, DK, SE) as highlighted in previous NRP reports¹¹. For example Sweden and Germany focus on long-term unemployment only, or in the case of Denmark despite a consensus recently reached on a new poverty threshold (setting a relative poverty threshold at 50% household disposable income), in-work poverty is selected as the target reducing from 80.000 to 46.000, rather than systemically charting the developments across all 3 indicators. In Ireland, national targets focus on consistent poverty¹², however, the Europe 2020 target uses a combined poverty indicator (either consistent poverty, risk of poverty or material deprivation), which is more easily met than the national target, as it is linked to reductions not only in consistent poverty, but in either of the 2 elements that make it up. The UK still refuses to set a poverty (or employment) target, and maintains the child poverty target, because it is embedded in law, although work is being carried out to change the basis for the indicators used. In Bulgaria, the government focuses on the at risk of poverty indicator, which disguises the real rise in poverty, as relative poverty reduced because of general drops in median income because of erosion of living standards. Reliability of the data is a further concern. Official data show that 70.000 people are no longer in poverty, with the Government promising to reduce poverty by 260.000 by 2020. However, anti-poverty NGOs maintain that this does not capture the reality, with significant increases in severe material deprivation as well as intergenerational transfer of poverty. The network continues to describe the manipulation of data as a kind of *'theatre: 'in which the poor lose out and disguise an actual redistribution from the bottom to the wealthy'*. The lack of common targets and use of viable data and indicators combined with ambitious goals undermines the credibility and effectiveness of targets as agenda-setting tools and drivers of effective policies.

¹¹ EAPN (2013). Widening the Gap: EAPN 2013 NRP Assessment.

¹² Currently at 7.7%, with material deprivation growing from 11.8% to 26.5% in 2013, and at risk of poverty from 4.2% to 7.7%, despite the fact that the income threshold has itself dropped by nearly 15% since 2008, with 96.000 people more falling below this line.

Some new sub-targets but reality of poverty still not captured

Some examples emerge of **specific sub-targets** e.g. child poverty (EE, PL, CY, IE, RO), for example in Ireland where a new sub-target has been set to lift 70.000 children out of poverty by 2020, i.e. a reduction of 2/3 of 2011 levels, but the key issue will be the strategies employed. Several networks highlight a stronger focus on other target groups (DK, EE, PL, HU, RO). For example, in Romania, whilst no targets are set, concrete thematic areas with numbers are named – Roma, children, rural areas, children in the public care system and single parents. Some networks highlight the need for new targets to capture rising inequality which have been the subject of national debate, as well as key international studies by the OECD, IMF and the European Commission. (DK and ES).

Statistics however still fail to capture the reality of poverty. Many members increasingly try to highlight the human stories behind the data. Over and beyond the difficulties with the national targets – the major problem is that despite the targets, poverty is increasing rather than decreasing (highlighted by BE, BG, CY, CZ, FR, IT, UK). For EAPN members this has more to do with the lack of an effective strategy to reach the targets.

Missing an effective overarching integrated strategy to deliver on the target

The targets can only be successful if an effective integrated strategy is designed and implemented to reduce poverty and social exclusion. 69% of networks in the survey highlight the lack of such a strategy with the only solution proposed being a job at any price. In Denmark, there is no integrated strategy, with employment the major focus, however there has been a shift from activation to education and re-education, but falling short of an integrated approach. In some cases a strategy is well-developed and in place (BE and FR), but not being fully implemented and curtailed by budget cuts. In the case of France, a 5-year poverty strategy is in place, but now is being jeopardised by cuts in funding of 50 billion in 2 years. In other cases, new strategies' are being/have been prepared. (CZ, ES, HU, PL). In Czech Republic and Hungary, strategies for social inclusion (2014-20) are mentioned which go beyond employment. In Poland's case the strategy is prepared as part of the delivery on the ex-ante conditionality for Structural Funds. In other cases partial or thematic strategies are being prepared, often without the overarching frame of an integrated strategy. For example in Italy, where the focus is on employment, targeting families with less than 25.000 year.

