REPORT

EAPN Assessment of the Country Reports and Proposals for Country-Specific Recommendations 2016

Reclaiming social Europe: Fulfilling commitments on poverty reduction and participation

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EUROPEAN ANTI POVERTY NETWORK
RÉSEAU EUROPÉEN DE LUTTE CONTRE LA PAUVRETÉ ET L'EXCLUSION SOCIALE
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1. INTRODUCTION

2016 is the sixth year of the implementation of the Europe 2020 Strategy for smart, sustainable and inclusive growth. While the European Commission, in the Joint Employment Report[1] (which is an Annex of the Annual Growth Survey), indicates that the level of poverty and social exclusion across the EU has been recorded as stable or slightly decreasing, still nearly one European citizen in four experience poverty, and levels are still higher than those recorded when the Strategy was first adopted. The continued focus on fiscal consolidation and stabilising public finances, with little attention paid to how wealth is redistributed, and what social investment is needed to ensure lives in dignity, free from poverty, for all European citizens, raise serious concerns regarding the EU's ability to deliver on social commitments made in the framework of the Strategy.

Almost 25% of the EU's population, or 122.3 million people, were at risk of poverty or social exclusion in 2014[2]. Although the proportion of persons at risk of poverty or social exclusion in the 28 Member States in 2014 (24.5%) has slightly decreased compared with 2013 (24.6%), it is higher than in 2008 (23.8%), representing an increase of 7 million since the poverty target was established. In 2014, more than a third of the population was at risk of poverty or social exclusion in five Member States, including Bulgaria (48.1%), Romania (40.2%), Greece (36%), Latvia (32.7%), and Hungary (31.8%). The percentage of people experiencing poverty in candidate countries Serbia and Macedonia is over 43%. The lowest shares of persons being at risk of poverty or social exclusion were at the same time recorded in the Czech Republic (14.8%), the Netherlands (16.5%), Sweden (16.9%), and Finland (17.3%), though for all of these countries, figures have increased as compared to 2013. The lowest poverty rates in Europe were registered in Norway (13.5%) and Iceland (11.2%).

EAPN believes that the European Semester could deliver results if it puts economic and social objectives on a par, and ensures that its economic strategy contributes to social and sustainable goals. The Semester can demonstrate this 'balanced approach', by ensuring that the CSRs give equal weight to reducing poverty and to the other social targets, ensuring that the macroeconomic recommendations actively contribute to the reduction of poverty. The proposals for the Country Specific Recommendations (CSRs) in 2016 will need to demonstrate an increased focus on poverty reduction, explicitly requiring the achievement of the Europe 2020 targets, particularly the social ones, if people are to be reassured that the Europe 2020 Strategy is safe, and that there is a real commitment to a more social and fairer Europe that invests in people, not just markets.

The new initiative about the European Pillar of Social Rights gives hope, but, on the one hand, it is too early still to evaluate the real change that it might bring to people's lives, as the public consultation on the proposal lasts till the end of 2016, and its results only consolidated in early 2017. Questions also remain about the nature and effectiveness of this initiative.

[1] Draft Joint Employment Report from the Commission and the Council, accompanying the Communication from the Commission on the Annual Growth Survey 2016 - http://ec.europa.eu/europe2020/pdf/2016/ags2016_draft_joint_employment_report.pdf

[2] Eurostat.

On the other hand, EAPN insists that action to tackle poverty and social exclusion on the ground cannot wait, so EU institutions and Member States must press ahead to ensure that every effort is being made to reach the adopted poverty reduction target, as part of Europe 2020 and the European Semester processes in 2016 and beyond.

Ownership of the Strategy and active participation in the Semester are crucial, as highlighted both by the Annual Growth Survey 2016, and by the package on a European Pillar of Social Rights. However, much more needs to be done to concretely support and promote meaningful engagement of all stakeholders, including people experiencing poverty and their civil society organisations, in the design, implementation, and monitoring of these policies. The new Country Reports and the Country-Specific Recommendations are an increasingly powerful tool, which could be used to reinforce these demands.

In this report, EAPN presents our members' assessment of the 2016 Country Reports, trying to assess to what extent the analysis and recommendations included in them impact on poverty and social exclusion, in light of current policy developments in their own countries. On the basis of this assessment, EAPN members' own proposals for CSRs in 2016 are presented. An Annex of full individual country fiches is also available online.

This synthesis report was developed based on a template fiche completed by National Networks in membership of EAPN. Written responses were received from 16 National Networks: Belgium, Czech Republic, Denmark, Finland, Germany, Ireland, Latvia, Lithuania, Luxembourg, Norway, Poland, Portugal, Slovakia, Spain, Sweden and the United Kingdom, with additional written input from 2 European Organisations in membership of EAPN, FEANTSA and Eurochild. A peer review exchange on the draft assessments took place on the 4 and 5 March in the EAPN EU Inclusion Strategies Group meeting, in Brussels, and its results are also included in this synthesis analysis.

6 Priorities for Country Specific Recommendations in 2016

1) **Prioritise the fight against poverty and social exclusion, including child poverty, in line with the Europe 2020 target and through an overarching, integrated strategy**
2) **Increase social investment, improve redistribution and tackle inequalities, in particular through tax justice**
3) **Ensure adequate social protection for all, including decent levels for minimum income schemes**
4) **Foster personalised, enabling pathway approaches, based on Active Inclusion, to support people into quality and sustainable employment**
5) **Improve accessibility, affordability, and quality of services, including housing and healthcare**
6) **Ensure full ownership and legitimacy of Europe 2020, by promoting meaningful stakeholder engagement in its processes, including of people experiencing poverty and their civil society organisations**

2. EAPN MEMBERS' ASSESSMENT OF THE 2016 COUNTRY REPORTS

EAPN National Networks and European Organisation members made an assessment on how far the 2016 Country Reports, published by the European Commission on 26 February 2016, contained proposed or analysed measures that either positively or negatively impact on the fight against poverty and social exclusion in countries. Members also highlighted what were the main gaps in the Reports, underlining key aspects that are missing from the analysis put forward by the European Commission. The following sections try to synthesise this extensive assessment around thematic headings.

Overall assessment of the Country Reports

The initial reaction in most responses was that the Country Reports for their countries were encouraging, as they **featured social issues, including poverty and social exclusion, more prominently** than before, in the previous country analysis documents accompanying the Country Specific Recommendations (IE, IT, LU, PT, ES). Equally, some respondents (LT, PL, ES) mention that the specific input of EAPN in these countries has been taken up and incorporated in the Country Report. Our members in Germany and Poland, specifically, report being quite pleased with the extensive and correct analysis of social challenges in their Country Report. This are encouraging and welcome developments. However, a number of challenges still remain, as well as missed opportunities by the Country Reports of 2016.

Despite the Reports being more balanced in what regards the space allocated to social issues, the latter are **still not placed on an equal footing with macroeconomic concerns**, in those reviewed by our members (BE, CZ, DK, FI, IE, LV, LT, LU, PT, SK, ES, SE, UK). The social sections often feel like an afterthought, and are more limited in number of pages – or are sometimes just reduced to a few paragraphs. Equally, with some exceptions (IE, ES, for instance), our respondents flag up that **the Reports only contain a descriptive snapshot of the situation**, without an accompanying in-depth analysis of the causes of the phenomena described, and very little by way of recommendations on how to redress the situation (B, LV, LT). Also, many **figures are taken at face-value**, without a complementary qualitative analysis of the actual situation of people – for instance, the role played by migration in reducing poverty figures, or the lowering of the poverty line (due to reduced incomes), which artificially drives down poverty in statistical measurements, while not actually changing people's lives.

Another strong concern voiced by some members (BE, FI, IE, LT, UK) is the **lack of coherence between the macroeconomic objectives and recommendations and commitments made to poverty reduction and the other social targets**. There is no social impact of the proposed macroeconomic measures, especially of cuts and austerity. Serious concerns are raised that, while the deteriorating social situation of Europeans is acknowledged and highlighted, the current priority given to financial sustainability and containing debt and deficit do not allow for the much needed social investment that would effectively tackle social concerns and reduce poverty and social exclusion in Europe. Finally, **concrete recommendations are missing, as are comprehensive, overarching, integrated strategies to fight poverty.**

Summary of the overall assessment of the Country Reports

Belgium

It's impossible to answer this question with a simple yes or no.

- The report is quite detailed on some (macroeconomic) issues, and very limited on other (social) issues.
- The report goes beyond an analysis, but offers a great deal of recommendations, some more implicit, others very explicit. In terms of analysis of the situation, one could call this a coherent report. When it goes beyond analysis, the coherence is lost and the assessment of the challenges is far but thorough or –according to our point of view – contradictory and counterproductive in terms of meeting the Europe 2020 goals. In the (macro) economic chapter, several recommendations would have an intense negative effect on the results in terms of the fight against poverty.
- There is no social impact analysis, on the contrary, almost no social concern at all, but a very narrow budgetary focus. There are not enough links between the different policy domains, and the social chapter is completely inferior compared to the more economic chapters, both in terms of quality and quantity.
- The report states that Belgium should do more to be effective in the fight against poverty, but does not give concrete direct recommendations (related to social inclusion, minimum income). Only lots of indirect recommendation (to stimulate growth…), who are supposed to have an impact (but we have our doubts).

Czech Republic

Regarding the progress in reaching the national targets under the Europe 2020 Strategy, the Czech Republic has either reached or is making good progress towards its targets on employment, R&D investment, tertiary education and reducing early school leaving, while more effort is needed on energy efficiency and on the reduction of its population at risk of poverty or social exclusion.

Denmark

The Danish Country report doesn't provide a coherent assessment of the challenges to meet the 2020 goals. The reports social focus lies solely on ensuring labour supply.

Finland

CR is mostly concerned about the (macro)economics. Economic policy is something member states should do, while social policy is just something they could do. In the executive summary economics dominate as well, but there´s also paragraphs about Europa 2020 employment and poverty targets in the summary:

- "Reaching the employment target may require further efforts"
- "Several social indicators have also started to worsen. The rate of people at risk of poverty and the number of jobless households have increased, although the levels are still lower than in other Member States."

However, the CR doesn´t provide coherent or integrated assessment to meet all the Europe 2020 goals, because the macroeconomic "solutions" offered in the CR may also worsen reaching the poverty target. These macroeconomic "solutions" included:

- "The Alert Mechanism Report identified Finland as warranting a further in – depth review."

- "The sustainability of Finland's public finances is at high risk in the medium term." -> this could mean that Finland would need to use more austerity measures if the balance is not reached other ways.
- "The need to restore cost-competitiveness is widely understood" –> restoring "cost-competitiveness" could also lead to lower salaries in already underpaid workers, women etc. and increase poverty in long run.

We are still "happy", that the CR has quite coherent analysis about increased poverty, unemployment, long-term unemployment, problems in helping refugees and migrants to find their place and jobs, housing problems etc., especially when it feels a bit like the government of Finland is not interested these event that level.

Germany

Overall the country report for Germany gives a detailed and comprehensive analysis. Main developments and challenges linked with the EU-2020-Strategy are assessed. Germany is being criticised especially for its non-ambitious goals with regard to tackling poverty, social exclusion and inequality. The report criticises the exclusive employment focused approach to tackle poverty. Thus the report applies further indicators like risk-of-poverty-rate and other indicators. This is positive.

Ireland

While still dominated by economic concerns this report is more balanced than previous years in addressing social concerns. However, given the fact that the report highlights that Ireland will struggle to meet its poverty target and that poverty and inequality are rising, the report does not give prominence to this issue or provide an integrated analysis of the causes.

The report highlights Ireland's infrastructure deficit, including social infrastructure, and the need for much higher level of investment to address these deficits. Alongside broadband the report highlights a deficit in housing, transport, childcare and education. It does highlight that Ireland's tax levels are below the EU norm and points to specific areas where more taxation could be raised. However, much of the report is about ensuring that Ireland stays within the rules of the Stability and Growth Pact and the current rules and their application leaves little manoeuvre and restricts access to additional resources that might be available to addressing the infrastructure deficit. It outlines progress in increasing employment and reducing unemployment.

It outlines the policy measures taken, including activation measures and welcomes the upcoming evaluations of these to assess their effectiveness. EAPN Ireland has been lobbying for a stronger client centred and enabling culture in our activation services, but this is not an issue raised by the Commission in the context of the evaluations.
The report does highlight a number of other issues of importance in terms of poverty and social exclusion including the crisis in housing and the inequity in Ireland's health system. However, in relation to housing it does not highlight that the Government's measures to address the cost of rent are inadequate to prevent people from ending up homeless, or the worse health outcomes for people from lower socio-economic and marginalised groups and communities.

Latvia

- It is more concrete as Reports before, but it does not give any advice or evidence, does not give view of intention to concretely declared target. It is just description of current country situation.
- Regressive tax approach – equal VAT for food and communal services, as consumption tax.
- Not a word about worthy and dignified life of population living with dramatically low guaranteed income (50EUR/per person a month) and low untaxed level (70EUR) when the price level is equal to Germany.
- Employment-only approach to tackling poverty, but not job guaranties and working place creation, no business supportive environment.
- Social services increase control on people in poverty and sanctions, rather than personalized support.
- Focus on any job as only route out of employment and reducing wage levels to ensure competiveness.
- Negative activation focussed on conditionality and sanctions to force people into low quality jobs.
- Focus on teaching-only, and failure to support hard to reach groups into the labour market as well as broader approaches inclusion and participation, creates over teaching by spending EU funds.
- Lot of focus on infrastructural buildings supported by EU funds, no special focus on integration towards deduction poverty or to support needy, to create infrastructure for them. No control on inflated building prices at EU supported programmes and huge profit accumulation in a few individuals, owners of building industry.
- No reference to governance, social partners in Latvia are three government-approved bodies (Employers association, Trade Unions (are just formal) and Association of self-governments) which indeed do not have a social mandate of population at all.

Lithuania

Downplayed social dimension. The report presents a broad snapshot of the economic developments at the macro level and social conditions at the micro level. However, social dimension is downplayed, e.g. the issue of poverty and social exclusion is given only one paragraph on page 26.

Inconsistencies in macro-micro outcomes. There is a lack of analysis on the inconsistencies of the macro indicators and situations people find themselves in, i.e. how growth is distributed and how it is linked to high existing inequalities in education, health, income and other social outcomes that are pointed out in the report. High levels of inequality and poverty raise concerns.

Moreover, many **facts are taken at face value.** For example, the report states that the Lithuanian target on reduction of poverty and social exclusion was met, without highlighting that this was mainly due to improvement only in one dimension (material deprivation), while there is only limited progress in improving work intensity and poverty risk levels. Also there is no comment on the high levels of emigration during the discussed period that might have helped achieve the target, but starts having negative impact on the prospects of the Lithuanian economic development. Finally, there are **little recommendations for the way forward** in the report.

Luxembourg
Overall this Report is fairly good, but the social issues are less developed than others. Positive: for the first time, there is now a chapter on housing in it!

Norway
Norway doesn't have a country report. Targets are only mentioned in the state budget.

Poland
Country report is surprisingly coherent with our view. Despite achieving unambitious Polish poverty goal in 2013 report pointed out increasing absolute poverty trend. Authors admitted that Polish minimum income system and unemployment benefit are plagued with problem of high rate of non-take up and very low level of the benefits which is an obstacle for substantial poverty reduction. We also agree with the conclusion that low availability and inadequacy of the minimum income benefits put too many children at risk of poverty.

We welcome proposal to make our tax system more progressive and emphasis on the revenue side of the public budget. We support new measures to fight VAT evasion.
In conclusion our general assessment of the Country Report is positive with some reservations. We agree with general anti-austerity policy measures undertaken by government. They are related to withdrawal of the restrictions on public debt, budget deficit and public spending. The report sees them as a threat.

Portugal
Generally, the report is better than the previous one, since it contains a deeper analysis of the Portuguese social context, specially taking in consideration the impact of the crises and austerity measures. Since Portugal changed its Government in the end of 2015, and taking in consideration that this Government has already announced the implementation of some social measures, this report is already mentioning these measures and highlights some expectations about their impact in the recovery from a social point of view. Although this positive assessment, it's also important to recognise that macroeconomic subjects are still the major concern in the report.
Concerning the challenges to meet the European 2020 goals the report also describes some of the progresses to meet all the national 2020 goals but also the failures and the challenges that were not achieved yet.

Slovakia
The country report of the Slovak republic is processed in order to perform the recommendations of EU and less in order of the needs of the Slovak´s population. For this reason, the content of the material is more focused on the economic assessment as the economic environment for society, which can be helpful also to reduce the poverty. The main topics are – employment, growth of the GDP, consumption, environment and conditions of entrepreneurs, investors.
The report about the social situation of the Slovak population is expressed by lesser terms. The filling of the Europe 2020 objectives is in limited extend, till the end of 2015. The 3 priorities of the national government were targeted to support the investments and structural reforms by the modernisation economy and to support the responsible policy.
The report very little describes the reason and outcomes of poverty and social inclusion.

Spain

The Spanish CR is more complete and "social" than the previous one. Out of 89 pages, it devotes 12 pages to the analysis of employment, 3 pages to education and training, and 4 pages to poverty, inequality and other key social issues. Moreover, it provides many useful statistics.

However, it is not balanced, as the macroeconomic adjustment and deficit control are still the main focus. Spain is one of the 18 countries targeted in the Alert Mechanism. The government "in function" (until new elections take place in June) has told that they will mostly take into account the macroeconomic recommendations, and not the Country Report conclusions, for writing the National Reform Programme of 2017.

Sweden

We agree with the general picture described in the report, but not with all the analysis. There is too much focus on market oriented solutions especially regarding the housing problems. There is also little attention to the increasing problems on the labour market, f ex. the growing health problems and unsecure employments.

