

What progress on Social Europe?

EAPN Assessment of the National Reform Programmes 2016

**PROPOSE A TRANSFORMATIVE, SOCIAL AND
ECONOMIC AGENDA**

**DEMONSTRATE A CLEAR SOCIAL DIMENSION:
SOCIAL RIGHTS, SOCIAL INVESTMENT AND SOCIAL STANDARDS,
WITH AN EU ANTI-POVERTY STRATEGY**

**DEMOCRACY NOW! ESTABLISH CLEAR MECHANISMS
TO ENSURE EFFECTIVE NGO PARTICIPATION AND IMPACT**

October 2016

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Part 1: OVERVIEW

Introduction

2016 has been another year of crisis for the EU. With the continued incapacity to provide a solidarity response or effective rights-based integration for the millions of refugees and migrants arriving on our shores. The unexpected decision of the UK to leave the EU in June, reflects a growing insecurity and dissatisfaction, as well as growing levels of poverty, inequality and social exclusion. This is feeding xenophobic and nationalistic reactions, and undermining support for the EU. From our members, it is clear that the EU is still closely identified as primarily an economic project, continuing to insist on austerity and fiscal priorities, resulting in reduction in welfare states spending. The claim for a Social Europe which defends people first, guarantees social rights and comprehensively attacks poverty and inequality, is not seen to be getting a real response.

The European Semester continues to be the major instrument delivering on EU priorities. However, Europe 2020 and the social targets still appear to be side tracked by the dominant driver - President Juncker's Political Guidelines and the 5 Presidencies Report. The EU priorities in the AGS 2016¹ repeat the economic priorities of 2015: 1) Re-launching investment 2) Responsible public finances and 3) Pursuing structural reforms, with little reference to social investment, social rights or poverty reduction. No concrete proposals have been made by the European Commission following the consultation on the Mid-Term Review of Europe 2020 strategy in 2015. Although the launch of the European Commission's consultation on the European Pillar of Social Rights in March is welcomed, the outcome is as yet unclear, awaiting the results of the consultation in 2017. Now in September, President Juncker's State of the Union address, together with the Bratislava Declaration and Road Map, highlight an important determination to break with 'business as usual' but so far, there are insufficient signs that a transformative, social agenda is being proposed, particularly when poverty, social inclusion and social rights get a very low profile.

Social Europe, also means democratic Europe. The continued failure to effectively engage with social civil society organisations and the people they work with is a major concern. It is not just a question of ticking boxes, with lists of meetings across the EU. The commitment to structured, regular dialogue, partnership and co-development is crucial. The Semester should be setting the example.

Meanwhile, the EU still faces enormous challenges with unacceptable high levels of poverty and inequality. Minimal progress is being made on the poverty target. Poverty continues to affect nearly 1 in 4 of the population, reflecting an increase of 4.8 million since 2010, with wide disparities across the EU. Whilst better progress is noted on the other social targets, the real impact on people's lives and livelihoods is very much in doubt. The NRPs are a crucial moment for members to assess the progress on the poverty and other targets, highlight shortcomings and flag up key messages for the new Semester and Annual Growth Survey.

¹ EC Annual Growth Survey 2016

EAPN is convinced that the EU requires a new Social Europe narrative and paradigm. A step forward would be to ensure the Semester builds on [Europe 2020 goals and targets](#), embraces the [European Pillar of Social Rights](#) and the [UN Sustainable Development Goals](#), and moves forward on an explicit and integrated anti-poverty strategy. This would show a firm commitment to progress on an inclusive and sustainable development model, which ensures that economic policies positively contribute to social and environmental goals, and are prevented from undermining them

Scope of the report

This report provides a synthesis of EAPN members' assessment of the 2016 National Reform Programmes (NRPs), reflecting on the effectiveness of policies and their implementation in relation to the social targets (poverty, but also employment and education targets), the use of EU funds in support of the targets, and the extent and quality of civil society engagement. It is based on the questionnaire responses of 17 EAPN National Networks (BE, HR, CY, CZ, DE, EE, FI, IE, LV, LT, MT, NL, PL, PT, SK, ES, SE) with input from EAPN Iceland and Macedonia as a benchmarking exercise. It also incorporates the results of workshop exchanges from 31 national networks in the EAPN EU Inclusion Strategies group meeting in June 2016. The report was drafted by the EAPN policy team: Sian Jones and Amana Ferro, with support from Viola Shahini as policy intern.