Ex-ante social or poverty impact assessment can play a key role

Even a pro-active strategy cannot be successful if other policies undermine the poverty goals. In the current context macroeconomic and employment policies are contributing to increased poverty with the insistence on austerity measures and on weakening labour and other social rights. EAPN has consistently called for effective social impact assessment (SIA). SIA's are highlighted in both BE and IE. In Ireland, the NRP underlines the importance of the assessment. EAPN underlines however that it is not clear how the SIA is being used to inform policy nor the budget, nor how far the government is implementing its own guidelines for an ex-ante poverty/equality impact assessment in a transparent manner with the aim of reducing poverty. In Belgium, a positive development is seen in Flanders where an ex-ante poverty impact assessment has been introduced for designing policies, however an assessment will have to be made on what its impact on poverty will actually be.

Increased mention of Active Inclusion but lacking integrated strategies

Integrated Active Inclusion continues to offer a key integrated approach to support people of working age who are excluded from the labour market. As highlighted in the AGS 2014 again, emphasis is made to the importance of an integrated approach which ensures adequate income support, inclusive labour market as well as access to quality services. However, several networks highlight that Active Inclusion is mentioned (CZ, ES, HU, IE, PL, SK, RO), but not translated into concrete measures as an integrated three-pillar approach (access to adequate minimum income, quality services and inclusive labour markets). In some cases, the structure of the three pillars is used (IE), but lacks a comprehensive approach. In Hungary and Slovakia, the phrase is misused as in reality the focus is on workfare measures, ie enforced working on minimum wage or income rates.

When we come to look at the individual pillars, an uneven slant is further seen. As with previous NRP assessments, activation continues to be the main pillar, used interchangeably for active inclusion. Whilst activation services gain increasing support, minimum income and services are most subject to the threat of austerity cuts. As with the development of one stop shops as called for by the AGS 2014, the motivation appears to be to increase conditionality of benefits, to 'incentivise people to work'. In a few cases the focus on is on service and targeted benefits (CZ). A key new development is the privatisation of such services (UK, IE, PL) (see employment section.)

Widening Gap around adequacy of Minimum Income

Minimum Income is mentioned in a significant number of NRPs, according to EAPN members. (BE, CY, EE, ES, FR, IE, SK, UK). There is also a large **divergence of delivery** across Member States and between different groups. However 63% of responses considered that the minimum income system proposed fell far short of ensuring a decent standard of living.

Several networks underlined the continuing pressure to **cut or restrict benefit levels** (CY, IE, SK, UK). For example in Ireland, where all groups except pensioners see their benefits reduced and many lone parents losing access to their specific support. Young people are particularly targeted (IE), i.e. those under 26 receive a further cuts. EAPN Ireland notes that the government fails to focus on the issue of adequacy, highlighting rather complacently the comparatively high poverty reduction effect of social transfers¹³. In the UK, disabled people are particularly targeted linked to activation policies, with those unable to work, given only 30 pounds a week more to live on. In Cyprus, pensions and disabled allowances have received a cut. Reductions are also taking place in crucial secondary benefits. For example in Ireland, cuts have taken place in fuel allowances, cut from 32 to 26 weeks per year and to child benefit, the income disregard has been reduced for lone parents which before covered the extra costs of childcare and to support transitions into work. Slovakia highlights cuts in housing benefits for pensioners as well as the total ignorance of the importance of adequate minimum income for social inclusion, with no attention paid to the real living costs of the household, and no obligation for indexation. The adequacy of income support crucially depends on indexing to allow for rising cost of goods and services, otherwise leaving a devastating shortfall in living standards for the most vulnerable groups. Some members also highlighted new charges (i.e. IE in prescription charges), or the costs

¹³ From 84% for working age adults to 95% for retired people 65+.

of energy (ES). In terms of eligibility and coverage, growing concern is raised about youth falling outside the safety net or increased conditionality (NL, UK).

On the other hand there is **positive evidence of pressure** to improve minimum income, with support from the Commission including through the CSRs, particularly in countries with the highest poverty levels, and where comprehensive national minimum income schemes were not in place. (CY, EE, EL, RO, SK). In Cyprus, Romania and Estonia new minimum income schemes have been put in place. However doubts are raised about implementation or where the budget will come from. In Estonia, new benefits have been put in place for people with disabilities as well as increase in minimum income and child benefit. In other countries, carer's benefits have been raised e.g. In Poland, as a result of street actions and political pressure from organisations representing parents of disabled children. In other countries minimum income has been raised (FR and ES) or unemployment benefit (FI).