United Kingdom

***Overview**:* No. The Country Report is well-researched and well-written, if often a little dated. But its usefulness in assessing progress to meeting 2020 goals and especially for a wider public is limited by its technical presentational approach, the lack of links between chapters and the lack of narrative reflection - as well as the UK opting out of reporting on the 2020 Headline targets. The report contains fewer comparisons with other European countries than we would expect, and the tone of the macroeconomic element of the Report is rather boosterish in places. Nevertheless, the Report is clear on where are the weaknesses in the UK economy. And we welcome the explicit references in Chapter 3 to the disproportionately negative effect of some policy approaches on many low and moderate income families and lower-skilled people.

The Report is heavily weighted to presentation of information on macroeconomic imbalances and on structural concerns in housing and productivity, mainly in relation to their macroeconomic risk and impact on potential growth.

The Report has a wealth of useful data, but mostly from 2014 or earlier. However, especially in social policy areas, there is little explicit analyses of causes or consequences. No links are made between the policies and outcomes, or across sectors. There is limited assessment and very few recommendations, especially where the area is not subject to a CSR.

Various policies and initiatives are referenced, but there is very little comment on causes or whether the responses are adequate to the scale, depth and character of the challenges. For example: no explicit link is made to the permanent austerity agenda and the impact of an approach that is 80:20 or more in favour of spending cuts relative to tax rises. Inequality is not addressed. No reference is made to adequate minimum income.

There is no explicit link made between low productivity and the low wages and insecure jobs and welfare cuts referred to in the Country Report, which are increasing risk of poverty, most especially for women, children and people with a disability.

Overall, the orientation of the text of the Country Report content is directed to addressing the CSRs. The Report addresses progress (referred to as 'some') in meeting the 2015 CSRs on 1) Correcting excessive deficit; 2) Boosting housing supply and 3) Addressing skills mismatches and low skills and increasing availability of affordable, high quality full-time childcare.

Childcare appears in the social policy subsection of Chapter 3.2; skills appears in the education and skills subsection of the same part of the Chapter. Therefore, to a large extent the weight of reporting is on CSRs 1 and 2. Overall, there is little or no analysis of causes of the limited progress.

There is no evidence of taking all 5 headline Europe 2020 targets equally seriously. Of the 64 pages before appendices, only 3.5 are devoted to social policy and fewer to energy policy. The data presented are clear and informative, but there is no analysis in the body text of the Report, of how they relate to the targets on poverty or on greenhouse gas emissions. The coverage of these topics are both in Chapter 3 'Additional Structural Issues' which is hardly an informative title, nor is it linked to the headline targets. Within that Chapter, 3.2 is 'labour market, social policies, skills and education'. The environmental element is even more obscured under Chapter 3.3 'productivity and investment'.

The UK not reporting on the headline targets presumably makes the orientation of the Country Report more difficult. Nevertheless, Annex A of the Country Report does assess progress in the areas of the Europe 2020 targets as well as the CSRs. Employment rates are above the EU 75% target, at 76.2% (Chapter 3.3 provides the more recent September 2015 figure of 77%). The Report states that the tertiary education achievement is above the EU average, early school leaving rates around the EU average and that the 'at-risk-of-poverty or social exclusion rate has fallen marginally from 24.8% in 2013 to 24.1% in 2014'. However, this change is difficult to interpret in terms of living standards because of the mix of things included in the measure and the fall in the relative poverty line. Annex A also states that there has been no progress in R & D; on the other hand, the UK is on track to achieve its greenhouse gas emission reduction target.

Positive elements of the Country Reports 2016

A significant number of EAPN respondents highlight that their Country Report does **mention poverty and social exclusion**, as well as the fact that it acknowledges that **both poverty and inequality are on the rise** in their country (BE, DE, FI, FR, IE, IT, LU, PL, PT, RO, ES, SK). In some cases, the Reports warn directly about *difficulties in meeting the national poverty reduction target* under Europe 2020 (IE, FI, RO). Some respondents highlight that the Country Report includes a rather comprehensive analysis of the situation on the ground and the increase in poverty (DE, FI, FR, PT). A few countries (BE, DE) are urged to do more to combat poverty and exclusion, and set more ambitious targets. *Child poverty* is also mentioned explicitly as a concern in a number of Country Reports (IE, PL, RO, PT, SK, UK).

Many Country Reports reviewed by our members (CZ, IE, LT, PL, PT, ES, IE, SK, UK) also highlight a number of issues related to **social protection and social assistance benefits.** The issues acknowledged by the Reports include *inadequacy of or cuts in benefits,* which leads to poverty (CZ, LT, PL, PT, ES, SK, UK), *low take-up* (PL, SK), too tight *eligibility and conditionality* (ES, SK). Spain is directly criticised in the Report for low spending on social protection and for failing to improve its minimum income schemes, pointing to disparities between regions, strict eligibility, and amounts under 40% of median income. While failing to address the issue of adequacy, the role of social benefits in reducing poverty is clearly mentioned in the Irish Report, while in the UK, the Report acknowledges the impact of benefit cuts on women and children and families.

Access to the labour market, in particular for **key groups**, is another issues that features quite prominently in the Country Reports, according to EAPN respondents (BE, DK, DE, FI, IE, LT, LU, ES, PT, SK), according to our members' assessment. The Reports recognise that *current approaches to supporting people into jobs either do not work* (LT), or have been marred by *cuts in funding* or *insufficient investment* (FI, LU, ES, SK), which often means that *personalised support* is not available for job seekers. The Portuguese report also stresses that "coordination between employment and social services is weak and active measures have not developed for persons who are no longer entitled to unemployment benefits".

A number of **groups facing particular obstacles in accessing the labour markets** are specifically named in the Country Reports, such as migrants and refugees (BE, DE, FI, ES), long-term unemployed (DE, FI, PT), older workers (FI), women (DE), single parents (ES), people with disabilities (ES), Roma (ES). Some Country Reports include additional positive elements, such as a planned assessment of activation measures (IE), some support to positive activation based on Active Inclusion (BE), a warning that not enough is being done for those no longer entitled to unemployment benefits (PT).

The situation of **young people on the labour market** is a concern of several Country Reports, our members conclude (CZ, DK, DE, FI, PT, ES, SE, SK). While the *Youth Guarantee* and Youth Employment Initiative have sometimes proved helpful (CZ), other times they have not delivered (ES). The Reports also acknowledge that *unemployment remains disproportionate* for young workers (PT, ES, SK, SE), the damaging impact of *cuts in funding* for youth supports (FI), of the *lack of a strategic approach* for this group (DE), that young people mostly end up in *precarious jobs* (PT).

A significant number of EAPN respondents (DE, IE, LU, PL, PT, ES, UK) point out that their Country Reports do recognize **the degradation of quality of work and employment** in several Member States. Increases in *minimum wages* are noted in a number of Reports (IE, PL, UK), while the continued *segmentation of the labour market* and the negative impact of the rise in *atypical employment* (part-time, temporary jobs) are specifically mentioned (DE, LU, PT, ES). Germany is criticized for not following up on the 2015 CSR on taking action on mini-jobs, while the Spanish Report acknowledges that such contractual arrangements increase poverty. In the UK, the Country Report notes the impact of heavy income cuts for the working poor. In Sweden, the Report stresses the increase in sick leave due to inadequate working conditions.

Another worrying element, which is given recognition and prominence in Country Reports, in our members' view (IE, FI, LT, LU, LV, PT, SE, SK, UK) concerns **universal access to affordable,**

quality services, especially health and education. *Health inequalities* and *unmet health* needs are recognized as a major issue in a number of countries (LT, LV, FI, IE, SE, PT, SK) as well as concerns regarding the *quality of healthcare* (IE) and *unaffordability* (PT, SK). *Low spending* and *funding cuts* for education is another significant concern flagged up by the Country Reports (FI, IE, LU, UK), as well as *obstacles in accessing education* (LT), particularly for key groups, such as Roma and Travellers (IE). Overall ineffectiveness in guaranteeing access to services (CZ) and gaps in service provision (IE) are also highlighted. In the Czech Republic, social services are usually not provided and funded in parallel with health services, and the two are mostly not complementary.

In the framework of services, **access to housing and homelessness** are flagged up by most Country Reports reviewed by our members (FI, IE, LU, ES, SK, SE, UK) as being an urgent and very critical issue in Member States. The most prominent issues that the Reports pick up on are a *lack of housing* supply (FI, IE, UK), as well as *increases in homelessness* (CZ, IE, UK), *decrease in housing benefits* (CZ), the *impact of foreclosures and eviction*s (ES), rise in *housing costs* (SK) and *energy costs* (ES).

Another service to which the Country Reports pay specific attention is **childcare** (DE, FI, IE, IT, ES, SK, UK), where several elements are highlighted, such as *insufficient places* (DE, FI, IT, ES, SK, UK), *prohibitive costs* (IE, SK, UK), and *low quality* (IE, FI, ES).

Many EAPN respondents (BE, DE, IE, LT, LU, PL, UK) report that their Country Report contain positive rhetoric on the issues of **taxation and investment.** More *public investment* is urged particularly for social infrastructures and services (DE, IE), and the *high ration of spending cuts* relative to tax increases and impact on public services and key groups highlighted (UK). High *tax burden on low wages* is also pointed out (LT, IE, DE), and some Reports *encourage better tax collection* and fighting evasion (LT, PL), taxation of unexploited land and *increase in environmental taxes* (LU), as well as hints to *progressive fiscal reforms* (BE, PL), or criticise the Government for failing to adequately review tax expenditures / breaks (IE).

Other positive elements that our members identified in their Country Reports refer to **acknowledgement of no or little progress on the implementation of CSRs** (DE, LU), or in reaching the Europe 2020 targets (IE, PT), the mentioning of **over indebtedness** (SE) and the **consequences of policies** particularly on low and medium income families (UK), the importance of the **use of Structural Funds** (PT), and the effective implementation of the Partnership Principle (IT).

Norway is not a Member of the European Union, but our members provided comments on their national budget, highlighting references to investment in industry and infrastructure.

Eurochild, European Organisation in membership of EAPN, identifies in its analysis a number of recurring themes in the Country Reports: **access of women to the labour market** (AT, BE, BG, HR, CZ, DK, EE, DE, HU, IE, IT, LV, MT, NL, PL, PT, SK, SI, ES, SE, UK), **addressing early school leaving** (all), **narrowing the educational attainment gap** (AT, BE, BG, CZ, FI, FR, DE, HU, IE, LU, PL, PT, RO, SK, UK), **deinstitutionalisation** (RO & BG), **child poverty** (BE, BG, HR, FR, HU, IE, IT, LV, MT, PL, PT, RO, ES, SE), **early childhood education and care** (AT, BE, BG, HR, CZ, DK, EE, FI, FR, DE, IE, LT, LU, PL, PT, RO, SK, UK), **youth unemployment and the social benefit system** (all).

Eurochild's analysis of the Country Reports further highlights that they acknowledge **unequal educational attainment** in close connection with socio-economic background (BE, BG, DE, LU, PT), **low spending on / lack of adequacy of benefits**, including child and family benefits (LV, PL, ES), lack of sufficient **childcare facilities** (CZ, EE, LT), **unequal access to social services** (AT), **low investment in education** (DE), **family homelessness** (IE). The particularly **difficult situation of Roma communities** is also stressed in some of the Reports (BG, HU, RO, SK).

Negative elements of the Country Reports 2016

Most EAPN respondents (BE, CZ, FI, IE, HU, LT, LU, PL, PT, SE, SK, ES, UK) point as the most important negative trend in their Country Reports the fact that **macroeconomic priorities of financial and economic stability, deficit and debt reduction are still the overarching rationale and main driver**, with social issues, including the fight against poverty and social exclusion and the Europe 2020 targets, occupying a marginal role. While many members agree that social concerns are given slightly more attention than in previous years, they are still not prioritised, nor given at least the same importance as macroeconomic concerns. In some Reports, this approach includes an explicit push for more austerity (FI, PL).

Connected to the above, another important negative point flagged up by many EAPN members (BE, DK, IE, FI, LT, LV, UK) is the **lack of coherence between policy measures**, which means that even if some social concerns are well reported on, and positive proposals put forward, these are undermined by the macroeconomic recommendations of the same report, or, at the very least, there is no social impact assessment for the proposed economic policies. Sometimes explicit cuts in wages or social benefits are proposed (BE, FI), other times there is little room for manoeuver left within tight economic requirements (IE), or links are not made between suggested economic policies and social outcomes (DK, UK).

Strong concerns are raised by a significant number of EAPN respondents (BE, DK, FI, FR, HU, IE, LT, LU, LV, PL, UK) regarding a **narrow employment approach to poverty**, and a trend to **solve social issues through labour market integration only**. This tendency is already worrisome, but, additionally, many Reports make very **dangerous proposals for the quality of work and employment, as well as the activation process**. These include a suggested reduction in employment protection and praise to deregulated labour markets (PL, UK), reducing coverage and generosity of unemployment benefits as disincentives to employment (BE, LU, PT), negative activation through sanctions (BE, IE, LV), cuts in wages (BE, LV). This is seen by EAPN members as both likely to increase poverty and social exclusion, as well as counter-productive, as it is not helping get people back into work.

Adequate income support through the lifecycle is often threatened by a number of measures proposed in the Country Reports, EAPN members warn. Regarding *benefits*, the reform to the One Parent Family Payment is highlighted in Ireland, but in reality, it has imposed greater barriers to lone parents in accessing employment. In Poland, the dismantling of social insurance for farmers may have a very negative impact on rural poverty, and further reductions in income support are proposed for Belgium. Regarding *wages*, there are calls to reform the wage system to make it more competitive (BE, LV, PT), and the term 'living wage', improperly used by the UK Government, is also improperly used by the Country Report. Finally, several Reports urge Governments to redress taxation by raising VAT, though this hits those on low incomes the most (BE, IE, LV, PL, UK). Reducing disposable household income and shifting taxation to consumption would only undermine consumer demand in the economy, as well as condemn more households to poverty and hardship.

While **housing and homelessness** are picked up by some Country Reports, a number of recommendations made in them are likely to make the situation on the ground worse, in our members' assessment. In Denmark, it is not acknowledged that the increase in homelessness is due, among other factors, to ineffective activation measures. In Luxembourg, the recommendation is to reduce demand for housing by making credit less accessible, rather than to recommend boosting the supply of housing. The report also qualifies as a discouragement of housing investment the existing 5% cap of invested capital, which the rent is not allowed to exceed.

Finally, some EAPN respondents (LT, SK, UK) flag up that many **statistics are taken at face-value**, which leads to a misinterpretation of the realities behind them, as more in-depth, comprehensive qualitative analysis is lacking.

In Norway, the national budget is focused on narrow, punitive activation initiatives, based on conditionality and sanctions, rather than integrated, Active Inclusion approaches. The document also features other negative elements, such as liberalisation of services, and reduced income support, in a country that already does not have a national minimum income scheme.

Summary of positive and negative aspects in the Country Reports

Belgium
Positive
We would like to make a distinction between positive elements of the report itself, and positive developments of the situation in our country, due to policies

1. Positive elements of the report itself
(this is not a positive development of the situation of our country!) is that some problems are recognised in the report (or in any case, described as evolutions, not always defined as problematic):
For example:
- underrepresentation of some groups on the labour market, especially people with a migrant background
- room for manoeuvre for some fiscal reforms, for example company cars,

2. Positive developments in terms of policies
The overall evolution both in terms of policies as in terms of impact is rather negative. Some measures contain positive elements, but these are often (always) overruled by more negative aspects of the same measures.
- an example that illustrates this very strongly is the tax shift:
It might be positive that the tax burden on low wages has decreased, but at the same time the purchasing power of people on low incomes decreased even stronger, because of the shift to consumption tax (VAT). Also the VAT on electricity went up again from 6

% to 21 % (as it was before 2014). The net result of the Tax Shift is rather negative for people on low incomes. The government promised "social corrections" but so far without any concretisation of this. The country report describes the tax shift as a rather positive (be it insufficient) measure, especially because they expect job creation as a result of these decreased tax on labour. There is no guarantee at all that this will be the case. And the tax burden shift is carried again by the weaker shoulders.

- increase of work bonus: *"The 'social work bonus' is a reduction of the low-waged employee's social security contributions. This means net income can be increased without affecting the total labour cost. The 'fiscal work bonus' is a fiscal mechanism to prevent this extra income from being taxed away. Both instruments have been reinforced several times in recent years. The two latest reinforcements entered into force in August 2015 and January 2016. Further increases have been agreed for 2019. "(CR Belgium 2016)*

Negative
Several developments in Belgium are seen by the Country Report as positive developments, and in the report our governments are invited to go even further in the same direction. From our point of view actually these are VERY negative developments with direct negative impact on poverty, and which completely undermine progress towards the poverty target: Reform of our wage system: several aspects: the maximum wage increase, the reduced role of the social partners, the wage indexation system. These developments have already impoverished an important part of our working and non-working population. The Country report describes them as a positive evolution, which does not go far enough yet.
The same goes (in the same logic) for the reform of our pension system: (raise of pension age, reduction of possibility of early pension)

To strengthen the financial incentives to take up employment and to limit abuse, the federal government has reformed the insertion allowance for young job seekers (47**).** Its duration was limited to 36 months and eligibility was made conditional on obtaining a secondary school diploma or equivalent. As a result, the number of young people receiving this allowance fell by about 9 000 between June 2014 and June 2015. However, over the same period, the number of people drawing the living allowance rose by about 3 000, suggesting that part of this target group has turned to social welfare centres for support.

There is a shift of poverty between different groups, where young people are becoming more and more vulnerable, there income support is being supressed.
See check list: almost all the negative measures are policy measures in Belgium, mentioned in the CR

Czech Republic
Positive
The programming of the Funds focuses on priorities and challenges identified in the context of the European Semester. For instance, some 80 % of the overall ESF allocation matches country specific recommendations of recent years. The ESIF allocation for the Czech Republic is concentrated on addressing a number of key issues, including: research and innovation, business environment, development of ICT, shift to low carbon economy, employment, social inclusion, education, improved access to health and social services and improved public administration. The Czech Republic also benefits from the Youth

Employment Initiative (YEI) to support young people to find their way to the labour market, get involved into traineeship projects or continue their education. Regular monitoring of implementation includes reporting in mid-2017 on the contribution of the funds to Europe 2020 objectives and progress in addressing relevant structural reforms to maximise the use of EU financing (notably, in research and innovation, TEN-T network, health, education and childcare).