Executive Summary

The **main message** from the report is that although there has been a welcome shift away from austerity in several countries, **the European Semester is still moving away from Europe 2020 goals**, prioritizing macroeconomic and fiscal priorities, often to the detriment of poverty reduction and other social goals. Whilst some increased focus is given to the poverty target in sections of the NRPs, the overall priority, within the Semester is low. Strong concerns are raised about the lack of policy coherence, and failure to promote a balanced economic and social agenda that prevents economic policies from undermining social goals. Although there are some positive examples of progress on anti-poverty and social inclusion strategies, the lack of a coherent EU integrated strategy to fight poverty based on access to quality social protection and adequate minimum income schemes, quality services and jobs, is evident. In the NRPs, it is clear that the increasing focus is for Member States to respond to the Country Specific Recommendations rather than a systematic appraisal of all Europe 2020 target areas and concerns. This **undermines the message that the Semester is a key instrument for delivering social goals, and raises serious concerns about whether the EU will show sufficient political will to impact on poverty**, despite 1 in 4 of its population continuing to be at risk.

Although there had been increased positive rhetoric about the importance of civil society engagement, the review of the NRPs indicates that civil society engagement is generally still given a low priority in the Semester. Whilst some progress is indicated in a few countries, generally the engagement is of poor quality, with even the better cases of a more structured dialogue and partnership approach struggling to provide concrete examples of real policy impact. While there are some positive examples, the role of the European Semester Officers is still not being sufficiently exploited to support and encourage effective stakeholder engagement, particularly of NGOs and the people directly experiencing poverty and social exclusion.

On the **macroeconomic front, a welcome message is sent from members about a reduction in austerity approaches and an increase in investment in some countries** (a decline from 76% to 38% say that austerity is the dominant focus in the NRPs, generating more poverty). However, 3 out of 4 members' responses see the NRPs as still primarily aimed at macroeconomic and financial management, not on Europe 2020 targets (75%). There is also evidence of a growing divide as countries that do face deficit challenges are still put under pressure from the CSRs to reduce deficits as the main priority. EAPN members say this is still primarily focused on cuts in social spending, which is generating more poverty.

Although there is more focus on investment, only a few countries indicate an increase in social investment. Lack of public investment and increased privatization is seen as impacting negatively on people's access to universal quality services, particularly in access to universal, free or affordable health services. The deregulation of the labour and housing markets, carried out without any social impact assessment, is seen as contributing to loss of social rights, undermining the potential to access a quality job and or to access affordable housing. Whilst there is an increased focus on tax, particularly shifting tax away from labour and on increasing tax collection, it is not generally being used as an instrument to reduce inequality and finance welfare states, through more progressive taxation, but rather as an instrument to growth. Concerns are raised about a lack of impact analysis of the poverty and distributional impacts.

Poverty is still not a main focus in the NRP (75% of members confirm this), despite the failure to progress on the poverty target and the widening differences and imbalances between Member States (MS). Although nearly all MS dedicate a specific section to the poverty target in the NRP, there is a

general lack of seriousness about the targets and the policy responses needed. Piecemeal approaches which individualize the responsibility for ‘being poor’, rather than blaming failed structural economic and social policies, are increasingly dominant. A job is proposed as the main or only route out of poverty, with little regard to the lack of quality jobs and the difficulty for excluded people and communities to access them. In-work poverty is generally not tackled, or the need to ensure social standards or social rights, particularly to ensure an adequate income through the life cycle. Whilst improvements are noted in some countries in relation to addressing accessible minimum income schemes, in others, cuts or detrimental changes in eligibility or duration are being carried out. In Hungary for example, minimum income has been abolished. This is linked to a worrying increase in work fare and increased punitive conditionality. The weakening of public services, particularly the principle of universality, in response to the CSRs’ focus on cost effectiveness and efficiency is a major concern. The erosion of universal affordable health care systems raises major alarm bells for all our members.