Increased conditionality is a major new factor in most countries. Extreme examples are seen in the UK, where missing one appointment regardless of the justification, leads to automatic loss of benefits. An increased atmosphere of surveillance which arises out of closer cooperation between benefit and employment offices is often combined with increased targeting of benefits. Members point out how this can undermine the objective of fairness, adequacy and higher take up. E.g. in Cyprus, people in poverty currently prefer to resort to charitable services e.g. social supermarkets, rather than to negotiate what are seen to be highly subjective application of benefits.. The lack of recognition of the need to link right to income support with affordable services, is also highlighted (CY). In Netherlands, a new participation law is to be introduced at local level requiring 'participation in society', with people who are not working expected to do community work. However concern is raised about whether this will support people to participate or be used as a punitive sanction.

Child poverty: Missing focus on services apart from early childhood.

Members highlight very little focus on services, except for those related to early childhood education and care (ECEC). Whilst these are welcomed, concern is raised that the major motivation often appears to be employment and economic i.e. to help women back into the labour market, rather than social investment, child's rights or recognition of their role in tackling intergenerational transmission of poverty, (DE, EE, HU, SK, MT, CY, PL). In fact, the main ways in which the NRPs indicate that Structural Funds will be used to support efforts to tackle child poverty are through supporting ECEC and tackling educational disadvantage (see e.g. CZ, EE, HU, SK).

The integrated approach as promoted by the Commission's Recommendation Investing in Children integrated strategy (adequate resources, services and participation) is still largely missing, although the survey highlighted 7 governments apparently working towards this (see previous map).

Eurochild's assessment of the 2014 NRPs and NSRs¹⁴ calls for all Member States to have such a comprehensive approach and for EU and national sub-targets on child poverty. Their report found that only three countries adopt a somewhat comprehensive approach in their NRPs or

¹⁴ The 2014 National Reform Programmes and National Social Reports from a child poverty and well-being perspective, Eurochild September 2014.

NSRs (Germany, Estonia and Scotland). Yet, more than half of the NRPs assessed give political importance to child poverty and social exclusion; and in over a third of countries assessed there was more political attention given to child poverty than in the 2013 NRPs or 2012 NSRs. For instance, the Czech NRP and NSR contain specific measures to improve access of disadvantaged children to mainstream education and prevent separation of children from families. It is also the first time the Czech NSR makes specific reference to child poverty and its intergenerational transmission. The Irish NRP points to the new child poverty target when describing support for low-income families. Eurochild's assessment notes, however, that when countries do address child poverty it tends to be focussed on specific issues such as improving childcare, addressing educational disadvantage or increasing parents' access to employment aspects rather than on a comprehensive approach which would be more beneficial.

However some positive if rather piecemeal measures are also highlighted. In Malta, a Green Paper on child poverty, has been developed. Whilst in Cyprus, free breakfast is provided in schools. In some countries, there appears to be an increasing recognition of the need to reduce child poverty by addressing policies which impact on the family for example (EE, IE, SK, HU). In Estonia, a new child protection law is being put in place, with a focus on child poverty and education including social investment in building kindergartens. In Slovakia, similarly the emphasis is on improving ECEC and improving living conditions for children and families. In Hungary, an integrated strategy is proposed, which particularly addresses the most disadvantaged regions and puts the focus on family support by developing children's centres and houses and facilitating access to health nutrition, however the issue of adequacy of family income is weakly addressed. In Spain specific strategies to support child rights and fight child poverty are in place and mentioned in the NRP, but severe doubts are raised about the budget for implementation.

Dwindling access to affordable public services particularly utilities

Public services appear mainly as a target for 'efficiency' and austerity cuts. Particular concerns are raised around rising prices particularly in utility services– water, gas, and electricity with reductions in quality and access to particularly services. Spain has one of the most expensive rates for electricity in Europe, with 45% of the cost due to tax, as with water and health, however the tax is not being used for social investment. An increasing number of families are being cut off from electricity and water, e.g. for example having to use stand pipes. In Ireland, water charges are being introduced, but it is not clear who will receive free allowances. Few countries have a constitutional right to services like Belgium, where it is a fundamental right and access cannot be denied,

Piecemeal measures for other groups, with low priority to fighting discrimination

Overall, members found very limited focus on other key target groups facing poverty, or a recognition of the need to link the fight against poverty with tackling discrimination. Only 37% highlighted measures to fight poverty and discrimination of groups like Roma, ethnic minorities and migrants. 68% found few measures that would improve the situation of elderly people, 73% said the NRP didn't include measures to fight discrimination against women.