Negative

- Recent reforms of the social protection system have had a negative impact on poverty and social exclusion in Czech Republic.
- Example of an ineffective policy or programme related to the active inclusion pillar of access to services.
- Amendment to the Act on Assistance in Material Need, which implied transferring decisions about approving benefits for housing to municipalities. The result of spontaneous amendment were unequal conditions around the Czech Republic for people in need that leaded to increase of homeless people, especially in some locations.

Denmark

Positive

The Country Report addresses young people with low educational attainment and limited work experience. This issue might be one of the future social challenges and the report states, that a better inclusion of people on the margins of the labour market is needed.

Negative

The reduction in the unemployment insurance benefit eligibility period from four to two years. The reduction resulted in an unwanted shift of its recipients to lower social assistance and thus increased poverty.

Finland

Positive

There are no positive developments in CR. *"Several social indicators have also started to worsen. The rate of people at risk of poverty and the number of jobless households have increased, although the levels are still lower than in other Member States*."

However, in CRSs Overview Table, CR sees that:

- **"***Finland has made some progress in addressing CSR 3: Some progress in pursuing efforts to improve the employability of young people, older workers and the long-term unemployed, focusing particularly on developing job-relevant skills. The young, the elderly and the long-term unemployed are the focus of public employment services; wage subsidies were introduced recently for elderly workers.***" -> But EAPN-Fin sees opposite development: Already made and planned cuts for youth guaranteed and wage subsidies for long-term unemployed are keeping people more and more in long-term unemployment and that also creates poverty.**

Negative

1. Macroeconomics:

- "Finland's real GDP still remains below the level achieved before the start of the crisis - Finland fell back into recession in 2012 which lasted until 2014. In 2015 real GDP is forecast to have bottomed out. A sluggish recovery is expected in 2016 and 2017, with unemployment staying above 9 % over the next years." **link to CRS 2015:** "CSRs related to compliance with the Stability and Growth Pact will be assessed in spring once the final data will be available."

2. Employment:

- *"The employment rate has decreased from a pre-crisis peak of 70.6 % in 2008 by more than 2 pps. to 68.1 % in 2015, while unemployment has increased from 6.4 % to 9.4 %. In particular, youth and especially long-term unemployment remain at high levels." …* "*The youth unemployment rate is static and remains close to the high EU average.*"

- **Actually unemployment and especially long-term unemployment are rising:** *"Finland's long-term unemployment rate has been further increasing, and there is a considerable outflow of long-term unemployed into inactivity."-* **Government has also made and planned cuts for employment budget, so they make this situation worse and worse. Link to Europe 2020 -target:** *"The employment rate was 74.0% in 2012, and decreased to 73.3% in 2013 and further to 73.1% in 2014. The ambitious target on the employment rate will be difficult to meet, especially considering the continuous negative trend."*

3. Education:

- "*Finland is significantly reducing education spending, proportionally by more than in other areas." … "The planned savings may have an adverse effect on the provision of pre-school education, the upper secondary school network, the higher education institutes and vocational education and lifelong learning."* – **So even Finland has been one of the bests in education in Europe, the development is going to worse and opposite site than in rest of EU.**

4. Other social developments linked to poverty and social inclusion:

- **Poverty and child poverty are rising (2014: AROPE 17,3 % (+1.3), Child AROPE 15,6 % *(+2.6):*** *"In Finland the risk of poverty is low compared to other Member States, but rising." "While the rate is better than the EU average, the recent annual deteriorations are noteworthy since they are also mirrored in other indicators" … "Micro simulations by the Finnish National Institute for Health and Welfare show that the AROP rate will increase further in 2015. Other social indicators also deteriorated between 2013 and 2014."*

- **Housing policy:** *"Unlike those in several EU Member States, Finnish households have not deleveraged over recent years. At the same time, renting an apartment has become less attractive as rents have risen faster than overall consumer prices. These factors might have led households to choose owner-occupied housing over renting; this can be seen in the increasing share of households (29) with a mortgage as well as a dwelling as real asset in their balance sheet."*

– **CR gives one good example for positive solution:** *"further measures to create affordable housing in the rapidly-growing Helsinki region could also be effective."*

- **NEET**: *"While the rate of young people neither in employment, nor in education and training (NEET) (10.2 %) has remained relatively stable, it peaked in 2014…"* **And** *"However, the government funding in these areas will be cut by more than 50 % in 2016 and further cuts are planned for the 2017-2019 period. It is not clear how the current level of services to youth could be maintained with the budget cuts to public employment services and the Youth Guarantee itself. There is an increased demand for these services and especially the hardest to reach may remain beyond their influence."*

- **Ageing: "***Finland is facing the challenge of an ageing population in the medium to long term."* **…offered solution***: "One option to counter the effects of population ageing could be to increase the workforce through immigration."* **But** *"current labour market practices seem to make it very difficult to integrate them."* **And** *"The difference in the AROP rate between young Finnish-born people (21.6 %) and young foreign-born people (50.0%) was one of the widest in the EU in 2013."*

- **Health care:** *"The medical care system is of good quality, but queues for services can sometimes be lengthy. More than 4 % of Finnish people reported unmet medical care needs due to waiting lists in 2013."- SOTE*

- **Child care**: "*The planned cuts in childcare places for children with one parent staying at home (e.g. because of study or unemployment) could also negatively affect disadvantaged people*"

Germany

Positive

- Well-performing labour market, with low unemployment and high employment rates, and increasing real wages.
- Employment prospects of older workers have improved.
- The increase in employment was coupled with real wages increases, also reflecting the one-off effect of introducing the statutory national minimum wage and the strengthening of the economy. However, this increase has not yet made up for the impact of restrained wage growth at the beginning of the 2000s. The statutory national minimum wage boosted wages at the bottom of the distribution, in particular in eastern Germany. The initial fears that the introduction of the minimum wage would lead to significant employment losses have not become true. More than half of the decrease in mini-jobs can be explained by persons changing directly into standard employment.
- The participation of children aged four and over in early childhood education and care has risen steadily from 2003 to 2013.
- The early school-leaving rate decreased from 11.9 % in 2010 to 9.5 % in 2014 (below EU average). Further measures have been taken to promote individual support for, and the training and upskilling of refugees.

Negative

- Fiscal space exists for increasing public investment as public finances remain in a sound position. Increase of public investment especially in infrastructure, education and research was recommended in the 2015 CSRs but limited progress has been made.

- Despite the favourable labour market situation, poverty and social exclusion are increasing. The overall at-risk-of-poverty rate rose from 12.2 % in 2005 to 16.7 % in 2014 (EU average: 17.2 %).
- Despite the positive developments on the labour market, since 2011 the number of the registered long-term unemployed has remained at about 1 million.
- While the government has made the fight against long-term unemployment a priority of its labour market and social policy, the per capita integration budget for the long-term unemployed recipients of unemployment benefit II was reduced by around 48 % between 2010 and 2014.
- Due to the enforced focus on short-term performance and financial efficiency, most of the case managers in the local employment services tend to concentrate their integration efforts on those groups with the lowest integration barriers.
- Women remain underrepresented in the labour market, as reflected in high gender pay and overall earnings gaps. 47% work part-time often accompanied by lower hourly wages. Especially mothers of young children are particularly affected; their employment rate gap was almost twice the EU average in 2014.
- Limited availability of quality full-time childcare, all-day schools and long-term-care, as gaps remain despite recent progress. Shortage of about 2.8 million all-day school places.
- Non-take-up of income benefits: between 1/3 and 2/5 of eligible beneficiaries do not apply.
- Young people with a migrant background face a significantly higher risk of unemployment or inactivity.
- Gaps between employment rates of EU and non-EU nationals are high. Employment rate of non-EU nationals was considerably below that of German nationals. Women are particularly affected.
- There is no strategic approach to reaching out to non-registered young people who are NEET and increasing their registration with employment services or other Youth Guarantee providers.
- A high tax burden on labour continues to reduce take-home pay and thereby impacts negatively on households' incomes and consumption, especially for low wage earners.
- The 2015 CSRs recommended taking measures to reduce high labour taxes and social security contributions, especially for low wage earners, but limited progress has been made.
- The 2015 CSRs recommended revising the fiscal treatment of mini-jobs to facilitate the transition to insurable forms of employment. No progress has been made, the fiscal treatment of mini-jobs has not been revised. There has been transition to insurable employment as a by-product of introducing the minimum wage.
- Strong link between the socioeconomic background and educational achievement remains.
- General government spending on education as a proportion of GDP has remained stable and well below the EU average in recent years.

Ireland

Positive

1. The report challenges the outgoing Government's policy of tax reductions and erosion of the tax base. It highlighting that Ireland sharply reduced its investment in public service infrastructure during the crisis in areas such as transport, housing, health and

education. This has seriously reduced the quality and adequacy of the infrastructure and there is now a need for serious investment in these areas. Despite this, and the fact that Ireland's tax take is below the EU average as a percentage of GDP, the report highlights that the Government has begun to further erode the tax base through measures such as changes to the Universal Social Charge, a levy on gross incomes. It states that the Irish tax system is highly progressive overall, but recent measures on personal income tax are regressive. It highlights that the Government has not gone as far as it could in evaluating the value of tax expenditures/breaks and has a lower tax take on social insurance. The report however calls for a greater focus on (Value Added Tax) VAT as a source of revenue and states that studies indicate that a tax system that draws a large proportion of its revenue from consumption taxes is less distortive and more growth-friendly than one that relies more heavily on income taxes. Other studies however have also indicated that indirect taxation can have a more negative impact on those on lower incomes who tend to pay a higher proportion of their incomes on VAT.

2. The country report highlights that Ireland has achieved its early school-leaving target and is progressing towards its target for third level attainment, and also that Ireland compares very well across the EU in these areas. While stating that Ireland generally performs well in education, despite the relatively low level of investment, it does highlight a number of serious shortfalls. These include the negative impact of a decrease in spending on education during the crisis including the increase in the student-teacher ratio in many schools, a reduction in the allocation of language support and the withdrawal of both the Visiting Teacher Service and Resource Teachers for Travellers, all of which it states could lead to a negative impact on educational outcomes in the future. It also highlights the reduction in the participation rate in adult learning over the past number of years, but on the positive side highlights that the number of apprenticeships has increased. It also highlights that despite Ireland performing well against its targets that there is inequity in the system with those from more disadvantaged socio-economic backgrounds fairing worse at secondary and third level.

3. The European Commission continues to highlight the gap in the provision of accessible and affordable childcare in Ireland, where childcare costs are among the highest in the EU. This deficit in childcare provision acts as a barrier to social and economic participation of parents and particularly women and single parents. Ireland's second CSR in 2014 highlighted the issue of childcare but failed to include a reference to the need for the investment in quality childcare. The Country Report does redress this in some way. It highlights the recent announcements of increased investment by the Government but clearly flags concerns regarding the quality of childcare provision. This relates to investment in increasing the qualifications of childcare workers but must also result in a higher quality experience for the children using childcare services.

Negative

1. The Report highlights that relative poverty and income inequality are increasing, as well as absolute poverty among children. It also highlights that it looks like an ambitious task for Ireland to meet its Europe 2020 poverty target. However, the report does not seem to attribute any great urgency to this situation and the policy gaps it highlights in relation to addressing this crisis are insufficient. It does highlight the importance of addressing the low-work intensity of households and supporting the progression to work, including through using welfare supports to make work pay, as well as increasing the minimum wage. Also, while not linking the gaps in many areas of public service to the issue of poverty, it does highlight deficits in many areas of services throughout the report. However, the main omission in the report in terms of addressing poverty is that it does not mention the inadequacy of welfare supports. It only highlighting the positive impact welfare transfers have on reducing poverty in Ireland. Currently social welfare supports are below the 60% at-risk of poverty line and the requirements for a minimum essential standard of living.

2. The report rightly highlights the adverse social consequences arising from housing supply shortages, which includes an upsurge in family homelessness in Dublin. It outlines the negative implications of homelessness on families. The report does highlight that rent levels have now exceeded housing supports. In referring to solutions it highlights that the Government has announced measures to increase supply and that the levels of the new Housing Assistance Payment support have been increased to 50% over the rent supplement limits in Dublin. However, the report does not address the fact that the Government's plans for the construction of social housing will be inadequate to meet the current demand or that the majority of those receiving rent supports still rely on the Rent Supplement, which is inadequate to meet rent demands, particularly in Dublin and some other cities. While Rent Supplement is being increased on an ad-hoc basis homeless organisations have consistently called for an increase in the Rent Supplement levels to meet rent demands.
Without addressing this issue people, including families will continue to fall into homelessness. Family homelessness has continued to increase on a monthly basis.).

3. In addressing the issue of child poverty and the need to address low-work intensity households the report refers to reforms to the One Parent Family Payment, apparently as a positive measure. However, in reality changes to the OPFP appear to have resulted in imposing greater barriers to lone parents in accessing employment. Almost 60% of families headed by one adult experience material deprivation in Ireland and one third are at risk of poverty. Policy changes could potentially exacerbate this situation.

Latvia

Positive

At least some % already appeared, but no mentioned target should be reached. Still lot of achievements are done in %, not concrete figures and therefore not comparable with other member states.

Negative

Continued focus on inequality, blindness towards economic development is based on popular oppression, taxation and 'modernisation' of social protection and inaccessible medical services. Regressive tax approach – equal VAT for food and communal services, as consumption tax. **Not a word about worthy and dignified life** of population living with dramatically low guaranteed income (50EUR/per person a month) and low untaxed level (70EUR) when the price level is equal to Germany. Employment-only approach to tackling poverty, but **not a job guaranty and working place creation, no business supportive environment. Social services increase control on people in poverty and sanctions, rather than personalized support. Focus on any job as only route out of employment and**

reducing wage levels to ensure competiveness. Negative activation focussed on conditionality and sanctions to **force people into low quality jobs.** Focus on teaching-only, and **failure to support hard to reach groups into the labour market as well as broader approaches inclusion and participation, creates over teaching by spending EU funds.** Lot of focus on infrastructural buildings supported by EU funds, **no special focus on integration towards deduction poverty or to support needy, to create infrastructure for them. No control on inflated building prices at EU supported programmes and huge profit accumulation in a few individuals, owners of building industry. No reference to governance, social partners in Latvia are three government-approved bodies (Employers association, Trade Unions (are just formal) and Association of self-governments) which indeed do not have a social mandate of population at all.**

Lithuania

Positive

Positive macro-economic trends, but little attention to how growth is distributed. Positive trends in macro-economic outcomes are highlighted. These, however, mostly point to the averages in growth levels and other indicators, without paying attention to distributional profile of the changes. For example, on page 22 the report states that incentives to remain active in the labour market are relatively high in Lithuania. This overlooks the evidence on high inactivity and low wage traps for those poor and low activity levels among recipients of social assistance due to still strict withdrawal of assistance with earned income.
More attention to how average changes in macro-economic indicators are distributed could help bridge financial/economic parts of the report with the social impacts on the lives of people.

Negative

The report points towards the **low tax collection and high tax wedge on labour.** High tax wedge on low earners should be highlighted. Main concern is with **educational and health inequalities,** especially for urban and rural areas. **Low adequacy of the social safety net** for short and long-term unemployed and social assistance recipients is of strong concern. **Low effectiveness of ALMP measures** is pointed too. There are however no recommendations on how this could be resolved, e.g. to the ongoing discussion to let NGO's provide some of the ALMP measures in cooperation or on behalf of the Labour exchange.

Luxembourg

Positive

A positive element in the report is also the fact that it clearly declares that there is no or just little progress on the implementation of the country specific recommendations.
Instead of allowing speculating on the ever growing prices of unexploited building land, tax this unexploited land: this is a positive recommendation.
Another one is to do more on environmental taxes.
Three other positive quotes:

- invest more in R&D
- limit regulations, decrease the administrative burden
- there is no general strategy against school dropout,
- regarding the jobs created too much of them are only temporary,
- the expenses for training represent only 8.6 % of total active labour market policy expenditure (compared with 43 % in the EU).

Negative

- in the view of an imbalance between offer and supply on the housing "market" the report suggests to reduce supply (by making credit less accessible) instead of recommending to boost the offer side,
- still in the housing sector: the report states that cap of 5 % of invested capital which the rent cannot exceed may be a negative incentive to housing investment,
- It is reported about employment traps in a very neo-liberal way: too high replacement revenues in case of unemployment, same goes for social assistance and child allowances, and the absence of an individual taxation of couples induce women to remain outside the labour market.

Norway

Positive

Not a report but description of what's on the national agenda now. Mostly investments in industry and infrastructure to compensate the huge cuts in staff in the offshore industry because of low oil prices. For the "old poor", people who have been out of the labour market for long time it's few incentives. Norway has progressive tax, except for industry which have flat tax. Rich people pay less in percent than people with normal salaries. No active inclusion approach, mostly activation.

Negative

Liberalisation of services, reduced income support, more control and forced activation. Negative activation focused on conditionality and sanctions. We still don't have a right based minimum level for social welfare in Norway, means tested. Lower benefits for more groups receiving benefits and pension during the last 3 years.

Poland

Positive

We agree that the best base for economic growth in Poland should be an increase in real wages and stimulating demand side of the economy by new nearly universal child benefit. Our income tax system is treating high income earners almost the same as low income earners. It is a clear sign that our **tax system is in need for more progressiveness.** It was confirmed in the Country Report.

Measures to tackle VAT evasion are important to rise revenue from consumption taxes. We could agree that VAT is not a best instrument for redistributive purposes. Withdrawal of the lower rates for some consumption items is however acceptable only when loses of the poorer families will be offset by increase of minimum income and other benefits.
We see some **improvement in the fight with segmentation of the labour market.** Labour code was changed to reduce incentives for employers to hire people on temporary contacts rather than open ended. The same seems to be true for civil law contracts, which are cost more for employers now. **New government announced introduction of hourly minimum wage** which could be an improvement for low-paid workers employed in non-standard jobs.