Whilst **welcome references are made to an integrated anti-poverty strategy** in several countries, most fall short in terms of a rights-base or comprehensiveness (i.e. ensuring access to quality jobs, services and social protection, and combating discrimination). This is also true for integrated, rights-based ‘Investing in Children approaches’ and tailored strategies for other target or thematic groups, with 63% of responses highlighting that insufficient progress has been made on implementing key EU social investment priorities particularly Investing in Children and tackling homelessness. In the area of homelessness, although some new positive measures are highlighted, NRPs sometimes fail to mention other existing positive developments. Little is being done to tackle the diminishing supply of affordable homes to deal with market failure and through investment in social housing.

Some **welcome progress is seen on the Employment target, but widening gaps** are evident between Member States. Serious concerns are raised about whether the statistics capture the reality, and whether the right policies are being put in place (81% of responses highlight that no mention is made of increasing quality jobs or tackling in-work poverty as a key priority). Quality of work is rarely mentioned and low paid, insecure and precarious jobs are on the rise, with several NRPs containing explicit provisions that support lower wages, precarious contracts and erosion of employment rights. Comprehensive strategies and investment for job creation are mainly missing, and the results unclear. More positive initiatives are seen in promoting social economy and entrepreneurship, with new legal frameworks. Activation policies continue to focus on negative conditionality, rather than providing comprehensive, tailored support for the groups most in need, with worrying cuts in public funding. Youth are overwhelmingly the prioritized group, rather than promoting an inclusive labour market for all. Key groups facing multiple obstacles are often left behind e.g. people with health problems including mental health, refugees, older workers, ethnic minorities including Roma and Travelers, lone parents, people with disabilities. A clear approach to address gender equality issues, particularly gender pay gap in employment, is missing.

In relation to the **Education targets**, members also report **progress on the Europe 2020 school leaving target**, but highlight an unequal distribution of results, both geographically as well as for specific groups (particularly Roma, Travelers, migrants, and those with special education needs and/or a disability). Where the target has been met, governments often seem to lose interest in the topic. Quality and inclusiveness is a major concern, as is the tendency to deal with lifelong learning as a labour market issue, rather than a comprehensive approach that ensures personal development, with 69% highlighting that proposed education and training measures are primarily aimed at increasing skills rather than ensuring a comprehensive, inclusive, quality education system for all.

When assessing the implementation of the 20% earmarking of ESF for social inclusion and poverty, as highlighted in the NRP, concerns were raised about the effectiveness and quality of the spending (only 37.5% agreed it was being used effectively). Although higher average spends on social inclusion are being made in several countries, most programmes prioritize supporting integration in the labour market and social economy, but without necessarily ensuring quality or sustainable jobs or demonstrating how these measures will result in poverty reduction and social inclusion. Although Active Inclusion is a thematic priority and there is an ex-ante requirement to have an integrated antipoverty strategy in place, there are few signs that this approach is being effectively implemented beyond employment. The Code of Conduct on partnership was a welcome step forward, but the review indicates continuing low participation of NGOs in monitoring committees, and major obstacles for NGOs to access funding, with some important exceptions.

Finally, on the issue of **governance and participation**, EAPN members regret that the NRPs continue to merely report on existing initiatives, rather than setting out a strategic vision and future plans, with full involvement of stakeholders. The NRP is still mainly drafted by the Ministry of Finance or Prime Minister's office, with low priority to social ministries or social issues. Although 56% of EAPN respondents said that anti-poverty NGOs were consulted, 69% said that anti-poverty NGO views were not seriously taken into account. There was also a growing divide between those MS where consultation had actually deteriorated, and those who showed more encouraging signs of better involvement (FR, NL, PL, RO, ES, SE). Even where better processes took place, severe doubts were raised about policy impact by the majority.

Key Messages and Recommendations to the AGS 2017

The EU is in crisis: business as usual will not be sufficient. The State of the Union address and Bratislava Declaration and Road Map all highlight this concern. However, the current proposals seem unlikely to make a significant difference. They are not sufficient to ensure economic policies deliver on social goals, nor do they set out a road map for how they will implement Europe 2020 goals and targets, or the new European Pillar of Social Rights. Most importantly, they do not show how progress on Social Europe will be made, and growing rates of poverty, exclusion and inequality in the EU effectively tackled to ensure a real impact on people's lives.