In terms of people with disability and health problems, 37% found measures to support people with chronic diseases, whilst 38% found none. Most highlighted that where measures existed, the main focus appears to be increased activation measures there are some positive measures

that try to find solutions for people who are not able to work or access the labour market. In Germany, a plan for people with disabilities or burn-out, could provide new hope for very disadvantaged families. Pensions are also provided to mothers who wish to stay at home as carers. In Romania reforms are being put in place for people with disabilities, ensuring that all people have access to medical care, but EAPN sees no clear correlation with tax policy.

Insufficient priority to growing Housing Exclusion and Homelessness

Tackling homelessness and housing exclusion is a clear priority for most EAPN members, but 63% consider that insufficient priority was noted in the NRP, particularly to **housing-led and preventative** strategies to reduce the risk of poverty. In Ireland, for example, no mention is made in the NRP despite the large increase of homelessness, because of the difficulty of finding suitable accommodation when people are on social assistance or low incomes, with caps imposed on rent allowances well below market rents, particularly in Dublin. In the UK, chronic affordable housing is recognized, including in the CSRs, and the government has introduced measures for first time buyers, but housing allowances have been cut for people who try to rent. Some national networks highlight some progress in policies (CZ, LU, HU, ES). In Czech Republic, there is a welcome focus on homeless prevention and mention of a new social housing law, although no further details are cited. In Hungary, a social land programme is mentioned (with allocation of 170 million Euros) with other measures focussed on reversing territorial exclusion, with model communities and implementing complex slum programmes, aiming to promote mobility and integration of people suffering housing and other forms of exclusion with public works, whilst improving housing conditions, but the impact is not clear and concerns raised about the degree of punitive conditionality. In Luxembourg a national strategy on homelessness based on housing first has been developed but it is not implemented. In Spain, the National Action Plan for Social Inclusion is included in the NRP, including developing an integrated homelessness strategy but with unclear implementation.

FEANTSA¹⁵ in its annual review of the 2014 NRPs highlights rising homelessness in a majority of member states, with families, migrants and young people increasingly affected. They found in their survey a continuing priority given by Member States to confronting homelessness as part of their efforts to tackle poverty and social exclusion, but highlight uneven reporting. At least 7 MS specifically refer to homelessness and outline progress towards integrated strategies (BG, BE, CZ, DK, FR, LU and PT). A further 7 refer to broader strategies to promote social inclusion/fight poverty that focus on homelessness (IE, ES, HU, EL, LT, PL, HR). Ireland and Spain are particularly highlighted as having national integrated homeless strategies in place or have committed to launching them. At least a further 9 MS outline broader social or housing policy reform which have an impact on homelessness. FEANTSA highlights that many countries are also not reporting on the actual work being done on homelessness in the NRP, although much of this information is captured in the National Social Reports (NSRs). For example Finland's long-term homelessness strategy is described in the NSR but not the NRP, similarly with a new indicator developed in Austria on registered homelessness in the context of the Europe 2020 poverty target. This underlines the key challenge of fragmented reporting on social issues in the Semester framework, linking the NRPs and NSRs.

¹⁵ See [FEANTSA \(2014\) Review of the 2014 NRPs](#)

Uneven start to ESF delivery on the poverty target

The NRPs flag up some concerns around the new Operational Programme being put into place. EAPN had high hopes to see the thematic priorities with the 20% on poverty reduction in ESF implemented through integrated antipoverty strategies, in line with the ex-ante conditionalities. Members underline the increased visibility of the Europe 2020 targets in relation to Structural Funds. However, while it is clearly early days, mixed messages appear around the extent of the initial implementation through the Operational Programmes (OP). 39% of responses agreed that Structural Funds was being used in the NRP to explicitly support delivery on the poverty target, whilst 39% disagreed. Some members comment that the OPs appear to primarily focus on employment and activation (IE, SK) rather than support to more integrated approaches. However in others, broader approaches appear to be implemented. In Hungary, whilst priority is given to employment services and to improving the access to the labour market for excluded groups, other funding lines are focused explicitly on broader approaches to social inclusion and poverty (HU and SK), often with a rural focus and giving priority to extreme poverty. This includes strengthening social cooperation, social activities and the effective support of local communities and families, or in the case of Slovakia - community centres and field work. Other funding lines focus on education (HU), and with a particular focus on disadvantaged groups (RO), disabled and early school leavers.