Many policy changes introduced by previous government and the new one seems to have **positive impact on the reducing poverty.** New family benefit is intended to make **the same rights for women not insured by sick insurance in case of giving birth.** Many of them are unemployed or not employed at all and at risk of poverty with their new-born babies. New near universal child benefit is now in the phase of implementation. Government announced its justification mainly on the ground of pro-birth rate demographic, but its side effect should be reduction of the child poverty. We welcome first small tax credit established in the child tax allowance. It makes it more just and benefiting for poorer families.

Negative

Further reduction of the employment protection in the fight against labour market segmentation is probably unnecessary.

In the report there was a proposal to dismantle of the distinctive farmers' social insurance. **Rural population is however more at risk of absolute and relative poverty.** Any kind of the reform in this area should take into account the consequences for the standard of living of poor rural families.

We agree with the assessment that new government proposal for lowering the retirement age to the previous limits (60 for women, 65 for men) could be harmful for people living in poverty especially women. Pension system is based on the defined contribution and the length of the retirement life averaged for men and women. System strongly encourages to lengthen the contribution period. Shortening it means that majority of the retirees could get only minimum pension especially women.

Portugal

Positive

In terms of positive developments, we want to highlight:

- The **increase by 5% in the statutory minimum wage** (RMMG), on 1 January 2016 (from EUR 505 to EUR 530 a month). This is one of the new measures implemented by the new Government.
- The **increase in employment rate for people aged between 20 and 64** (almost 70% in the third quarter of 2015).
- There was a **decrease in the unemployment rate to 12.2% in the last quarter of 2015** (it was 14.1% in 2014).
- **Youth unemployment has also decreased in 2014 to 34.7%.** NEET rate (proportion of young people – 15 / 24 years – not in employment, education or training) also decreased to 12.3% (2014).

In the end of 2015 and beginning of 2016[3] it were implemented some measures in terms of social protection that can bring some changes in the most vulnerable groups: Increased of child benefits between 2% and 3.5%; specific increase for single parent households; *unfreeze the automatic indexation of social benefits to real GDP growth and inflation, with immediate impact on medium-low pensions (below EUR 629 a month), as well as to reinstate the reference value of the elderly solidarity supplement that had been reduced from EUR 5 022 per year to EUR 4 909 in 2013*; increase of the reference value and changing in the equivalence scale of the minimum income scheme.

In terms of Health, efforts are being made to increase the coverage by a family doctor. According to the Portuguese Observatory of Health Systems it is estimated that 15% of the Portuguese population doesn't have family doctor.

The reduction in early school living rate is quite positive (from 30.9% to 17.4%).

[3] In the end of 2015 (November) and after elections Portugal changed its Government for left wing parties.

Negative
In terms of negative policy developments, we describe below some of the negative progresses that the report highlights in terms social development but we also present some of our comments on developments that are also negative but not mentioned:
Minimum wage: although the increase of the minimum wage can be seen as an expression of concern towards the situation of workers with low wages and the situation of in-work poverty, the report makes a negative assessment of this measure and expresses that this measure appears “in a context of low inflation and high unemployment, putting upward pressures on the overall wage structure with the risk of affecting employment and competitiveness perspectives”.

There is an investment in the *reform of activation policies* but there is no information if this investment is creating quality employment. According to the report in *September 2015, 25% of the total 500 000 registered unemployed (130 thousand people) participated in active labour market policies*. It’s highlighted the participation in *public work schemes* (Contract employment – insertion / 27 000 people); the *financial support for geographical mobility* within Portugal to encourage relocation; *REATIVAR measure to support six-month traineeships for long term unemployed people aged over 30* and the *monitoring system to assess transition rates from active labour market measures to employment*. *However, coordination between employment and social services is weak and active measures have not developed for persons who are no longer entitled to unemployment benefits.*
Not to say that a considerable part of the created jobs is quite precarious, particularly for young people.

Participation in these measures have contribute for the decrease in the unemployment rate because people are not considered unemployed – nevertheless they continue to live in a very precarious situation.

The impact of demographic change and migration is still relevant in Portugal and the main reason for the continued *shrink of labour force*, despite the fact that *economy continued to add jobs*.

Youth employment rate continues below the EU average and long term unemployment among young people is still one of the highest (12,6% in 2014) at EU level. Long-term unemployment rate in general is decreasing but continues quite high when comparing to EU. In this particular case the report notes the serious impact of this rate for the Portuguese society and economy: *Persistent long-term unemployment involves, on top of its impact on poverty and social inclusion, the risk that cyclical unemployment may turn structural as the human capital and skills of the long-term unemployed may erode.* (p.28)
It is highlighted the reform of 2012 where there was an extension of the system coverage of unemployment benefits but it was reduced the maximum duration and the amount (generosity) of the benefit after 6 months as significant to increase job searching. But this measure can contribute for the vulnerability of unemployed people with difficulties in access labour market, or contribute for its inclusion in precarious work.

At risk of poverty rate has increased to 19.5% (2014); Poverty gap in working age 18-64 is also increasing and reached 30.3% (2014); severe material deprivation has decreased but continues high. In-work poverty reached 10.7% in 2014 (5^{th} highest in EU). The risk of poverty and social exclusion among children was 31.4% in 2014 (higher of the overall population – 27.5%). Severe material deprivation increase among older people (9.8% in 2014). Inequality increased to 34.5%.

Like the report shows *cuts in non-pension benefits disproportionately affected the very poor*. There was a decrease in spending on family allowances (-3.7%), in the Solidarity Supplement for the elderly (-2.1%), in the minimum income scheme (-6.6%) and in other benefits (-6%).

Access to healthcare sector is still difficult. People continue to report *unmet needs* because of the cost of the services (*to expensive*) or because the distance (*to far*) and waiting list. Prevention expenditure is still very low in the scope of the EU.
Even the reduction in early school leaving rate, the *number of pupils repeating academic year is increasing and school performance is not improving*. The report highlights the importance of TEIP programme, for example, but fails to mention some of the bad experiences that are being developed with classes for Roma children which is a clear violation of human rights.

Slovakia
Positive
In 2014 the real growth of GDP per 1 person of the Slovak Republic was 75 % of EU level. In 2015 the real growth of GDP increased by 3,5 %. The factors of the movement were the investments and the household of consumption.

The growth of the investment raised for the level 12,7 % and it has been increased also by EU funds. The most investments were targeted on the non-residential infrastructure. The total absorption of the structural and cohesion funds, including national funding, imagined 86 % of public investment in Slovakia.

The growth of the investments brought also the growth of the imports over the exports. It depreciated the effective exchange rate, support the competitiveness of the Slovak Republic and allow to reduce the household consumption for the level at 2,3 %.

The raising of the consumption support also the positive development of the market place, the growth of the wages, the deflation and the good credit conditions for the households. The more money for the households brought also the drop in energy prices. It was about 7 %, so the consumer prices fell down at 0, 3 %. The share of non-performing loans was in the post-crisis period 6% and from 2012 fell down to 4%, which enabled the growth of loans to non-financial corporations. In 2015 the bank profits grew by more than 13%.

The unemployment rate fell down to 11,5 % in 2015. Nominal wages rose by 2,1 %, which strengthened the deflation and real disposable income.
In 2015 the general government deficit decreased slightly, to 2,7 % of GDP. The level of public debt has stabilized.

According the macroeconomic indicators, the greatest driving force for investments in the Slovak Republic are the investments in equipment, it means the investments into the production. This trend will be in the future as a compensation of the public costs.

The Slovak Republic can get from EU funds for the period in 2014 – 2020 about 15,3 billion Euro. It is 2,6 % of GDP per year and 64,7 % from the public finance which can support the projects supported by EU funds. By this issue the Slovak Republic created a lot of strategies and legislation which will be support the targeted and effective investments from these funds. The programs of the Slovak Republic are aimed on the priorities from the European Semester e. g. 90 % from the appropriations of the ESF are used for the solutions, which were recommended by EC for the country. The key areas of the investments support the quality and effective education, sustainable health care, the measures for unemployment and marginalized groups, the business environment and reform of the government. The big amount of financial support is allocated for the youth in the market place. The supplement, which can help to implement the targets of EU 2020 are the new instruments like EFSI, Horizon 2020 etc.

According to these factors, it is possible to concluded, that there is suitable environment to creating the conditions to fulfil also the social objectives.

In 2015 the Slovak government adopted a kind of social package, which consists of 15 measures. The package includes e. g. a reduction in excise duty from 20% to 10% for the selected types of food; support by finance school trips for pupils; provided the minimum old-age pension (269.50) for people who can pay at least 30 years the pension insurance in required minimum income. The government has been established also the protective limits for the quarterly cash payments of prescribed medications especially for people with low incomes and children up to six years. Slovakia started to provide the supervision of non-bank institutions and regulate their activities by the National Bank of Slovakia.

In 2015 started to support the regions with high unemployment. Slovakia has also introduced measures to promote internal mobility of labour. The conditions to gain the benefit to mobility for work for unemployed persons are eased. There are for those who find a job which is far away from their home more than 70 km. In 2014, there were only 38 beneficiaries of this contribution. The low number of beneficiaries linked to the efficiency of the unemployed (earnings allowance, relocation for work versus the cost of commercial housing, travel and separation from family ...).

Allocation of European structural and investment funds earmarked for the integration of Roma in the period 2014 - 2020 has been intensified, focusing on supported employment, improving support services, increasing employment in social enterprises and promote access to health care.

As part of active labour market measures, the job seekers are offered the possibility to choose individual training and retraining. The employment rate rose to 65.9% (2014).
In 2015, the government adopted legislation against segregation to eliminate the placement of socially disadvantaged children in special schools and classes and prepared projects from EU funds to the integration of Roma children.
In 2014 cumulatively reduce the poverty and social exclusion by 151,000. It is the result which is compared to the baseline in 2008. The national EU 2020 strategy objective is to reduce poverty/social exclusion by 170,000 persons.

Negative
One of the factors which increased the growth of economy was the investments. From 2012 – 2014 the whole investments decreased to 21 %. The foreign investments flow in the areas, where unemployment and poverty were not as high. The largest share from the investment inflows had the capital town and Western region of Slovakia. Lack of direct connections, low quality transport infrastructure, unevenly distributed investments caused the regional income gaps and long-term unemployment. GDP per capita (purchasing power standard) is in the capital town 49 000, in Western Slovakia 18 800 and in Eastern Slovakia (area with high unemployment) 13 800.

In the third quarter of 2015 the unemployment rate was 11.4% in Slovakia. It was above the EU average. 7,6 % of the unemployed are the long-term unemployed. It is 2/3 of unemployed people and most of them (6,6%) do not work for more than two years (twice more like EU average). Stability of long-term unemployment is also high comparable to the EU average. Unemployment is concentrated in the middle and in the east of Slovakia (16.6%). The reason is the low growth and low job creation in these regions, low number of vacancies. Unemployment is also related to the lack of labour mobility. The reasons are the high price of transport, the high accommodation costs (there is a shortage of rental housing; 80% of housing is privately owned) in proportion to the offered salary.

The high dependence on the foreign investments and high specialization in the automotive sector increased vulnerability of the Slovak economy to global economic fluctuations, reduce the unemployment ratio (11,4 %), but did not create a lot of availability for marginalized group. It brought increased expenditure on machinery and equipment and for the construction fell the rest.

36,9 % of the unemployed are low-skilled people (aged 20-64 years). Low-skilled workers represent a high % of long-term unemployed people (24% in 2013). Of the total employed population, it is 4% of employees with low qualifications. Youth unemployment is 26,6% (2015Q3). 12,8 % of young people not working and not in education or training. Unemployed Roma people are 73 %. Long term Roma unemployed people rate is 37 % (over 12 months). The causes of Roma unemployment are low education, low skill, discrimination in market place. 8 of 10 unemployed Roma people have only a primary education. 43% of young Roma people (aged 16-24) are not involved in the educational process and they are not employed.

As part of the guarantee for young people they were taken to the transition from school to work. Slovakia made the revision of the Employment Services Law, expanding the opportunity to create the more job places where the young people can get the work experience according their graduates. This opportunity for young people can create also the entrepreneurs. The young people can receive the subsistence € 198,09/ month for six months. It's a post without the social protection e.g. for invalidity, pension, etc. These measures relate more subsidizing the first jobs as the practice. In 2015 they had an impact on 132,500 young people. The success of these measures depends on the distance of a job offer from the residence of the young unemployed; of the quality of the job offer; by the developing partnerships between schools and employers. This measure can be used to young unemployed only to four months after their finishing the school. The condition is to be in the evidence of unemployment.

Through active measures to reduce unemployment, create a one-stop shop for a range of benefits, employment services and social services. Small staff resources to support individual aid meant that only a small proportion of the unemployed have provided with individual approach. Unemployed after the initial interview process for registration subsequently assessed, duration of unemployment is prolonged and does not lead to a clear aid being granted. There are no specific rules for different categories of clients according to their profiles. The partnerships with public and private sector does not exist (e. g. with the Agency for Supported Employment) to ensure a comprehensive, individual support for long-term unemployed people. Expenditure on active labour market policies are 0,17 % of GDP, and are not fully evaluated (impact assessment is under consideration). The activation programs for the long-term unemployed and recipients of social assistance benefits consist of temporary employment projects for municipalities or regions (e. g. maintenance of public spaces). The unemployed people get the benefits, which are without enough social protection. In 2014 on this program attended 26,200 people. The access to second chance education has not improved. Slovakia in the low level of participation of adults in lifelong learning (Slovakia - 3% of the EU average - 10.7% in 2014).

Integration of underrepresented groups in the labour market population (Roma, young people, women with small children, elderly, low-skilled workers) is limited. The current system of labour taxation discourages work low-wage workers and contributing to high unemployment. Social safety nets are weak, especially for the unemployed and families with children.

The Slovak Republic is prepared to pilot projects to identify inefficient funds which spent in education and in the branch of labour office. The aims of the projects are to achieve the regular budget process, which help to reduce the public resources and to increase the ratio between quality and price.

The female employment rate lags far behind the rate for men (58,6% vs. 73,2%). One of the reasons is the care of children under three years of life. The difference in pay between the sexes is 19,8 % compared to the EU average, where the level is 16.4% (2013). The national report indicates that the reason of the low employment rate for women in the productive age is the long-term maternity leave (three years). It is further stated that there is low participation of children (4%) in public childcare facilities mainly children under three years. The proportion of women caring for children up to 3 years with the proportion of working women without children is 52,3%. As the report states the cause is the lack of childcare facilities, the high cost of caring about children for women who choose to continue working and low level of flexible working arrangements.

The report refers only to the economic advantages of a rapid return to the labour market, it does not describe the disadvantages of this such as range of flexible working, lack of social protection during child care, or in the performance of flexible work, about diseases of children attending the institutions ... In 2015 the allowance for child care increased from € 230,00 to € 280,00. This contribution is only for women who decide to return from maternity to work. This benefit they can use to cover the costs of institutional care. For such contribution shall not be entitled women to ensure caring of children at home, in natural environment, for whom the main priority is the welfare of a child. Priority will support the institutional and economic approach (addressing only through employment, support institutions). In terms of helping women with childcare obligations will apply the same approach. There is the favourite of the women who return from maternity leave, as soon as possible to work. There are no studies of the effects by these economic incentives. Poverty of the women and their children is solved only throw the return to work and by free capacities in the institutions.

The disparities between rich and poor (29% in 2014) increased (the EU average is 24,7%). The adequacy of minimum income schemes shortcomings. Indexed benefit in material need is set at a low level and for several years it has not been modified. Income support scheme only partially takes into account the number of children in the household. The risk of poverty varies by economic activity, household composition and age. Most at risk are the unemployed, single parents, children and marginalized communities. In 2013 it was registered risk of poverty rate of children in a household where nobody works at the level of 94,4 % (this is the highest figure in the EU). The poverty rate among the unemployed is 48,7 % (47,4% in the EU) and it was increase about 5% points in 2014. Short-term unemployed who receive unemployment benefits is 18 %. The criteria for eligibility are strict. It is required the registration in the unemployment register, pay contributions to the unemployment fasting for at least 2 years (730 days) at the last three years (in the case of temporary labour at a period of four years). The replacement rate of unemployment is low (6 months) in comparison with EU average. The refund rate for unemployment benefit is below the EU average.

The education system deteriorated in Slovakia. The quality of the control and efficiency in education seems to be insufficient. Recently there has been an increase in teachers' salaries, but for young people, the profession is not attractive. Participation in education and care in early childhood is 77,5 % (2013) and among Roma is much lower. The rate of early school leavers is 6,7 % (2014), which is 0,7 % above the national objectives of the EU in 2020 (6%), while regional disparities are high. It is estimated that 83 % of Roma schooling ends prematurely. Despite the fact that Slovakia has the lowest rate of unemployed people have not completed upper secondary education (36.1%), the cost of early school leaving is high. The report stated that one of the factors of low education is compulsory education (16 years) and the fact that child benefit is lower (23,52 euro) compared with the benefit for material need (61,60 euro/individual). More than half of Roma children's placement in special or segregated schools and classes. This reduces their application in the labour market. The participation of teachers in connection with the profession education about teaching students with special needs or multicultural environment is low, which can cause problems in the implementation of planned projects aimed at integrating them.

The achievement of the tertiary education was 26,9% (EU 37, 9%). The report does not state that the daily study tertiary education may get only a limited number. Tertiary education students received a scholarship, have a secure social protection e.g. for health insurance, unemployment insurance ... External tertiary studies are charged. A very small number of visits professionally oriented higher education programs, which should be binding on the labour market.

In Slovakia it is the low students' interest in math, sciences, engineering disciplines, despite the fact that production and industrial production are participating in large parts of GDP. Students prefer to study in the Czech Republic. Tracking error graduates and financing of education based on quality. The report does not state that only some professions are bound to a specific level of education.

Slovakia introduced a dual system of vocational education and training in 2015. For the school year 2016/2017 was approved by 298 employers for the creation of 2,763 apprenticeships. Most of them are foreign investors. Interest from students is low. The report stated that one of the reasons could be the fact that they are all about the interest of employers and not the interest of students and assumptions; that in these professions are low salaries and unfavourable conditions (overtime ...) that created apprenticeship places, and then professions are often away from home and the student. Furthermore, there does not mention that this training is financed especially by government and parents/students.