1. Propose a transformative, social and economic agenda

The AGS 2017 must demonstrate a coherent determination to promote an economy that is beneficial to all. This means putting social objectives on a par with macroeconomic priorities, backing policies that contribute to Europe 2020 social goals/targets, implementing social rights as well as preventing policies that generate increased poverty and inequality. A more transparent and democratic process that can ensure effective ex-ante and ex-post social impact assessment including through the new Regulatory Scrutiny Board, will be crucial. This balanced approach must be consistently reflected in the guidance note for the NRPs and at all stages of the Semester, including the Country Reports and CSRs. An explicit reference should be made to link Europe 2020 and the Sustainable Development Goals 2030 Agenda, setting out a roadmap for how this will be implemented including through the European Semester.

2. Demonstrate a clear social dimension: social rights, social investment and social standards, with an EU anti-poverty strategy

The 2017 AGS must also include an explicit 'social priority/objective' to rebalance other priorities:

- Set out a road map for the implementation and mainstreaming of the European Pillar of Social Rights in all policies;
- Recognize that social policy, particularly social protection, is an investment not a cost with potential for disregard as part of MS deficits. Social investment must become an explicit priority in the EFSI;
- Underline the need for the EU to establish a level playing field and reduce inequalities between and within MS, through concrete measures and EU frameworks to ensure social standards – e.g. with a Framework Directive on adequate minimum income, and EU framework for minimum living wages and progress on an EU unemployment benefit;
- Back the development of an explicit integrated anti-poverty strategy, based on access to quality minimum income and social protection, quality services and jobs, developed together with stakeholders.

3. Democracy now! Establish clear mechanisms to ensure effective NGO participation and impact

If the EU is to have a chance of support, the European Semester needs to become visibly accountable, not only to national and EU parliaments but to the real people living on the ground. This means giving priority to effective NGO participation, particularly those that work with people who are suffering the worst impact. The Semester must set out clear mechanisms, with concrete guidelines for effective, quality participation, and provide the necessary financial resources to support such engagement, on an equal footing with social partners. Lessons can be taken from the EU Code of Conduct of partnership (ESIF), promoting mutual learning and peer review of good practices to increase the quality. Most importantly, participation must go beyond mere consultation and become a partnership approach through regular structured dialogue, where participants' views are taken into account and incorporated into solutions, as well as being made publically visible (e.g. by annexing to the NRP). The European Semester Officers should play a more explicit role to promote and fund effective civil society engagement.

Part 2: EAPN MEMBERS ASSESSMENT OF 2016 NRPS

In this section, we highlight the main findings from EAPN members' assessment of the NRPs 2016, drawn from a common questionnaire distributed to the membership with a scoreboard, then validated with workshop discussions in EAPN's policy group (EUISG) in June.

Eapn Summary Scoreboard

The EAPN Summary scoreboard, gives an overall picture of the views of EAPN members concerning the effectiveness of the NRPs in delivering on poverty and participation. In the base questionnaire, members are asked to rate their degree of agreement with the statements (strongly agree, partly agree, strongly disagree, partly disagree, not sure). The overall scores are captured in the scoreboard table. The first table highlights the aggregated scores (overall agreement or disagreement), whilst the detailed scoreboard highlights the range.

SUMMARY SCOREBOARD: EAPN MEMBERS VIEWS ON 2016 NRPS

75 %	NRPs are primarily aimed at macroeconomic and financial management not on Europe 2020 targets (19% strongly agree + 56% partly agree)
38 %	Austerity is generating more poverty and social exclusion and is still the dominant focus of NRPs (19% strongly agree + 19% partly agree)
50 %	The NRPs are more focused on investment, but not on social investment (19% strongly agree + 31% partly agree)
68 %	The burden of the crisis is NOT being equally distributed (25% strongly disagree + 43% partly disagree)
75 %	The NRPs do not have poverty as a main priority, and employment (with increased conditionality) is seen as the only solution to fight against poverty (37.5% strongly agree + 37.5% partly agree)
75 %	The NRPs lack an integrated strategy on poverty, supporting active inclusion – access to quality jobs, services and adequate minimum income (37.5% strongly disagree + 37.5% partly disagree)
63 %	No progress has been made on implementing key EU social investment priorities – particularly investing in children and tackling homelessness (19% strongly disagree + 44% partly disagree)
81 %	The NRPs do not mention increasing quality jobs and tackling in-work poverty as keys priorities in the NRP (31% strongly disagree + 50% partly disagree)
56 %	The employment measures proposed in the NRPs are not the right ones to ensure access to quality jobs for all (25% strongly disagree + 31% partly disagree)