The use of Structural Funds for **social investment in key social and health infrastructures** is seen in a few countries: for example in Estonia to support the reform of hospitals and increase access also with Baltic Rail. In Hungary, support is given to increase the efficiency of health care, highlighting the positive investment into preventative programmes, whilst investment in Childcare and early learning is highlighted by HU and SK. However, other members found few examples.

Little information is given in the NRPs regarding the **partnership principle**, so it is unclear at this early stage how far the new Code of Guidance is being implemented. Some members underline the very limited role of civil society organisations in the new round, with the main priority for funding to large governmental schemes (IE).

Benchmarking with non EU countries

Iceland and Norway offer useful benchmarks with the Nordic model, with Iceland increasing its social investment and protection approach, whilst Norway starts to follow the austerity trends of the rest of Europe. Whilst Macedonia and Serbia show the influence of Europe 2020 in their candidature but with very limited resources to tackle poverty particularly through a very low social protection base.

In Iceland, concern about rising poverty has triggered the decision to reactivate Welfare Watch¹⁶ targeting poor families with children. Key other priorities include improving immigration policies to reduce waiting times and increasing the access to affordable housing and support to the homeless. In the latter case, the aim is to increase the availability of smaller rented apartments and to restore a fairer balance in support for people renting and owner-occupiers, through a new housing benefit system. Approximately 22% of those renting housing and 5,8% of

¹⁶ A broad stakeholder forum working with government to monitor poverty trends and make Recommendations started in the aftermath of the financial crisis.

homeowners are below the poverty line. A new partnership approach to tackling homelessness has been introduced in Reykjavik, involving the municipality, NGOs, police and health service. This involves an extension of shelters, support personnel to provide integrated support including 'harm reduction' medical and addiction support. A revision of the social security system is also underway, attempting to reduce poverty traps between work and benefits. **Norway**, has seen a change in government and move to the right. This has resulted in proposals of cuts in welfare benefits, a cap on social assistance for children, whilst at the same time setting a target to decrease child poverty by 30%. The lack of a national, universal system of minimum income leaves the way open to discrimination in the access to benefits across the country.

In **Serbia and Macedonia**, there is increasing recognition of the Europe 2020 type strategy. However in Serbia its main focus is on employment and in changes to taxation systems, introducing a flat rate tax for pensioners, who take a 1/3 of the budget, the average pension is just above the poverty threshold. At the moment there is no concept of minimum income, although it is included in the comparative survey for EU SILC. Currently there is a small scheme of financial transfer to the families most in need, but only for 2.3% of families. It is targeted, mainly to Roma. *In Macedonia* there is no NRP but a strategy has been put in place, but it is not being implemented. A lot of promises are made but not kept, for example before the elections, that the debts of people in poverty would be cancelled, also with tax exemptions. There is no minimum income in place. However the Macedonian Antipoverty network has been leading a well-publicised campaign.

5.2 Key messages

1. **The poverty target still is not being taken seriously nor the reality of poverty adequately captured**, particularly with regard to timeliness and data collection for hard to reach groups.
2. **Some signs of increased social investment, but unlikely to reduce poverty unless linked to defending adequate social protection and minimum income as part of an overall integrated poverty strategy** to reach all groups– with particular attention to active inclusion.
3. **Uneven treatment of key target groups and piecemeal measures that still fall short of integrated strategies** to fight discrimination and promote inclusion, in relation to women, investing in children, combating homeless, Roma and Travellers; but also for migrants, single parents, older people and people with disabilities and health problems.

6. Governance and Participation

Findings from the questionnaire

The participation on the NRPs 2014 has been very low. In some countries, there has been a slight improvement with respect to 2013 (the case of Spain, Poland for example). In others they have gone backwards. But the process remains virtually hermetic to the majority of social NGOs. The officers in charge of the draft were not available for most of the Networks. The draft of the NRP was not generally handed out, in order to analyse it, before sending it to the European Commission by their governments. Or where it was, insufficient time was given to provide responses. Meetings when they took place were information sessions rather than dialogue. However, the most striking conclusion is that the comments and contributions were not taken into account by the governments.

More detailed answers can be seen below.

100% did not have the chance to debate their comments, proposals or amendments with the political parties in the opposition.

84% could not get their comments taken into account in the final version which was sent to the European Commission.