A serious problem is the debt of low-income households that take loans from non-bank entities under unfair conditions. Loans to households grew from 2010. In 2015, bank loans to individual housing increased to 14% as a result of low interest rates. The outstanding amount of housing loans to households from 2006 - 2015 increased to 25% of GDP. The total mortgage debt in Slovakia is under the euro area (average is 38 % of GDP in 2014) but the total household debt in 2014 was at 33 % of GDP. In 2015 the real estate prices increased by 0,7%.

Demand for residential areas is growing. It is among the countries with the lowest number of rooms per capita (1,1 in 2013), leading to overcrowded households (39,8% of total population). More than half of young people (aged 25-34) live with parents. The large number of the population that has working age 25-40 years increase demand for housing one-person units. Preferential treatment for capital gains and low housing supply has increased the pressure on prices. There are the regional remain differences in property prices and rentals. Growth was recorded only in the capital town. Due to the high prices in the region, there are incentives for investment in residential real estate and infrastructure. High rental cost is the barrier for the labour mobility in these regions. The prices in energy decreased and this situation brought the expectation that the prices in services will grow.

Public investment has declined. In order to meet the consolidation requirements reduced the domestic financing. Spending of EU funds in almost all operational programs in 2014 halted because of irregularities in the wholesale and in evaluating and removing projects eligible for EU spending. The growth of public finances will lag behind GDP growth because of less spending from the EU. The inflow of direct investment from abroad declined as a result of the global financial crisis. In the years 2009 - 2014 decreased to 2.1% of GDP. There was a private investment you send. Public investment achieved in the years 2000 - 2014 on average 3.5% of GDP.

In the Slovak Republic the pension expenditure is supposed to increase due to the ageing of the populations and low birth rates. According the Ageing 2015 in EU, the share of the population aged 65 and over to population aged 20-64 increased from 20% to 72%. In 2013 in relative to GDP a 0.2% long-term care, 5.7% for health care, 8.1% for pensions.

The long-term sustainability of public finances is threatened. It is associated with an ageing population. The costs for health care and pension will rise. Despite the low level of public debt is 53,5% of GDP and there are the favourable starting budgetary position. To stabilize the public debt in Slovakia has contribute a component of health care at a rate 1,3% of GDP and a component of income to the extent of 0,9 % of GDP. According to the information from the European Commission, the indicator for the Slovak Republic in 2016 is 3,1 % of GDP.

From 2013 is the statutory retirement age for the men 62 and for the women 58,3. From 2017 to 2020 is planned the retirement age 62,8 for men and women. The reason is their life expectancy. In 2013 the middle age of life expectancy was 72,9 for men (77,8 in EU) and 80,1 for women (83,3 in EU). The average period without disability in Slovakia is the lowest in compared with the data of EU 28. In Slovakia is high mortality rate. The cost for health care in cash is 22 % with comparison of EU 28 (16 %). There are also the bribes in this area. The access to health care is on the EU average. In 2015 started with the introduction of the information health system. The access about care and health information has not complex and clear for common population yet. According this issue the population used more consultation with the health and other specialist, which is more expensive for Slovak Republic. The effectiveness of the health and social services are more about quantities like qualities. The costs for health care are considered according the characteristics like diagnose, treatment, age, length and sources. Age and disability status belong to instruments how to reduce the cost for treatment. The number of treatment beds is 424 for 100 000 inhabitants (354 in EU), but the occupancy is 67 % (74 % in EU).

In 2015 the Slovak Republic passed the law about minimum pension benefits. There was the supposition that there were about 75 000 concerned pensioners. The real amount of this pensioners were only 36 000. One of the reason is e.g. that a lot of pensioners had low pension and by this reason they have work. The pension of this group was reconsidered at first and after that was adjusted for minimum pension benefits. The newly pensions are linked to wage growth. The statutory indexation of the pensions declared lower growth rate of the average income with the comparison of the average wages. The benefit´s ratio is reduced. The elderly poses a risk of poverty in 6,2 %.

The ratio of the taxes to GDP is 31 % in the Slovak Republic. The taxes are 80 % of all revenue. The composition of revenues largely consists of payments (13,6 % in Slovakia, 13,4 % in EU-28). The taxes of the income and assets are low (6,8 % in Slovakia, 12,8 % in EU-28). The taxation of immovable property for housing does not reflect its market value. The gifted and inherited property is not taxed. The capital gains from the disposal of immovable property are exempt after 5 years of ownership. The taxes from the production and import as a share of GDP e.g. VAT are below EU average (10,6 % in Slovakia, 13,4 % in EU-28), but for the Slovak Republic there are the second largest income. The capital taxes to GDP are 0 %. In 2004 – 2011 about 19 % of companies repeatedly declared 0 tax liability and 11 % of the all companies showed the financial loss. According OECD the tax regime for company cars is one of the lowest in the Slovak Republic.

Low sensitivity of unemployment to increase in real wage increases fears of unemployment. In 2015 increased the minimum wage only about 8% on the € 380.00 / month. In 2016 it continued to grow by 6, 6% to 405.00 euro / month. In percentage terms the minimum wage to the average wage, the minimum wage in relation to the EU at a low level (35,4 % in 2014), although only 3% of employees receiving the salary for his work on a minimum level. In Slovakia they are not presented the information about category of degree of difficulty in the work. It is influence the adequate salary. The regional economic disparities also have an impact on the minimum wage to the average wage. Payroll tax for workers from the minimum wage is 39,5% (EU average is 33.7%). Taxation of workers with average wages of the national economy is 41%.

To offset the impact of minimum wages on labour costs and employment support was reduced employers' contributions to health insurance in the form of deductibles for health insurance. This applies to employees whose gross income does not exceed € 570 / month, and who have concluded only one contract of employment or other agreement.

It does not apply to pensioners who are already receiving a pension and are still working. It increases the income of low-income workers about € 32.00 / month. However, employees must request it. In 2015 the people who could ask for these advantages were relatively low.

This measure complements other reforms in tax and benefit systems, which have incentives to work. For example, the temporary payroll tax and unemployment benefits for the long-term unemployed who starts work for minimum wage. The measure wants to stimulate employment, but insufficient social protection, because the relief was reduced and the amount of social security for example. Invalid pension, old-age pension, unemployment benefits... From unemployment benefits will pay no contributions to social protection. Stimulus supports employment but does not provide access to decent man, poor quality of life in the present and in the future.

Spain

Positive

There is nothing like "ways to reduce poverty", but a description of malfunctioning schemes (Minimum Income, for example), or about inefficacy after transfers in reducing poverty.

1. Macroeconomics

The Commission recognizes that, in recent years, the Spanish economy has experienced a significant change of trend because **"reforms developed in response to the crisis."** However, the Commission highlights a number of serious macroeconomic uncertainties, especially:

- The high public debt, which remains a burden on the economy and remains a source of vulnerability.
- The Public Administrations deficit has not behaved as expected, since "it remains one of the highest in the euro area. It is anticipated that the general government debt has exceeded 100% of GDP in 2015 and is expected to reach its maximum level in 2016, before declining in 2017. "

2. Employment

- The Commission considers that labour market reforms have increased the responsiveness of employment to growth. Compared to what happened in previous upturns, job creation has resumed at an earlier stage of recovery, when GDP growth was still modest.
- The Commission makes a gloomy forecast on unemployment, which remains high among young people, affecting more and more long-term unemployed people, "and can become chronic, causing an increase in poverty or social exclusion. Moreover, the

labour market duality between permanent and temporary contracts remains high, which adversely affects working conditions and social cohesion."

- Spain is not fulfilling the goals set in 2011, as part of the Europe 2020 Strategy. The Commission points out that far from approaching the target set, "Unemployment rate remains one of the highest in the EU, especially among the youth."
- Indeed, the Commission draws attention to the fact that "the increase in the proportion of workers in part-time jobs (14.5% in 2012 to 15.6% in 2015) and temporary jobs (23.4% in 2012 to 25.7% in 2015) in recent years was related to an increased risk of poverty among part-time workers (18.7% in 2013 to 22.9% in 2014) and temporary workers (17.5% in 2013 to 22.9% in 2014). Along with moderate wage developments, this contributed to the overall increase in the number of poor workers observed between these two years.
- "A low investment in active employment policies", is a fact also pointed out by the Commission. The ability of employment services to offer individualized and effective guidance, and help in finding employment, remains limited.
- The document remarks the delay in the implementation of the Common Services Portfolio of the National Employment System and the poor performance of the National Youth Guarantee System.

3. Education

- As for the goal of education, despite recent, notable improvements, "the early dropout rate remains high and hinders the reduction of educational deficiencies of the country."

4. Poverty

- The commitment of reduction between 1.4 and 1.5 million people in poverty and exclusion, assumed in 2011, is far from completion. The Commission has noted that "the improvement of labour market conditions throughout 2013 and 2014 did not translate into improved social indicators during those years. The crisis caused a marked increase in the proportion of the population at risk of poverty and at risk of poverty or social exclusion. These poverty indicators deteriorated further in 2013 and 2014, despite improving labour market conditions. "
- The report argues that "In recent years, the three dimensions of poverty and social exclusion have deteriorated considerably and the total percentage of people at risk of poverty or social exclusion reached 29, 2% in 2014 (compared with 24.4% in the EU). This represents an increase of more than 1.3 million people compared to 2010".
- Along with these data, Spain has the highest inequality S80/S20 (between those who have higher incomes and those with less) which stood at 6.8, compared to 6.3 in 2013 and 5.9 in 2009.
- The Commission states that "Children remain the most threatened group. They are directly affected by the deteriorating situation of their parents in working age and the relatively low impact of family benefits in reducing poverty."
- They note that single - parent households (which mostly have a woman as head of household) are those who continue to face greater risks. Other vulnerable groups are immigrants, Roma and those with disabilities are mentioned, as well.

5. Social Policies

- The Commission criticizes *the limited progress in improving the system of minimum income*, which should give protection to these vulnerable groups. As already noted the

Report of EAPN ES, the Commission agrees that "the minimum income schemes are still a number of unconnected programs with large regional disparities. Wide disparities between regions in delivery arrangements, the eligibility and suitability, with profit levels around or below 40% of median national income in most communities "are recorded.
- Other social policy issues featured prominently in this report are: the limited coordination between social services and employment, that reduce activation.
- The low expenditure on social protection on families and children, which reached a maximum of 343 EUR per capita in 2009, to decrease to 295 EUR per capita in 2013.
- The lack of adequate childcare services, together with the lack of alternatives for long-term care, hinders the participation of women in the labour market, as well.
- The percentage of women who do not receive non-contributory pension is the second highest in the EU, and women's pensions are 26.3 percentage points lower that of men.
- The report remarks the social impact of foreclosures and evictions, which remains strong and significant.
- It also mentions energy poverty, which remains a problem.

Negative

Spain has the 4th economy by size of the European Union. This explains why the Commission highlights the importance of "correcting" certain disturbing trends at the macroeconomic level.

Deficit and debt are two of the main issues. The general government deficit is expected to have continued to narrow in 2015, mainly against the backdrop of strong GDP growth. The deficit for 2014 was 5.9 % of GDP, 0.1 % of GDP higher than originally reported due to a downward revision of nominal GDP. Data until October indicate that the deficit continued to shrink in the second half of 2015, driven by strong revenue growth. In particular, taxes on production and imports are growing at a fast pace, as domestic demand is growing briskly. Despite cuts in personal income taxes, taxes on income and wealth are expected to hold up well, thanks to a strong increase in corporate tax revenues. At the same time however, non-tax revenues fell and public consumption and investment increased in the third quarter.

Going forward, the reduction of the general government deficit is set to continue to rely to a large extent on the positive macroeconomic outlook, which is set to support tax revenues and keep social transfers in check. According to the Commission winter 2016 economic forecast, the deficit is projected to amount to 4.8 % and 3.6 % of GDP in 2015 and 2016, respectively. **Public debt is expected to continue to increase** from 99.3 % of GDP in 2014 to 100.7 % in 2015, and then peak in 2016 at 101.2 % of GDP, before starting to decrease in 2017. Briefly, if the growth rate keeps on and **the public expenditures remain as they are or are furtherly reduced**, the slopping trend of the deficit will continue. **But the public debt is still humongous.**

Therefore, if comparing with the CSRs, the results are the following.

- CSR1: Ensure a durable correction of the excessive deficit by 2016 by taking the necessary structural measures in 2015 and 2016 and using windfall gains to accelerate the deficit and debt reduction. Strengthen transparency and accountability of regional public finances. Improve the cost-effectiveness of the healthcare sector, and rationalise hospital pharmaceutical spending.

Spain has made limited progress in addressing CSR 1

- CSR 2: Complete the reform of the savings bank sector, including by means of legislative measures, and complete the restructuring and privatisation of state-owned savings banks

Spain has made substantial progress in addressing CSR 2

- CSR 3: Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of tackling youth unemployment. Streamline minimum income and family support schemes and foster regional mobility.

Spain has made some progress in addressing CSR 3

- CR 4: Remove the barriers preventing businesses from growing, including size-contingent regulations. Adopt the planned reform on professional services. Accelerate the implementation of the law on market unity.

Spain has made some progress in addressing CSR 4

Europe 2020 national targets	*Assessment*
Employment rate target: 74 % of those aged 20-64 59.9 % (2014 levels)	Due to strong job creation since mid-2013, the employment rate in Spain has increased by more than 2.4 pps. since the trough experienced in 2013. Strong job creation is expected to continue over the short term, sustaining further increases in the employment rate. Nonetheless, the employment rate is still 8 pps. below the level achieved in 2007
Early school leaving target: 15 % 21.9 % (2014 levels)	The country has achieved great reductions in early school leaving, but it remains an outstanding issue with some regions reaching 32 % (Balearic Islands) or 27 % (Andalusia), while others appear as front-runner sin EU with rates under 10 %. ESL appears closely linked to the family socioeconomic background of students and to specific regional growth economies based on low-skilled jobs
Tertiary education target: 44 %	42.3 % (2014 levels) Spain has a high rate of tertiary attainment but its positive impact is undermined by 1) the lack of alignment between study programmes and growth/economic transformation needs, and 2) the lack of capacity for the labour market to create high quality jobs to retain highly qualified graduates. This leads to low employability rates for specific study programmes and underemployment of a high proportion of graduates.
Risk of poverty or social exclusion target: 1.4 -1.5 less people in or at risk of poverty and social exclusion	The number of people at risk of poverty or social exclusion increased by more than 1.3 million between 2010 and 2014.

Sweden

Positive

We have seen a positive development for the unemployment rates.

Sweden had the highest employment rates in the EU both for men and women (82.4 % and 78.2 % respectively for the population aged 20-64) in the first three quarters of 2015.

The share of long-term unemployment in the active population is 1.6 %, among the lowest in Europe.

Overall unemployment is below the EU average, at 7.4 % in 2015.

Unemployment rate (1) (% active population, age group 15-74) has decreased to 7.5 Long-term unemployment rate (2) (% of labour force) has decreased to 1.6.

Youth unemployment rate (% active population aged 15-24) has decreased to 20.7 Youth NEET (3) rate (% of population aged 15-24 has decreased to 7.2.

Negative

Income inequality has increased rapidly, although starting from very low levels. The increase in inequality between 1985 and the early 2010s, by one third, was the largest seen in any OECD country. The at-risk-of-poverty rate has increased among older women and families with children, especially single mothers (the great majority of single parents).
The gender gap in poverty risks is rising on many areas pension, housing etc.
The poverty rate ant the In-work at-risk-of-poverty rate has increased.

At risk at poverty rate has increased to 15,1 %.
In-work at-risk-of-poverty rate (%of person employed) has increased to 7,8%.
It is becoming increasingly difficult to enter the Swedish labour market with low qualifications. In Sweden's highly skills-intensive economy, low-skilled people are finding it increasingly difficult to secure employment This is a problem especially for low-skilled young people**,** and migrants without valid skills in Sweden.

The integration of people with a migrant background into the labour market is one of the biggest social and labour market challenges for Sweden. Sweden is among the countries with the largest proportion of non-EU born residents (10.6% of the population in 2014), and a further 10% of the population are children of non-EU born residents ("second generation" migrants). Non-EU born population groups are less likely to be present on the labour market, with an activity rate of 77.1 % in 2014 for those aged 20-64, which is above the EU average, but below the rate of 87.8 % recorded for the Sweden-born population, and the rate of 84.7 % for those born in other EU countries. Moreover, even when available for work, the **non-EU born population faces higher unemployment**, in particular the female non-EU born population has low labour market attachment, reflected in considerably lower activity and employment rates.

United Kingdom

Positive

The response to this question lists some key positive developments as identified in the Country Report but our concern is that the downside of these developments is not addressed so the response to this section qualifies some of these developments.

1. Macroeconomics

The Executive Summary and Chapter 1 note that <u>economic growth has been relatively strong and business investment has been 'healthy'</u> (p4).

But the Report notes that the trend is downwards since 2014 (and neither output not investment has reached their pre-recession peak). Many commentators would add that growth and output are below what they would have been with a different economic strategy. Inflation is very low and well below the 2% target, which might suggest the economy is below capacity utilisation. Chancellor Osborne's austerity strategy to hit poorer group' incomes harder, to reduce the share of the public sector in output, to restructure departments of state, local government and public sector employers at the same time as real spending cuts, and the fear induced by an unwarranted comparison with the financial crisis in Greece, may have had a chilling effect on growth and investment. The Report notes that the output gap is narrowing (p7) but it seems overly optimistic to suggest it will have closed in 2015 and then reversed in 2016. There are many who believe the long-term effects of this and previous governments' industrial policy (or lack of one) has weakened UK manufacturing.