69 %	The education and training measures are primarily aimed at increasing skills not at ensuring a comprehensive quality education system (6% strongly agree + 63% partly agree)
62 %	Social protection is seen as a cost not a benefit, nor as a social investment (19% strongly agree + 43% partly agree)
37.5%	Structural Funds are being used effectively to reduce poverty and to deliver on the 20% ear-marking of ESF
56%	Anti-poverty NGOs were consulted in the development of the NRPs (6% strongly agree + 50% partly agree)
69%	Anti-poverty NGOs' views were not taken seriously into account in the NRPs (44% strongly disagree + 25 % partly disagree)

DETAILED NRP GENERAL SCOREBOARD

Questions	Strongly Agree	Partly Agree	Strongly Disagree	Partly Disagree	Not sure
1. The NRP is primarily aimed at macroeconomic/financial management not Europe 2020 targets	19%	56%	6%	13%	6%
2. Austerity is still the dominant focus, and is generating more poverty and social exclusion	19%	19%	13%	19%	30%
3. There is more focus on investment, but not on social investment	19%	31%	6%	25%	19%
4. The burden of the crisis is being equally distributed	13%	6%	25%	43%	13%
5. Poverty is not a priority, and employment is seen as the only solution with increased conditionality	37.5%	37.5%	6%	19%	-
6. An integrated strategy on poverty, supporting active inclusion – access to quality jobs, services and adequate minimum income is proposed	6%	6%	37.5%	37.5%	13%
7. Progress has been made on implementing key EU social investment priorities – particularly investing in	-	37%	19%	44%	

<i>children and tackling homelessness</i>					
8. <i>Increasing quality jobs and tackling in-work poverty is a key priority in the NRP</i>	6%	13%	31%	50%	-
9. <i>The employment measures proposed are the right ones to ensure access to quality jobs for all</i>	-	25%	25%	31%	19%
10. <i>Education and training measures are primarily aimed at increasing skills not at ensuring a comprehensive quality education system</i>	6%	63%	-	31%	-
11. <i>Social Protection is seen as a cost not a benefit, or a social investment</i>	19%	43%	13%	19%	6%
12. <i>Structural Funds are being used effectively to reduce poverty and deliver on 20% of ESF</i>	6%	19%	-	37.5%	37.5%
13. <i>Anti-poverty NGOs were consulted in the development of the NRPs</i>	6%	50%	19%	19%	6%
14. <i>The opinion of anti-poverty NGOs was taken seriously into account in the NRPs</i>	6%	19%	44%	25%	6%

75% of responses still see the NRPs as overwhelmingly a macroeconomic instrument, with insufficient focus on Europe 2020 and particularly the poverty target. However, some improvement is seen in some countries, with a significant drop in the domination of austerity approaches (38% compared to 76% last year), and an increase in investment approaches, while not sufficient social investment (50%). However, in the countries where austerity persists, it is seen as a predominant reason for increasing poverty, exclusion and inequality. 68% still see the burden of the crisis not being equally distributed (although an improvement on last year is noted – 88%). 50% say that social protection is still being treated as a cost not a benefit.

Poverty is not seen as a major focus in the NRP, with employment-only solutions still being too dominant, without commitments to quality employment or tackling in-work poverty and involving increased conditionality (75%). The lack of an integrated, rights-based poverty strategy promoting access to quality jobs, services and social protection is still underlined by most as the major obstacle to effective policies to tackle growing poverty and exclusion (75%).