83% did not have the NRP debated in their national Congress/Parliament.

72% was not invited to make comments on it.

72% did not meet with the officers who were in charge of writing the NRP.

61% did not you get the draft NRP.

61% could not make comments, proposals or amendments in time.

94% of the people experiencing poverty were not engaged in the dialogue with the authorities about the NRP.

94% did not receive any feedback from their government after the NRP was sent to the European Commission.

94% had no contact with the European Semester Officers of the European Commission.

89% did not consider that their engagement in this year to be better and more meaningful than in former years.

83% was not contacted by their National Expert assigned by the European Commission.

83% EAPN networks were not involved in the development of the NRP this year.

83% of all main stakeholders were not engaged: social partners, local authorities, NGOs...

83% of the Networks and other stakeholders did not have their contributions annexed to the NRP.

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

Austria

We do not think that the NRP has any real impact on national politics, as it is not a reform programme, but a list of measures taken by the Austrian Government in order to fulfil the Europe 2020 strategy.

Belgium

People experiencing poverty and the NGO's were involved in a debate in the framework of the Belgian Platform, but none of the political actors responsible for the NRP were involved in this process. Only the administration of social affairs.

Czech Republic

This was the worst year, very quick government office process.

Denmark

NRP is a result of a process mainly between the government, the EU Commission and Council. The result is decided finally by the Parliament in the yearly Law of Finance. NGO comments cannot affect already taken decisions but might influence the coming year, the next European Semester.

Estonia

There has been no consultation.

Finland

There was no engagement.

France

The opinion of the CNLE, National Council for Combatting Exclusion, which includes associations, social partners, local officers is annexed to the NRP document. The CNLE produced a statement; only EAPN presented a written contribution.

Germany

The deadline for the statements in the consultation process of the NRP was due to individual misconduct only two working days. The responsible ministry apologized for this mistake but it shows the seriousness of the participation process. Impact: none.

Ireland

In reality, EAPN Ireland was represented at the seminar on the NRP and National Social Report with the Department of Social Protection where initial comments were made on what the poverty section of the NRP could include. There were a few days to make a written submission. Then after the draft was circulated there were a few days to comment. We were sent a copy of the draft NRP in the post with a letter from the responsible Junior Minister inviting comments. While this was received too late to post comments back we had already received the emailed version inviting a response.

Italy

The CILAP have written the alternative report before the new NRP came out, but it was impossible to have any discussion, in this phase, with the new Government.

Lithuania

NRP process is still very closed and without debate.

Luxembourg

There was only an information meeting about the social target. There was an announcement by the Minister of Economy, to meet civil society when the CSR's are out. They are out, but still no call to meet them.

Malta

The New Government (through the Ministry of Social Solidarity and the Family) has done well in trying to meet the people, especially the most vulnerable and dialogue with them... practically

meeting them in the streets. The Government wanted to give a voice to the voiceless people. However, this effort is not being backed by direct consultation with regards the NRP. There does not seem to be any link between them. This lack of communication with regard to the NRP is true also with NGOs that work with the poor. I don't know if the Government has consulted any NGO in particular. Certainly, there was no contact with APF.

Poland

There is an official body responsible for Europe 2020 implementation with ministry representatives and social and economic partners including EAPN PL. Social Partners proposed a new procedure, which was partially accepted. We sent three sets of recommendations, which was discussed with ministry experts.

Slovakia

We have had the opportunity to read the draft of the NRP 2014 only after its publication for the public consultation/comment procedure that is open for everybody. The comment procedure lasted 5 working days so it was not possible to debate our position widely or make coalitions. Our comments are part of the public document "Assessment of the Interdepartmental Comment procedure" that included also positions of Ministry of Finance to our and other comments.

Spain

The Platform of the Third Sector took charge in the negotiations with the Government, and they relied on EAPN Spain to conduct the key strategic approach and documentation elaboration. During 2013, the Platform interacted with different Government officers, from the Ministries of Social Affairs and Economy, with the goal of influencing the social chapter of the NRP and the regulation of the Third Sector, getting a modest success. However, the Platform managed to set up a communication line, which turned into the Civic Dialogue Table.

United Kingdom

None.