The Report also notes the worsening of foreign direct investment balances, with the biggest effect due to the lower rate of return on UK overseas investments (p30). The EU and wider world outlook is now worse and it is likely that the UK will feel the effects.
However, the Report finds that short-term risks are low of the various imbalances in the UK economy, including the current account and housing demand and supply. The Report pays less attention to potential overarching causes of excessive government deficit (CSR1) than to specific aspects such as the trade deficit and the deterioration in financial flows from abroad, the tax base and the medium-term fiscal risks to government debt from growth 'shocks' and demographic change.

2. Employment

The Executive Summary and Chapter 3.2 note that unemployment is relatively low at a little over 5% and falling (but it is above the former aspiration of 3% unemployment as 'full-employment). The employment rate is 77%, above the pre-crisis level (p45). The Summary also notes that employment growth has 'rebounded more quickly and strongly' (p1) than in earlier recessions. The report attributes this to a 'flexible labour market' (p1). Since 2009, unit labour costs are little changed and are growing below the rate of inflation. The Report refers to the positive benefits for export share and competition (p36). But nothing is said about much higher unemployment rates for young people, for certain Black and minority ethnic groups, nor for people with a disability, which is negative for social integration and social justice.

There are some positive initiatives reported – for example
The National Living Wage (in fact a higher National Minimum Wage for those aged over 25). The increase is welcome but the UK has a widespread problem of low wages and incomes below Minimum Income Standards, which the increase in the Minimum Wage will not eliminate.

Increase in the mandatory school leaving age to 18 years and initiatives to increase basic skills. But another part of the Report refers to the severe cuts to further education colleges, a major source of upskilling for less qualified people (see below on education).
Little or nothing is said about job quality per se even in section 3.2 on the labour market. Yet underemployment and insecure employment are serious problems. Zero-hours contracts (no guaranteed hours) are increasing rapidly. Wages are relatively low and have been stagnant till recently and are still stagnant/ lower in real terms in the public sector, much of which has undergone a long-term pay freeze.

The Report does focus on the UK's low productivity. It suggests that since the crisis there has been a structural break in productivity which flattened from 2% pa pre-crisis; but long-term productivity has been below many other major countries. The Report offers various possible explanations including temporary factors such as weak demand and structural factors including low investment, a shift to low productivity labour and a large increase in labour supply, especially of self-employed and part-time labour (p57).
In Chapter 3.3 there are 3 pages on productivity and in Chapter 3.2, 3.5 pages for the whole of social policy. Productivity is low and poverty risks are increasing. But it appears that

'economic' risks rank higher than 'social' risks in this Report. This raises the question of who the economy is assumed to be producing and growing for. Further, no explicit assessment is made of policy approaches, some referred to in Chapter 3.2, that have been inadequate to meet skill shortages, have enabled low wages and weakened employee rights and possibly reduced the productivity of labour.

3. Education

The Report states that 'Overall, <u>the UK does as well or better than other EU countries on a number of fronts in education or training'</u> (p50) but notes weaknesses in vocational or adult skills that 'are disproportionately affecting young disadvantaged people'.
Education is discussed only in relation to skills and for no other purpose, perhaps because of the CSR on skills mismatch. <u>The introduction of a narrower curriculum (to improve numeracy, language and literacy skills) and a heavy emphasis on testing and benchmarking</u> are referred to only positively (expected skills improvement), despite the concerns of many teachers and child development professionals.

In a climate of spending cuts (including cutting out completely the previous government's capital spending programme to provide new school buildings, many very dilapidated), the Pupil Premium was introduced under the previous Coalition government as a means to focus more attention on disadvantaged pupils (Pupil Premium additional finance to a school is dependent on numbers eligible for Free School Meals). This is reported (p48), but is not the full story. There has been a transfer of powers and responsibilities away from local education authorities to schools. The Pupil Premium does not compensate for the severe budget and service cuts to local authority schools' services for disadvantaged pupils, including children from low-income households, those with other special needs and a richer curriculum of art, music and sport for all pupils. Many local authorities no longer have an education service.

The Report notes the severe cuts to further education colleges, which were a main point of access to a broad range of vocational qualifications for young people not going to university (the range may not be replaced by mandatory education in school till age 18) and for second-chance and part-time adult learners. There has been also a large decline in part-time student applications to universities in England, presumably because of the very large increase in fees.

The Report does not note that there is some devolved responsibility for elements of education. It does note that Skills' policy is largely the responsibility of the devolved administrations and reports some initiatives in Scotland (mainly) and Northern Ireland. But there is no comparison of effectiveness relative to policy in England and Wales.

4. Poverty and Social inclusion

The Report notes the <u>slight decline in at-risk-of-poverty rate</u> (see Annex A) but as indicated above, the composition of this indicator and the fall in the relative poverty line make it difficult to use to assess risks to living standards for low income families and changes in severe poverty. It is irrelevant for the impact on poverty and exclusion risks of changes in access to services, as well as for the impact of wealth inequality in restructuring society over the medium term (e.g. social mobility, which is declining).

As noted above under Employment, the Report notes the increase in the National Minimum Wage for over 25s (referred to by Government as the National Living Wage), which we welcome. But the Living Wage campaign is an NGO-led initiative for firms to pay wage incomes that meet Living Wage Standards as defined in the Joseph Rowntree funded research, regularly updated, on Minimum Income Standards (MIS). While the Government has co-opted the term, the increase announced is well below MIS and is probably another measure aimed at reducing the bill for Tax Credit income top-ups for low-paid households.

Further, as the Report notes, 'this will not provide commensurate substitution for certain working households' (p52). In other words, it is not well targeted on the poorest households and nor does it compensate for the loss in income top-ups for many working households, especially those with families. Nor does it do much for those not in full-time work, nor anything for those below age 25 or not in paid work; both groups have suffered severe cuts in levels of benefits and services and access to them. Young people under 25 also have very weak labour market protection and three times the average unemployment rate.

The Report lists welcome initiatives to reduce the cost and increase the places for childcare, including free childcare for working parents of three and four-year-old children, from 2017 (p53). The discussion of childcare is slightly more substantial than other aspects of social policy, probably because of the CSR on childcare. The Report is clear on the challenges of meeting this policy since funding is not evidently in place. Local authorities have experienced up to 40% overall budget cuts, especially in poorer areas, where the new rates precept (local tax) flexibility will raise much less income than in richer areas. Childcare provision in the private sector is reducing because of heavy fixed costs for small providers. But the Report does note funding for improving staff qualifications and service provision in early years' education for the most disadvantaged three and four-year-olds (the Early Years' Pupil Premium). The Report is also explicit about the substantial losses in income and work incentives for many moderate and low income households (p52), which will not be compensated for by the childcare initiatives. Finally, apart from the Early Years' initiative referred to above, nothing is said about childcare quality, nor access to childcare for all children, including those where two parents are not in paid work. The focus is on mother's access to paid employment, not on children's access to early years' development.

Negative
A key negative development is the continued, **apparently permanent squeeze on public expenditure.** Some initially supportive international organisations such as the IMF and the OECD, have begun to suggest that 'austerity' as practiced in the UK, may be a brake on growth and development, as well as a strong driver for inequality.

5. Expenditure
There are very strong social justice concerns about the UK approach to expenditure cuts. **The Report acknowledges the high ratio of spending cuts relative to tax increases, which disproportionately hits public services and public sector workers, and hence women, children, low and moderate-income families and disabled people (the biggest losers from the cuts)**. Local government is a shadow of itself, children's and young adults' services have been slashed, mental health and social care services are in crisis. Street homelessness –

once close to elimination, is increasing and not only in high housing cost London – it is up by a factor of 10 in Manchester and 9 in Bristol, and suicide is rising.

Health and Education (schools only), though 'protected' have not had increases in spending commensurate with the ageing population or increase in pupil numbers and have experienced capital cuts, 'efficiency' savings and wholesale reorganisation, including a drive to make schools become 'academies' with budgets devolved to school level, free of local government control and therefore of the capacity for the local authority to plan school places to match population needs or to provide support services to its schools' community. The Health and Social Care Act of 2012 has revolutionized the structure of the NHS (see next section 'What is missing' for more on health).

The Report identifies the very heavy income cuts for the working poor (p52) from a combination of loss of tax credit income top-ups and loss of housing and related subsidies. These cuts and freezes to benefits' indexation for people of working age, are a disaster in the making for risks of poverty, access to housing and health status especially mental health. They are perverse on incentives to work for many households (given the effect of cuts on steepening the taper rates on benefits' withdrawal and the impact on second earners and the cuts and caps on housing subsidies). Better work incentives were meant to be integral to the new Universal Credit system (six benefits rolled into one; roll-out further delayed).

6. Tax

The EC until now has continued to promote continued 'austerity' and in general has not qualified the UK emphasis on expenditure cuts, believing the approach to create fewer market inefficiencies than tax increases. The Country Report assesses the UK tax system as 'relatively growth-friendly' with a high share raised from property taxes and a tax 'burden' of 39%, below the EU average (p41). The Report notes that for reasons of international competitiveness, there has been a substantial reduction in corporation tax from 28% to 20%, with a further reduction to 18% planned and a 'very competitive' regime for taxation of labour income (including relatively low employer labour charges). However, concern about the tax base means the Report proposes yet again, 'simplification' of the tax system by removing lower and zero rates of VAT, while acknowledging that 'many of the applied and zero-and reduced-rates are sensitive as they are deemed to address social issues' (p42).

While there have been some 'stealth' tax increases, the headline rate of income tax is unchanged. The Government has plans to cut income tax as a presumed spur to productivity. There have been increases in the personal allowance under the Coalition government and further increases are planned under the current Government. These changes provide little benefit to the low-paid relative to the higher paid and no benefit to those earning too little to pay income tax or who are not in paid work. The Government itself has also expressed a view that they will eliminate the 45% higher rate introduced under the last Labour government.

7. Sectoral spending: Infrastructure

The Report notes that the UK has underspent on infrastructure relative to other countries and that there has likely been a negative effect on productivity (p58). The Report is positive about the National Infrastructure Plan and new steps to improve decisions and accountability. But risks on delivery and in the scale of private finance required for it are noted. We are aware that private finance has not come through in some other areas where the government relied on it for delivery.

7.1 **Transport**: The Report notes the historically low rates of investment in transport infrastructure and in particular the consequences for traffic congestion and shortages in rail and airport capacity (pp58-59). No link is made to environmental costs of increases in transport yet the health and economic coats of air pollution are mentioned under the 'environmental costs' sub-section on page 62.

In practice, there have been popular and political differences within the Government over a third London airport. The other main public focus has been on HS2 (the very expensive high speed rail link to London) which is not mentioned in the Report. But there is a risk, that for a half an hour cut in business journey times from Manchester to London (with little effect on productivity since such people work on the train) that it would extract human and financial resources from the provinces rather than improve their economies - and the line does not extend to Scotland. HS2 continues the overwhelming investment in transport projects for London, including Crossrail, and neglect and deferral of transport in the provinces, including Cross-Pennine rail, electrification of some Midlands lines as well as major road improvements needed for example in the East of England.

7.2 **Energy**: The Report recognises the supply risks in the energy market but does not refer to the public differences and serious concerns over the risks and costs of new sources of energy supplies – whether nuclear or fracking. Nor does the Report mention the Government cut to support for green energy nor the resistance in some communities to wind energy turbines.

The Report notes on page 60 the uncompetitive nature of the retail energy market (six vertically integrated suppliers and a confusing range of constantly changing tariffs) but does not discuss the impact of energy costs on household budgets or the risks of fuel poverty. Energy costs are now bigger than housing costs for many households.

7.3 **Digital technology:** The Report makes substantial comments on progress on digital technology, probably because of the EC's Digital Agenda. The comments refer to the use and spread of digital technology, the availability of superfast broadband, the difference in speeds between urban and rural areas, digital skills, shortage of ICT professionals – at 1.5 million, the UK employs the largest number in the EU, and the introduction of new courses in the education sector. Overall the Report sees the UK making good progress in the Digital Agenda. But there is no reference to inequalities in access to digital technology – poor children are less likely to have computers at home, or to have smart-phones. Poor and many disadvantaged adults can only access a range of government employment and benefits' services and health services (e.g. courses of Cognitive Behaviour Therapy) on-line, but there is no effective provision to ensure adults can access digital media. Job-seekers, for example, are told to use libraries (many closed or offering reduced services) or the services of their Work Programme provider – which can mean queuing for an available computer, which may not allow you to save or print. Our EMIN report showed that some people with learning difficulties or physical disabilities were having difficulty with on-line access to support, or having difficulty making job applications and ended up 'sanctioned' (losing job-seekers' allowance) because of it.

Overall, the discussion of infrastructure in the Report's Chapter 3.3. 'Productivity and Investment' does not make explicit reference to equality of access or impact of high costs or specified conditions on reduced access for poorer or disadvantaged people. There are no links to poverty or social exclusion made. But the previous section (Chapter 3.2. on Labour market, social policy, skills and education) does not make these links either. The social policy sub-section refers almost entirely to welfare reform, in the context of the Government's Work First' approach to combating poverty and the extension of conditionality, including controversially for those in part-time paid work.

7.4 Social investment: Infrastructure is narrowly framed. Chapter 2 on housing does not discuss social housing. There is almost no discussion of public sector services infrastructure in Chapters 1 or 3.

A **major programme of public investment is needed, especially in social housing, schools and colleges, social care and children's services**. There has never been a time when Government could borrow for such low interest rates. Such borrowing should not be seen as a cost, but as an investment. Spending on public housing and services infrastructure would drive the economy (including to more good quality jobs) as well as promote well-being.

Social Investment is desperately needed and if an economic argument is wanted as well as a social justice argument, such investment would contribute to upskilling and better productivity and to healthy life expectancy and therefore help control health care costs in an ageing population. Areas to concentrate on are:

- **Social house-building** is now a minimal part of the housing mix but is the only effective long-term approach to housing low and moderate income families in sufficient security at affordable rents to raise families and to leave sufficient resources to invest in their own future.

- **Access to public services** is significantly worsening in the following areas: Health and social care, especially mental health and even more-so **mental health services** for children and adolescents; **domiciliary and health service care of frail older people and preventative public health policies**. Other **local authority services, especially for children and young people**, more especially disadvantaged children.

- **Equal access to education** is affected by the elimination of the previous capital spending programme; the academies programme and consequent restructuring (and changes in admissions policies and exclusions policy); deep cuts to local authority resources to support schools and a broader curriculum. Further education is severely hit including access to second-chance education.

- **Access to public services (including health and education) includes investing in access for migrants and refugees,** to prevent resource competition and its negative consequences and to contribute to the productive integration of the population accepted for settlement. Resources to support integration of migrants, refugees and asylum seekers had been greatly reduced.

What are the main gaps in the Country Reports 2016?

EAPN members were asked to map explicit omissions from their perspective in the Country Reports. The main gap identified was the **lack of an overarching focus on poverty** (BE, CZ, DE, FI, HU, IE, LT, LU, PT, PL, ES, UK). While most EAPN respondents welcome the mentioning of increasing poverty rates in their Country Reports, the focus remains peripheral in a narrative dominated by macroeconomic concerns. In some countries, *poverty is not mentioned at all* (CZ, DE), or only relative poverty, as absolute poverty is not covered by the AROPE indicators (HU, PL). In others, while mentioned, it is given *very little space in the overall structure of the document*, and not prioritised (FI, IE, LT, UK). In others, while poverty is mentioned as a phenomenon, *the underlying causes, including economic decisions stemming from austerity policies, are not discussed or acknowledged*, particularly for key groups, and no recommendations are put forward to tackle it (BE, LT, LU, ES, UK). Some members (LT, UK) also underline that income inequalities and redistribution are missing from the Reports.

Child poverty has been particularly referenced by a number of EAPN respondents (DE, DK, LT, PT, SK, UK) as being a very worrying missing dimension of their Country Reports, despite levels increasing on the ground. *Equal opportunities for children* are not ensured (DK, LT), while Roma children, for instance, are *segregated at school* and placed into classes for children with special needs, strictly on account of their socio-economic background (PT, SK). *Quality and accessibility of childcare is not mentioned*, as the focus is to get mothers back to work, not providing children with quality early education and care (UK). A shadow report on poverty released by welfare organisations shows an *increase of child poverty by 19% in Germany*, but this is not reflected in the Country Report.

Another significant gap noticed by EAPN members (BE, FI, FR, IE, LT, UK) in their Country Reports is the **lack of coherence between macroeconomic outcomes and how wealth is redistributed**, and does wealth and investment really reach the most vulnerable? In the same report, there are *contradictory statements*, such as Finland being praised for the good implementation of the Youth Guarantee, for instance, while a few pages later it is being criticised for cutting support to it. There is *no social impact assessment* proposed for macroeconomic measures (BE, FR, UK), and little room for manoeuver is left for social measures in the context of the Stability and Growth Pact (IE). Also, *Europe 2020 appears to be marginalised* in some Reports, with no coherent assessment to reach the Europe 2020 goals (DK, SK).

Inadequate, unaffordable, inaccessible, or poor quality services are a reality on the ground in many countries, though Country Reports do not sufficiently pick up on this dimension, in our members' view (HU, LT, PL, SK, UK). Except childcare and long-term care, no other services are mentioned in the Lithuanian Report. Energy poverty is an issues, but not discussed (SK, UK). The need for better quality and accessible support, care, and social services, particularly for key groups needing complex support, is not tackled (HU, PL, SK, UK). **Health inequalities and unmet health needs** are particularly highlighted as missing (FI, IE, UK), as well as the recent reform of the disability policy (PL), or the impact of limiting sickness benefits (DK).

Within access to services, **access to housing and tackling homelessness** are flagged up by an overwhelming number of EAPN members (CZ, FR, HU, IE, MT, PL, PT, RO, SE, UK). While these aspects are mentioned in many countries, they are not mentioned at all in others (CZ, IT, HU, MT, PL, RO, PT, UK). Also, what is strikingly missing is a comprehensive analysis of the reasons that led to a housing crisis and increase in homelessness in many countries, such as inadequate Government policies (IE), privatisation on the housing market, leading to over-indebtedness (PT, SE), or the impact of cuts to social housing budgets (FR).

FEANTSA, European Organisation in membership of EAPN, points out that the **Country Reports do not mention homelessness in countries where it is worst**. The European Commission estimates that approximately 4m people experience homelessness every year, with 75% increase in the number of homeless people in NL since 2009 (now 31.000); 18% increase in DK between 2009 – 2013 with 85% increase in smaller cities and 85% increase in youth homelessness; 25% increase in the UK (England) since 2009, and 100% increase in rough sleeping; 75% increase in FR between 2001-2012; in IE, increase of 36% of people in homeless shelters during last year with staggering increases of approximately 90% of children and families in emergency accommodation. About 1/4 of the homeless population consists of children in most Member States. If homelessness is indeed a key concern for EU, as it has been repeatedly stated by EU institutions, all Country Reports should refer to it. Equally, **homelessness is a complex phenomenon**, with links not only to housing, and it should be dealt with in a **comprehensive, integrated manner**.

Inadequate social protection is another element which is not featured prominently in the Country Reports, although it is a great cause of concern in many countries, as several EAPN members report (DE, FR, IE, LV, PL, PT). Social assistance is often al *low levels, below the poverty line* (IE), which leads to *limited purchasing power* and consumer demand (LV), and *subjected to endless reforms* (FR, PL) which leads to a worsening of the situation of those already experiencing hardship. Important exclusions, such as the fact that the Youth Guarantee is not available to recipients of either the Disability Allowance or the One Parent Family Payment in Ireland are also not mentioned.

EAPN respondents (CZ, DK, FI, IE, PT, SK, UK) also highlight a number of missing issues regarding **access to quality, sustainable employment**. *Personalised approaches*, rooted in the empowerment and respect for an individual's own circumstances are not recommended in active labour market policies (IE, PT), while some *key groups*, such as the long term unemployed, are overlooked (CZ). Regarding work quality, the *low level of wages and the ensuing in-work poverty* are neglected in a number of Country Reports (CZ, DK, IE, FI, UK), while other reported concerns include the absence of references to *workers' rights* and employment protection (DK, SK), and to *precarious, insecure contracts*, which seem to have become the norm (IE, UK).

EAPN respondents (BE, DE, DK, LT, PT) were disappointed to see that the **weak stakeholder involvement** in the European Semester processes is not picked up in the Country Reports. While social partners are usually involved, the situation is different for civil society organisations, and there are no efforts to put in place transparent, credible, meaningful and coherent governance systems for the European Semester processes. The direct involvement of policy beneficiaries, including people experiencing poverty and their civil society organisations, is crucial in the design, implementation, and monitoring of measures, to ensure that initiatives respond to real needs and are not disconnected from realities on the ground, but also to guarantee ownership of these processes, and faith in the European project.

In Norway, what is missing is a right-based approach to minimum income, and more territorial cohesion, to bridge gaps of up to 400 euro between municipalities. What is also missing is a comprehensive Active Inclusion approach, instead of narrow and punitive activation, and an end to workfare schemes, where recipients are forced to work for their welfare benefits.

Other key aspects, highlighted by EAPN members are missing in the Country Reports, include **over indebtedness** (CZ, LT, SK), monitoring that the **20% of ESF earmarked for poverty** reduction is being adequately used (PT, LV, RO), **Roma inclusion** (HU), the **gender dimension** (ES), **demographic change** and ageing (PL, PT), and the **digital divide** in access to services (SE, UK).

Eurochild, European Organisation in membership of EAPN, flags up a number of Country Reports which fail to mention important issues, such as **access of women to the labour market** (FI, FR, LT, LU, RO), **narrowing the educational attainment gap** (HR, DK, EE, IT, LV, LT, MT, NL, SI, ES, SE), **deinstitutionalisation** (AT, BE, HR, CZ, DK, EE, FI, FR, DE, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, SK, SI, ES, SE, UK), **child poverty** (AT, CZ, DK, EE, FI, DE, LT, LU, NL, SK, SI), **early childhood education and care** (HU, IT, LV, MT, NL, SI, ES, SE),

Summary of main gaps in the Country Reports

Belgium

What is absolutely missing are concrete measures and recommendations to address poverty directly. Recommendations to address poverty directly, especially for people who are not (yet/anymore/never will be) active on the labour market. This is our main concern. Besides that, see checklist almost all positive policies are missing!!!

Czech Republic

The Country Report for the Czech Republic[4], published by the European Commission in February 2015, does not reflect the main problems and reality of poverty and social exclusion in the country. The document fails to highlight the problem of over-indebtedness which is leading many people into a poverty trap. Furthermore, the problem of increasingly limited access to housing is not mentioned at all.

As regards in-work poverty, the report merely talks about labour taxation but fails to address the problem of inadequate wages. Additionally, the way unemployment trends are presented do not reflect the reality of problems faced by those experiencing long-term unemployment.

[4] European Commission, 2015. Country Report Czech Republic 2015.

At the same time, the National Reform Programme (NRP)[5] published by the Government of the Czech Republic only partly reflects these problems. For instance, over-indebtedness of private households and low wages are not even mentioned. Furthermore, the document does not foresee any measures to tackle long-term unemployment.

Denmark
- Measures to secure workers' rights and minimum salary.
- Limited insurance benefit when people get ill.
- Measures to prevent child poverty and secure children equal opportunities.

Finland
Nothing is especially missing, but some developments are not 100% coherently said in every time. For example, **Finland is given credit for the good implementation of Youth Guarantee and spending for public employment management, and then somewhere else given discredit for savings and cuts for the same things.**

One important development is *"The main outline of healthcare and social services reform has been agreed but specific measures have not yet been drawn up".* **That's true and it looks like the reform is still going to take time. Also parties in the government plays "how to gain more "good" to their own supporters"-games in this very important reform. One thing which is missing is to reduce health inequalities with this reform. Finland has relatively big health indifferences between socio-economical groups. Also what is somewhat missing is the big picture, where many different cuts and savings will accelerate the increasing of poverty.**

Germany
Strengthening civic dialogue between civil society organisations and local, regional and federal governments is important. But it is no issue at all in the County Report.
Social protection: The level of the minimum income in Germany is based on data from 2008. Although the federal government is in possession of new data (from 2013) they take a great amount of time to update/increase the level of the minimum income. It will be increased not until January 2017.

Ireland
The inadequacy of social protection and minimum income supports is not addressed. Their inadequacy is one of the causes leading to poverty in Ireland and must be addressed as part of the solution.

The issue of precarious work and adequate/living wages are not addressed in the report. Given the focus on increasing employment levels and activation this is a major deficit particularly as Ireland has the 4th lowest level of low paid work in the OECD and one in five of those in work experiences material deprivation.

The report does highlight that concerns remain about the effectiveness of existing activation policies and employment support schemes but it does not question that the culture and policy priorities of Ireland's public employment service has an over emphasis

[5] Government of Czech Republic, 2015. National Reform Programme Czech Republic 2015.

on conditionality and insufficient focus on providing an enabling and client centred environment and service which empowers people and provides them with choices. The Irish Government has recently published a new Pathways to Work Strategy 2016-2020 which includes plans to expand Ireland's public employment service to people on all working age payments and those who do not qualify for any payment who might walk in. While this is a positive development the experience of many people who use the public employment service could be a negative one if the culture of the service is not addressed.
While the Youth Guarantee is mentioned the report as having positive results it does not mention the fact that people on One Parent Family Payment and the Disability Allowance cannot access this programme, an issue has been raised with the Government and the responsible Department.

Latvia
A lot of very impressive changes of taxation and very fast changeable economic climate follow us in very contrast everyday life in Latvia – extra taxation going to state budget/no social insurance for persons with more than 4.000EUR income per month, quick VAT appearance in communal costs, sharp initiated huge increase of property tax up 500%, government just increased their wages by 800EUR and national minimum wage is used as equivalent (coefficient) to increase state/municipal employees' wages in the same time government do slow to start indexation of pensions already for years promise to started October 2016 as addition about 2EUR per person to ordinary pension.
Missing analysis on how many persons working in state/municipal sector (including their enterprises - some of them earning close to a 100.000EUR/month), how many at private and NGO sector, how many are not in labour market (babies, children, pupils, youngsters (benefit 11-34EUR/month per person) disabled (benefit about 80EUR/month per person), pensioners (minimal pension 62EUR/month per person) etc.) and wage comparison of employed by state/municipal sector and private/NGO sector.

Lithuania
- **Child poverty:** high level of child poverty in Lithuania are given no attention in the report. Situation of families with children is of strong concern, especially in the context of high gaps in educational and health outcomes noted in the report. The efforts to improve situation of families with children in Lithuania should be given most serious attention.
- **Social services:** Access and quality of social services are given little attention, except of childcare and long-term care. Other social services, such as housing, family services, social inclusion services, prevention are given little or no attention.
- **Social dialogue:** While it is stressed that the social dialogue is weak, there is no mentioning on involvement of civil society and NGOs into it. Social dialogue is often misinterpreted in Lithuania as involving only trade-unions and employer organisations. Hence stressing the role of community involvement is necessary. Inter-governmental cooperation also is not stressed.

Luxembourg
- It is said that inequalities have increased, but there is no analysis of the causes of this development.
- It is reported that the AROP rate of 16,4% for the total population is below the European average, but it is not analysed for different categories like children (25,4%), families with

more than 2 children (32,4%), lone parents with children (44,6%), foreigners (22,2%) against nationals (9,1%), those with e low educational level (20,8%) vs. those with a high educational level (6,1%) etc.
- Regarding the evaluation of the progress made in the implementation of the country specific recommendations, there is a preview that the environmental targets won't be met, and this preview is assorted with some recommendations to do better; regarding the poverty and social exclusion target that will evenly not be reached there are now recommendations made.

Norway

Rights-based approach for minimum income. Huge differences in the municipalities regarding support level. From national authorities its only recommendations and local authorities decides the support level. More than 400€ difference between the municipalities. Focus on employment only. Few elements of active inclusion, mostly on forced activation. Destroys the ordinary labour market since people are forced to do ordinary work for the municipalities for benefit instead of salary.

Poland

The main missing element is housing. It was mentioned only as a hindrance for labour mobility. We see housing support as a main pillar for anti-poverty strategy. Our housing support policy is unfair and inadequate. Municipal housing tenants pay very low rents but their income is not verified after the decision to give them tenancy contact is made. Central government support for municipal housing investment is very low and inadequate. Private rental market could be helpful but support for the tenants is very weak. Energy poverty is mainly a housing issue. It is very high in Poland. Latest estimates confirmed that over 6 million people live in energy poverty. Those people are not exactly the same as those in income poverty. Government is very reluctant to recognize that problem.

Second missing element is a reform of the disability policy. People with disabilities are more at risk of absolute and relative poverty. The employment rate of people with disabilities is very low. We need substantial reforms in accordance with UN Convention on the Rights of Persons with Disabilities. We have two alternative implementation reports with many proposals in those areas (Polish Ombudsman report and NGOs of persons with disabilities report). Reform is needed also to make more coherent retirement pensions system reformed radically in the past and disability pension insurance.

Third missing element is the reform of social assistance. It was prepared by the previous government but finally it wasn't enacted. We need more accessible, adequate and comprehensive social assistance with enough professional staff of social workers, family assistants and others. They working conditions should be adequate to their important work.

Portugal

What's missing:
- A clear orientation towards the need for an ageing policy. Demographic ageing is highlighted in the report not only in terms of pensions, but also in terms of public expenses (for example: "Healthcare expenditure now accounts for the largest share of ageing costs" p.25).

- An adequate system of social protection. 2015 CSR highlighted the need for an adequate coverage of social assistance but the cuts in benefits (like it was said before) shows the opposite. The report also highlighted that *No new specific measures have been taken on activation for minimum income scheme recipients*.
- Following this idea on activation measures for MIS recipients is still missing an Active inclusion approach that goes beyond activation.
- The same idea is important for pension system. The report states that *the adequacy of the pension system will depend to a large extent on increasing participation in labour market and longer working lives*. Portugal is already one of the EU countries with high employment rates of people aged over 65 (18.6% in 2014 for people aged 65-69). However, the report recognizes that this is *a sign of their inability to live on retirement income*, but is also important to noticed that to extend the participation of this group in the labour market it's necessary to improve lifelong learning, promote decent work, decent income, equal access to services, and so on...
- It's also missing a clear orientation towards housing. The report mentions this sector but in what concerns the drop in housing investment. People living in poverty and social exclusion have high difficulties to access to private housing market, and even to rent a house with an affordable price.
- Even recognising that the situation of Poverty and Social exclusion has deteriorated, the report nothing says about the need for a concerted and integrated strategy to fight this problem meet the Europe 2020 goal and a special concern with child poverty (that continues one of the highest in Europe).
- The importance of structural funds for the Portuguese economy is recognized and also different sectors like education, social inclusion and employment. However, nothing is said about the importance to monitoring the application of the 20% of these funds to fight poverty and social exclusion. Also, nothing is said about FEAD programme and, in the particular situation of Portugal, there are no information on the implementation process of this programme, the organisations involved and on the public target.
- The report lacks in terms of Governance orientations. It recognizes the *weak public governance and the corruption* and its i*mpact in terms of investment and economic growth* but it would be also important to mention the need for an effective participation of different stakeholders in the decision-making process towards a better transparency of public policies and their greater adequacy to local and national needs and the consequent co-responsibility of individuals and communities.

Slovakia

- The application of the law and enforcement of the law (e.g. violation of the Labour Code – solution field in court,…)
- The social situation/protection/environment of the employees (e.g. application and control of the Labour Code, reducing of the work over time, control the gender conditions by government, flexibility work for the people with the family car duties e.g. elderly/disability people,…)
- Human rights of responsible people, who fulfil their duties (enforcement).
- The social situation/social protection/social inclusion/environment/poverty of the people who care about disabilities and elderly in their natural environment.
- The social situation/social inclusion/environment/rights/de-institualisation of disabilities (kindergarten, elementary schools, job opportunities, health, welfare – rehabilitations,...)

- The social situation/environment of the children of the employee parents (e.g. in regions where are the low salaries,…)
- The social situation/support/environment/non-discrimination of the students who study in abroad.
- The social situation/protection/support/environment/advocacy of the people who work in abroad (they are not migrants, they are not foreign living Slovak,…)
- Health situation of the population.
- The social situation/environment/support of the people who finished the school in 1989/1990.
- Social situation/social protection of the people with university degree.
- Analyse of the support of the local economy/local resources/local production, local agriculture, safety of the food.
- Energy poverty (salary versus costs for living, costs of the foods, quality of the food, % of the import´s food versus support of the local production of the foods…)
- Consumer basket versus salary/regional determining of salaries (quality of the life, basic living minimum – what has guaranteed, recommendations of regional salaries from EU …)
- Deflation/Inflation – the methods of calculations, comparison with the methods/items with EU.
- Reduction of social support – development, welfare.
- Work in the public policy – social situation (% of employees, seat of the institutions, pensioners as employees in public policy, adequacy/specific level of education of the employees in public policy, two jobs from public finance - national parliament and self-government, mixed policy power…)

Spain
A gender approach to the social issues and policies assessed.

Sweden
The country report focuses a lot on the high household indebtedness, but doesn´t mention that the high indebtedness on the housing market I caused by the previous policy based on privatization, forcing people to by their homes, and decreasing the social housing policy with access affordable flats to rent.

A growing problem are the rising numbers of people on sick leave from the labour market. More focus is needed on creating working conditions that prevents people from getting sick due to the stress and other work-related factors.

Sweden is a highly technology based society. There are big risks that many people and groups can´t handle or can´t afford to have access to all necessary technic for communication, for payments etc. This creates problems for integration and participation. The numbers of people with psychiatric illness are increasing and effects many areas of society. More resources and strategies are needed to handle the rising problems.

United Kingdom
1. The **lack of narrative and reflection** in the Report have been noted above.

2. The **missing content** is especially evident in **housing and health** (see also Question 5).

2.1 Health: is barely mentioned. Two brief references to health are: the costs of demographic ageing and the link to pension costs and the health impact and economic costs of air pollution (p62). There is a reference to social care in terms of the costs of paying the workforce the National Living Wage (p47), but not in terms of the severe underfunding and shortage of services for elderly and disabled people.

There are massive structural changes in the health service (see below, Q5) but also there is a rise in morbidity. This is not helped by failing to address adequately an increasingly obesogenic environment (for example, in terms of easy availability of poor quality food, including near schools, lack of green spaces and poor work spaces and absence of work-life balance), low real alcohol prices in historic terms, rising deaths from air pollution and mental and physical ill-health from much easier access to gambling, especially, for lower income groups. Fixed-odds betting terminals are overwhelmingly present in poorer areas (just as are the fast food 'chicken shops'). Poor neighbourhoods especially in urban areas often have worse air pollution and few green spaces, including school playing fields. Cuts to local authority leisure services are also a bigger problem in areas where the private sector alternative is either absent or prohibitively expensive. There is a rise in suicides. There is increasing evidence that these costly health problems are best addressed at the ecological/ environmental level, including through legislation, rather than by health promotion campaigns addressed to individual 'lifestyle' behaviour.

2.2 Housing: There are 14 pages on housing, but almost no concern with the causes of the imbalances other than in the mortgage market, or with the social impact of the imbalances on access to housing for poorer and younger people who cannot buy. There is renewed Government emphasis on selling-off social housing (at an increased discount), with a history of replacing only one in ten of the units sold off (the majority now in the hands of private landlords after they were sold to sitting tenants who sold them on). The current government tried also to force social housing charities to sell off some of their stock, until the legal implications of interfering with private organisations produced some drawing back. As well, local authorities made it clear there are few other options for housing those who would face eviction or voluntary removal when the rents rose.

3. **The missing concern** is with **social rights**. Their serious deterioration appears to be acceptable collateral damage from other policies. While scientists accept the interaction of 'nature and nurture' (genes and the environment interact to affect each other's evolution and outcomes), there does not seem to be the same acceptance of the interaction of the social and economic and consequent impact on outcomes.