6.2 Key concerns

Increased pressure for better engagement but little visible impact

Increasing attention has been drawn by the Commission to the weak engagement of stakeholders in the NRPs and Semester process, calling for improvements in both the AGS 2014, the Guidance Note for the NRPs and in the Communication preparing the Mid-Term Review¹⁷. Whilst there is evidence of increased pressure from the EU level to improve stakeholder engagement, this did not appear to have been translated into better procedures. For example the Irish NRP outlined in detail the stakeholder process that had been carried out, however in reality there was insufficient time to make an initial submission or to comment on the draft NRP.

¹⁷ EC Communication (2014): Taking Stock of the Europe 2020 Strategy for smart, sustainable and inclusive growth. [See here](#).

Insufficient progress on meaningful engagement

In reality, very limited progress appears to have been made in achieving a meaningful participation process in the NRP. As highlighted, most countries appear to continue to have an **almost no consultation** process, particularly regarding the involvement of social NGOs (CY, EE, FI, HU, IT, LT, MT, RO, UK). 83% of members underlined that they were not really engaged in the NRP development this year. While 11 networks highlighted some type of limited engagement (AT, CZ, IT, BE, DK, ES, IE, FR, LU, PL, SK), but most underlined the low quality.

In the UK, there was no consultation process as the Government saw no requirement for consultation where no new information was being presented, although there was some process in Scotland and Wales. In Italy, CILAP prepared an alternative report but no discussion was possible with the new government. In Czech Republic, there was a step backwards with a very quick government office process. In Hungary, civil society, especially those who are not seen as 'government-friendly' were not involved in the process. In Malta, the lack of NRP consultation contrasted negatively with the commitment of the new government through the Ministry of Social solidarity and the Family to engage directly with Social NGOs and to meet directly with people experiencing poverty.

A key concern was overly **technocratic and untimely** procedures. In Slovakia, the Ministry of Finance organised the process. EAPN requested to participate on drafting the NRP. They were refused but assured that there would be a public consultation procedure. This comment procedure only lasted 5 days. The overall impression was that the Government was unable to understand the importance of civil society preparation and carried out a very technocratic procedure. In Germany, the deadline for statements was just two working days. In the discussions in the EAPN meetings, members highlighted their interest in the role of the new European Semester Officers, who are supposedly responsible for ensuring stakeholder feedback, although predominantly in relation to the macroeconomic objectives. However, 94% had no contact. Members highlighted the crucial role that such officers could play in promoting a more effective approach.

Getting feedback and impact is crucial

Other members highlighted a slightly better developed process, in the sense that they were invited to meetings or able to make recommendations or a submission (AT, BE, DE, DK, IE, LU, PL, SK). However this did not amount to meaningful or useful engagement in the policy-making process as no impact of this engagement could be seen on the final NRP. Only Ireland, Poland, Slovakia and Spain were able to comment on the draft NRP. 94% of respondents highlighted they got no feedback. Only France appears to attach stakeholder's views to the NRP. Only Spain and Poland felt that they were treated in anyway as partners to an on-going dialogue process with the chance to have their views taken on board. (See below)... Ensuring that stakeholder's proposals are taken on board and getting feedback on why particular proposals have been taken up or rejected, is crucial if stakeholders are to feel motivated to continue the engagement.

Economic actors in the driving seat

Most members highlighted that the NRPs are currently the responsibility of economic and finance ministers, which leads to social targets, policy and actors being side-lined. For example, in Belgium, people experiencing poverty and NGOs were involved in a debate with the Belgian

Platform Against Poverty around progress on the poverty target but none of the principal financial and economic minister or officers responsible for the NRP were involved. This meant that any proposals coming out of the engagement were not taken on board. In Ireland, the social NGOs were invited to a seminar on the NRP and National Social Report, but for the NRP were only invited to make comments on the poverty section, despite the serious impact of macroeconomic policies on poverty reduction and the role of anti-poverty policies in contributing to inclusive growth. In general, social NGOs were only invited to make inputs on anti-poverty policy with no recognition of the mutual interaction between macroeconomic and poverty policies (i.e. how macroeconomic policy impacts on poverty reduction – in particular with the impact of austerity measures and attacks on social rights; and how poverty impacts on macroeconomic policy by increasing social imbalances and undermining a viable base for the economy and growth).

Does the NRP and Semester have any real impact on national policy?