The two proposals below would have a big impact on social justice and quality of life for disadvantaged and poorer people. Yet they appear to be out of the scope of the Country Reports and the CSRs. But without rights-based equal access to public health services, education and social services and without rights to an adequate income to support them in dignity, a substantial part of our population will continue to find it difficult to turn their attention from survival to development and contribution.

3.1 The legal framework on social rights

Repeal of the Welfare Reform and Health and Social Care Acts. We would like to see the repeal of these specific legal Acts, which have the biggest negative impact on poverty and on the rights-based approach to social inclusion necessary to underpin the situation of households and individuals living on low and moderate incomes or with multiple disadvantages.

3.2 Implementation of Minimum Income Standards in determining social assistance benefits

This would provide dignity for those in work and put a floor under wages, helping to drive job quality and therefore productivity (and capacity to save into pensions).

4. Missing, but where to see our concerns about poverty and exclusion expressed and followed through? The Social Report barely exists, the Social Platform has no positional importance and no link to the national level. Poverty is one of the five Headline targets, but it seems clear that Europe 2020 is not much of a driver of the focus and content of this report. The CSRs and the priorities of the economic and finance DGs seem to be the core of it. Where to have a public voice and platform and route to policy, on poverty and social policy more broadly? The neglect of assessment of the social situation means there is less evidential drive to address the flaws in economic strategy.

3. ALTERNATIVE CSRs: COMMON MESSAGES

In this section, we provide a summary of the 2016 alternative Country Specific Recommendations, as proposed by our members, based on their full assessment of their Country Reports (provided in the Annex). The proposals for 2016 also build on EAPN members' 2015 CSR proposals.

1) **Prioritise the fight against poverty and social exclusion, including child poverty, in line with the Europe 2020 target and through an overarching, integrated strategy**

A number of EAPN members (BE, CZ, DE, FI, IE, LU, PT, ES, SE, UK) highlighted the need for poverty reduction and tackling inequalities to be prioritised within their country's policy agenda. This should be done through developing a national, holistic anti-poverty strategy, rooted in a human-rights approach and based on dignity and equality for all. This national strategy should be based on integrated Active Inclusion approaches, featuring adequate income support, universal access to quality, affordable services, as well as pathway approaches to quality employment, for those who can work. Some members (DE, LT, PT) stress specifically child poverty as an urgent issue, to be tackled through affordable, accessible and quality early childhood education and care, access to health care, support for parents (flexible working hours, income guarantees, favourable tax regimes). Such strategies should be adequately financed, as well as backed by the needed social infrastructure and social investment, and complemented by social, equality, and gender ex-ante and ex-post impact assessment of all relevant policy measures, including macroeconomic policies. These national strategies should feed into, but also go beyond, the poverty reduction target of Europe 2020, and also feed into support other European initiatives for key groups.

2) **Increase social investment, improve redistribution and tackle inequalities, in particular through tax justice**

Many EAPN members (BE, DE, PL, PT, UK) call for an end to austerity and cuts, and instead for more social investment in adequate benefits, quality services, but also social infrastructures as a whole (IE). This paradigm shift is seen as a fundamental prerequisite to ensure cohesive, inclusive societies, but also to support the relaunch of the economy through boosting demand and increasing purchasing power. Investment in people goes hand in hand with redistribution, making sure that growth benefits all, and that inequalities are adequately tackled. Such an approach would also ensure that macroeconomic priorities do not undermine social development, but social investment needs to be ring-fenced and protected from budgetary adjustments. To fund such an approach, our members propose that tax bases be broadened, tax evasion tackled, tax breaks reviewed and tax levels increased, while maintaining fairness and progressiveness of taxation systems. There also needs to be an extensive and efficient use of European Funds to promote inclusion.

3) **Ensure adequate social protection for all, including decent levels for minimum income schemes**

The vast majority of EAPN respondents (BE, DE, DK, FI, FR, IE, LT, LV, NO, PL, PT, SK, ES, UK) ask for improved adequate income support, particularly for those unable to work, as the level of social assistance is very low in many countries, and the trend is also for levels to be reduced, rather than raised. Our members insist that recent reforms of social protection systems, which included tightening eligibility and conditionality, as well as sanctions, have led to increases in poverty and social exclusion. Social protection needs to play its role of cushioning social shocks, and act as adequate safety nets to both prevent and protect people against poverty. In order to address the growing problem of non take-up, members suggest that benefits should be made available automatically to those entitled to them, rather than having to be claimed by the recipient. Finally, several members point out unsustainable levels of over-indebtedness and the need for debt relief for those experiencing poverty and social exclusion.

4) **Foster personalised, enabling pathway approaches, based on Active Inclusion, to support people into quality and sustainable employment**

A common demand from many members (BE, CZ, DK, FI, FR, IE, LT, LV, LU, NO, PL, PT, SK, ES) is to end the trend of compulsive, negative activation, dominated by punitive approaches and tightened conditionality, eligibility and sanctions. Instead, EAPN calls for enabling, pathway approaches to the labour market, rooted in integrated Active Inclusion, which are based on trust, and which feature personalised plans for key groups, such as people with disabilities, the long-term unemployed, young people (including through the effective implementation of the Youth Guarantee). More needs to be done also to improve the inclusiveness of labour markets themselves, and investment is urgently needed for the creation of quality, sustainable jobs. Regarding quality of work, our members call for better wages, better employment protection and workers' rights, strategies to fight in-work poverty, and an end to labour market segmentation and the proliferation of precarious, atypical forms of employment.

5) **Improve accessibility, affordability, and quality of services, including housing and healthcare**

EAPN members (BE, DE, FI, IE, PL, PT, UK) call for more and better services, as well as improved access, particularly for vulnerable groups, not least from an affordability perspective. A particular call is made by some of our respondents for solutions to the housing and homelessness crisis, which is an urgent and very serious issue for many of our members, through increasing the supply of affordable, quality social housing, supporting rent subsidies, combatting energy poverty, and tackling homelessness (BE, CZ, FI, IE, LU, PL, ES, UK). Healthcare is also highlighted as a key area of concern in many Member States, alongside childcare and education. More investment is needed in social infrastructure, to ensure that everybody can access the supportive services they need, and that these are indeed effective in fighting poverty and social exclusion and in ensuring dignified lives and the wellbeing of all. FEANTSA calls for CSRs on homelessness in all countries that have seen double digit increases (or more than 5% increases) of homelessness (or aspects of it such as rough sleeping) in the last 5 years, and stresses the need to go beyond more social housing and housing benefits, to find innovative and creative housing solutions for the people in need.

6) Ensure full ownership and legitimacy of Europe 2020, by promoting meaningful stakeholder engagement in its processes, including of people experiencing poverty and their civil society organisations

While stakeholder involvement is mentioned in a number of official documents, not least the most recent Annual Growth Survey and the Guidance Note for National Reform Programmes from December 2015, a number of our members (CZ, IE, LT, LV, LU, PT) flag up the lack of democracy, transparency, and good governance in the European Semester processes. Specific CSRs are needed to guarantee that all relevant stakeholders are associated to these processes, and particularly people with direct experience of poverty and the civil society organisations working with them. Particular care must be taken to ensure that this engagement is of quality and meaningful, that regular structured dialogue is in place, that input is taken on board, and that financial support is available to back participation. European Semester Officers, but also leading Government officials with responsibility of the Semester and Europe 2020 processes, play a key role in ensuring ownership and legitimacy through meaningful stakeholder engagement. This is the only way to ensure that policies are effective in tackling realities on the ground, as well as to restore faith and confidence in both Governments, and the European project as a whole.

4. PROPOSALS FOR 2016 CSRs FROM EAPN NATIONAL NETWORKS AND EUROPEAN ORGANISATIONS

Member State	*Country-Specific Recommendations (National Networks)*
Belgium	1. **Ensure a life in dignity for all citizens and people on the territory via an adequate income and quality services** Raise the minimum income above the poverty threshold, both the 60 % of the median income as well as the "poverty threshold", shown by the standard budgets. Restore minimum social standards, improve the social situation of the most vulnerable. This means increases the accessibility and quality of the services. This means affordable (and free where necessary) good quality education, health services, housing... Investments are therefore needed! The recent reforms in different social security systems (unemployment benefits, pensions…) undermine the traditionally strong social security, which was relatively successful in the fight against poverty and a buffer against the worst consequences of the financial crisis. The recent reforms push people out of these systems, and make them dependent on Minimum Income. Restore the strength and the accessibility. Ensure minima also for undocumented migrants and anybody on the territory, the respect for human rights should be unconditional. 2. **Build and strengthen an inclusive labour market: make the regular economy more social.** Therefore, decent quality jobs, with decent wages, good working environment, long-term contracts should be the norm, not the exception. Restore and reinforce the jobs in services delivered by the government, instead of outsourcing this. In case of using tender mechanisms, have strong social clauses playing a central role in them. 3. **Restructure the taxation system towards fiscal justice** Organise a stronger tax shift from labour towards profit and capital. The recent tax shift from labour to consumption does not strengthen the purchasing power of lower income groups, on the contrary. To profit from the tax shift in terms of job creation, there should be additional guarantees.
Czech Republic	1. **The outreach capacities of public employment services, together with appropriate and well- targeted active labour market policies, will be crucial for increasing the labour market participation of vulnerable groups.** This in particular concerns individualised services for Roma and young unemployed, with specific consideration for non-registered young people who are not in employment, education or training,

	who risk being excluded from the Youth Guarantee. A comprehensive performance measurement system in public employment services could help to increase the effectiveness of active labour market policies. 2. **In Czech Republic, there is a need to change the terms of debt relief in order to make the system more accessible to persons at risk of poverty and social exclusion.** In order to do this, the revision of laws related to over-indebtedness are of utmost importance; these include the Insolvency Act and the Act on Bailiffs and Executory Activities. 3. **The Act on Social Housing needs to enter into force as planned (1/1/2017) and begin to systematically deal with the situation in the housing sector in the Czech Republic.** This also implies that the observed trend towards commercial dormitories must be reversed. In this context, regional governments play an essential role, as they have recently been given the responsibility to distribute housing allowances – a process that has been disrupted due to the lack of a unified methodology to distribute these allowances. Therefore, a national guidance on how regions should improve access to housing would be needed.
Denmark	1. **Make labour market policy reform a question of trust and not about economic incentives**. The massive increase in homelessness in Denmark by 29% (2013-2015) is an indication that current labour market policies are not reaching this specific group of people. 2. **Raise the benefits for social assistance recipients.** The reform will affect many people who are not capable of taking up a normal job.
Finland	1. **Decrease poverty in line with the Europe 2020 national target.** That could mean raising the level of basic income security benefits, building more affordable housing, especially in big cities, and improving the position of low-income families. 2. **Improve the situation of long-term unemployment (including youth, refugees/immigrants) and decrease unemployment.** 3. **Finish the social and health care reform in such a way that would decrease health and wellbeing inequalities and secure good and accessible services for all.**

Germany	1. **The premise for most positive changes regarding poverty and inequality is significant higher investment in social and educational infrastructure.** 2. **In order to tackle non-take-up of income benefits and other benefits, public administrations should be obliged to check automatically if the client has any entitlements.** For instance, if somebody is applying for his/her pension, the administration should be obliged (with consent of the person concerned) to check if the person is entitled for old age basic income support. 3. **A more extensive approach to fighting poverty, especially child poverty**, **and to improve social inclusion** must be implemented to decrease inequality.
Ireland	1. **The Irish Government needs to develop and implement a five-year anti-poverty strategy to replace the current extended strategy which comes to an end in 2017**. This must be an integrated all of Government strategy which is based on human rights, dignity and equality and addresses: - Adequate social welfare levels to meet a minimum essential living - Access to quality jobs for all - The provision of affordable and accessible quality public services including housing, health, care, education and training, utilities and transport. The strategy must involve a delivery infrastructure which includes poverty and equality impact assessment, the resourcing of a community infrastructure which supports the effective participation and engagement in decision making of those experiencing poverty and social exclusion and a taxation base to adequately resource the delivery of the strategy. 2. **Implement a meaningful process for transparent ex-ante poverty, equality and gender impact assessment which must be carried out on all relevant policies, including economic policies such as the national Budget.** This will ensure consistency in the policy making process and recognise the integrated nature of social, economic and environmental policy. 3. **Benchmark social welfare rates to a level which raises people out of the risk of poverty and to the amount required to allow people to meet a minimum essential standard of living.** These rates should apply to everyone. 4. **The necessary steps must be taken to broaden the tax base and increase tax levels towards the EU average while strengthening the fairness and progressiveness of the taxation system.**

Latvia	1. **370 EUR state guaranteed minimum income to every Latvian resident in 2016 as social cushion to enjoy a dignified life.** 2. **No taxes for income from wages up to 600 EUR, to promote labour market and development.** 3. **Include EAPN Latvia in the official list of consulted stakeholders to promote meaningful civil dialogue in Latvia, as they have the social mandate to keep the social dimension high on the agenda within the European Semester and to support the implementation of the Social Pillar.**
Lithuania	1. **Addressing child poverty**, through investing in quality and accessible childcare, education, healthcare, income guarantee and favourable tax regime for families with children. Promotion of policies and services helping to combine childcare and employment. 2. **Promotion of inter-governmental cooperation and civil dialogue** in tackling deprivations and inequalities in health, educational and other social outcomes. 3. **Improving income support and services.** Strengthening the safety net in Lithuania (both in its adequacy and work incentives) and improving effectiveness of employment, housing, social inclusion and other services.
Luxembourg	1. **Make out of the NRP an integrated strategic programme, involving all stakeholders in the drafting, implementation, monitoring and evaluation.** Combine the employment, research, climate/energy and education targets related measures with the ones for reducing poverty and also evaluate for each measure its contribution to the poverty/social exclusion target and make sure that the sum of the effects of all the measures reaches the target. 2. **Take strong action in the field of social housing, regarding both the provision of housing at affordable prices in general, as well as the provision of special social housing.** At least as an intermediary measure introduce rent subsidies for those parts of the population that cannot afford the high lodging prices; such a measure should be accompanied by a strong control of rent prices in order to avoid that the amounts spent on the measure will not end up in the pockets of the tenants. And: implement the national strategy against homelessness! 3. **Implement the youth guarantee and strengthen combatting poverty and social exclusion, use therefore Structural Funds!**

Poland	1. **Comprehensive reform of the housing support policy to tackle housing deprivation and energy poverty.** 2. **Comprehensive reform of the employment and social security policy for persons with disabilities to substantially increase employment and decrease poverty in that group.** 3. **Comprehensive reform of the social assistance benefits and services to make it more accessible, adequate and effective in reducing the poverty rate and poverty gap.**
Portugal	1. **The need for a National Integrated Anti-Poverty Program**, including specific strategies for specific "publics", reinforcing and supporting other European strategies (children, elderly, Roma, disabilities, in-work poverty). 2. **The need to guarantee an adequate and fairly social protection system** (fiscal fairness) and define an adequate minimum income at national level. 3. **Guarantee a democratization of the European semester process**.
Slovakia	1. **Dignity and social protection**. 2. **Jobs will come to the area where people live – no mobility for jobs on the individual.** 3. **Responsibility of the individual and responsibility of the Government (rights and duties) – quality evaluation, social changes, outcomes, keeping the law.**
Spain	1. **Implement an anti-poverty strategy in all the country, in order to effectively lift people out of poverty**. 2. **Review and revamp the minimum income scheme in order to make it efficient.** 3. **Reconciliation measures and equal opportunities between men and women in employment, pension, and benefits.**
Sweden	1. **Improve measures and methods for better integration and social cohesion, especially on the labour market, housing, and education.** 2. **Increase the access to affordable housing, especially housing to rent, in order to avoid the rising household indebtedness.** Build more and cheaper – make use of existing and new solutions for building affordable housing. 3. **Stop the present development towards an insecure and low-salary labour market.**

United Kingdom	1. **An end to 'austerity' macroeconomics** Seven years of this approach has permanently damaged growth potential, investment, the quality of employment, public infrastructure and well-being. The current model of loose monetary policy and tight fiscal policy, if it ever worked, is not working now. As well, the current UK version of 'austerity' makes poorer groups bear the heaviest burden of cuts and get the least benefit from tax changes. If unconcerned about the social injustice Government should note that UK low wages are being dragged down by low benefits and poor employment rights which are distorting the sectoral growth pattern of the economy in favour of low value-added and low productivity products and services and wasting investment in skills. 2. **NHS restructuring - ensuring equal access to health care** The complete restructuring of the NHS, one of the 5 largest employers in the world, has been called 'the only change management system you can see from space.' The King's Fund, the major Health think-tank, has expressed some serious concerns, including over the financial situation, variations in quality and service accessibility and accountability for service provision. We are surprised at the lack of reference to health services in the Country Report, especially as many other countries have chapters on health in their Country Reports. We would like the Country report and the CSRs to address the impact on funding, accountability and just as importantly, equal access to health care, of the 'efficiency savings' and restructuring in the NHS. A large majority of hospital trusts are in serious deficit and Clinical Commissioning Groups and GP practices are increasingly in trouble. Mental health care and social care are in crisis. 3. **Access to affordable quality housing** We were dismayed that in 14 pages on housing, there is little or nothing on social housing, rental costs, the quality of private sector rental housing and homelessness. The topic is discussed almost entirely in terms of macro-prudential risk. There is a crisis not only in housing supply but in affordability. There had been a very large drop in home ownership rates amongst those aged under 40, compared to previous decades. There is a very substantial increase in age of young adult family formation and age at birth of first child. There are serious signs of inter-generational conflict beginning to arise – and to be used in divide and rule strategies, over the distribution of housing wealth as well as secure jobs (wealth inequality is an even bigger problem in the UK than income inequality, but the two are connected). There has been a recent rapid increase in street homelessness alongside a massive reduction in local authority services to prevent and address homelessness.

Non-Member States	
Norway	1. **Rights-based minimum income to give people predictability.** 2. **Implement Active Inclusion policies instead of only activation.** 3. **Forced activation reduces young people's chances of getting an ordinary job later on with 35% compared to those who can use their time on applying for ordinary jobs. See EMIN 1 report.**

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For further information please consult: http://ec.europa.eu/social/easi