Several members highlight the problem of **disconnection of the NRP from national policy making** (AT, DK, IE, PL). Ireland notes that the NRP mainly reports on already implemented or planned actions, so the room for development of new policy solutions is almost non-existent. Whilst Austria, underlines the selective list of measures highlighted in the NRP just to appear to fulfil the 2020 strategy criteria. EAPN Denmark had a more positive interpretation, underlining that as the Semester is primarily an intergovernmental process fixed yearly by the NRP, it was almost impossible for NGO comments to affect the current NRP. However they did feel that NGOs were in a position to signpost issues that could be taken up in future years.

However the issue of whether the NRPs and Semester process have any **impact on national policy** gets more divided opinions. This appears to reflect a country's position within the Eurozone and how vulnerable the government is to prospective sanctions from the EU because of Troika or emergency assistance programmes or excessive deficit procedures e.g. (ES, IE, HU). These see more clearly an impact from the Semester process, with Governments keen to demonstrate their responsiveness to Commission guidelines or CSRs. However this may not convert in reality to concrete actions.

Others, like EAPN Poland, underline the **weakness of the Semester process**. If the process has little impact, it raises serious questions about the point of investing so many resources to try to improve the engagement: *"our conclusion could be that improving meaningful engagement in a powerless structure is meaningless.... We are just wasting our limited resources on trying to influence a process which is not intended to change anything"*. (EAPN PL)

Minimum involvement of National Parliaments

The AGS 2014 underlined the importance of more systematic involvement of national parliaments, but members highlighted few improvements. 83% said that it was not debated in national parliaments. Where it was it was seen as a limited exercise (ES, IE). 100% of respondents had no opportunity to engage in the debate with the opposition in the parliaments. For EAPN members, this is a missed opportunity to ensure democratic legitimacy and accountability and better implementation by linking it more clearly to the national policy-making mechanisms.

What does meaningful engagement look like?

For EAPN members, meaningful engagement means treating organisations as active partners in the policy-making process. Governments should engage stakeholders, particularly NGOs and people with direct experience of poverty, in a regular, constructive dialogue involving the relevant government representatives responsible for the NRP and the key policy areas. They should be involved at each stage of the process and be considered as partners in delivery. This means enabling them to make written submissions and comment on drafts, to engage in constructive exchanges and debates with the opportunity to get their views taken on board, to get their opinions annexed to the NRP with detailed feedback with the reasons for non-take up. The engagement should continue as a regular dialogue throughout the policy cycle – implementation, evaluation and development of new approaches. People experiencing poverty should be directly invited to participate, with separate preparation as necessary (as is done with the Belgian Platform Against Poverty with the support of the Belgian Anti-Poverty Network (BAPN). EAPN has prepared a handbook with guidelines for effective engagement: Giving Citizen's a voice: [See here](#).

Some more positive practices...

Only two members highlight some real improvements in a more structured dialogue and engagement process: Spain and Portugal. In Poland in 2012, the government established a special body for Europe 2020, with EAPN as a member from the beginning, however in 2012 there was no real process. In 2013, the participation improved. 2 NGOs with EAPN were able to send their proposals. For 2014, EAPN mobilized with other non-governmental partners including trade unions and employers and got the official response from the government that their role was beyond solely opinion-giving agreeing a 2 phase process, with the opening phase establishing a shared agenda-setting process.

In Spain, the Platform of the 3rd Sector played a key role in negotiations with government, with EAPN providing the strategic approach and documentation. The Platform interacted during the whole year with the Government, and managed to influence the social chapter of the NRP, including specific reference to the National Social Report, and by establishing a new communication process – the civil dialogue table.

6.3 Key messages

- 1. Inadequate progress on meaningful participation is leading to grass-roots alienation from the European Semester process and EU policies.**
- 2. Few signs of a stronger connection to national policy and parliaments or increasing equality between social and economic actors to increase policy impact.**
- 3. Lack of concrete guidance or financial support from the EU for effective stakeholder engagement including support to participation of people in poverty, is limiting ownership and accountability.**



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.



EUROPEAN ANTI-POVERTY NETWORK. Reproduction permitted, provided that appropriate reference is made to the source.

October 2014.



EAPN is supported by the Directorate – General for Employment, Social Affairs and Inclusion of the European Commission. Its funding is provided for under the European Community Programme for Employment and Social Solidarity PROGRESS (2007 – 2013).

For more information:

<http://ec.europa.eu/social/main.jsp?catId=327&langId=en>

The information contained in this publication does not necessarily reflect the position of the European Commission.