When it comes to using EU funds to support anti-poverty policy delivery, only 37,5% see the 20% earmarking for social inclusion and tackling poverty as currently effective. Finally, on participation, although EAPN members continue to try to engage with the European Semester at national level, only 56% say that they were consulted on the NRP, with 57% saying their input wasn't taken seriously into account.

Thematic Assessment of 2016 NRPs

1. Members' overall positive and negative assessment of the 2016 NRPs

The individual assessments demonstrate a wide variation between EAPN members' reactions across different Member States. In terms of negative developments, there is a strong concern about continued austerity measures and failure to invest adequately in universal social protection systems and public services, as well the strengthening of negative activation policies. Few members find many positive developments to report, however those who do, emphasize important examples of improvements in adequacy or coverage of income support, and support to improve access to key public services, as well as for individual target groups. The positive developments fall short of an integrated, rights-based approach however. These themes are analysed in more detail in the following main thematic chapters.

In terms of what's missing, there is a strong consensus of the need to support an economy that benefits all, rather than the few: with effective social impact assessment and a redistribution strategy to ensure adequate income across the life course, and redistribution of the benefits of growth. Better investment in social protection and job creation is also stressed, and a strategy to prevent the negative impacts of changes in the labour market which hurt the poor worst. Ensuring that no one is left behind means universal services, combined with targeted approaches for specific groups and ages. An integrated, comprehensive anti-poverty strategy that can tackle the multidimensionality of poverty for all groups, based on access to quality jobs, social protection and services, is underlined.

Positive / Negative / What's Missing – NRPs 2016

BELGIUM

Positive measures

- It remains the intention to raise the minimum benefits up to the European poverty threshold.
- There is a tiny increase of the lowest incomes (but at the same time due to other taxes and increased cost of living, disposable income has decreased).

Negative measures

- Stronger taxation of consumption (and electricity).
- Some measures presented as measures to fight poverty are likely to cause more poverty, (Individualised Project for Social Integration together with "community service").
- Limitation of wage increases.

What's missing

- Not only the "intention" but concrete measures to raise the lowest incomes above the poverty threshold.
- Job creation for low skilled people (not only as an expected outcome from the tax shift, which is wishful thinking).

CROATIA

Positive measures

The only positive measure is a more explanatory approach to macroeconomic trends.

Negative measures

The following aspects are negative: lack of comprehensive social policy, ignoring professional standards, and lack of participatory approach in process of planning and designing NRP.

CYPRUS

Positive measures

It is not worse than last year.

Negative measures

It gives no perspective and hope for an immediate address of the multiple social problems caused by austerity policies, especially on the vulnerable population.

What's missing

First, what is missing is a participatory approach, involving dialogue with key stakeholders from the civil sector.

CZECH REPUBLIC

We are unable to assess whether the cause of the positive development in recent years is the overall economic recovery or legislative action.

ESTONIA

Positive measures

The main focus on education is positive, but the measures to reduce educational inequalities are insufficient.

Negative measures

There are no good answers as to how the government intends to boost economic growth and solve the core issue of our economic development: increasing productivity of work of the Estonian people. The main focus in the coming years is on education and employment. But the focus on measures for increasing the labour force are **questionable**. All Estonian employment indicators are good, but the growth of GDP is still miserable. There is no special emphasis on reducing poverty or inequality, although the at-risk-of-poverty rate after social transfers is increasing. EU2020 is mostly unknown and insignificant for our politicians and ministries. None of the officials really follows EU2020 in his work. Yes, they answer that it's considered and taken into account, but it's formal and declarative.

What's missing

A reliable plan for reducing poverty and inequality.

FINLAND

Positive measures

Almost nothing.

Negative measures

Employment and poverty are rising and government is introducing measures that can even further increase long-term unemployment and poverty.

What's missing

More coherence between the different policies and their effects, in relation to the different targets: "The governments objective is to level the trend in indebtedness" versus social targets. The poverty target looks like it is not even taken seriously. It doesn't include the statistics about poverty trends like every other target.

GERMANY

Positive measures

The report reacts on current events and has a chapter about how to integrate refugees into the labour-market which presents training/education programmes as well as active labour-market policy. The issue of affordable housing is addressed in the NRP for the first time.

Negative measures

The mentioned chapter about refugees shows many deficits in the German migration and asylum policy. There are a lot of barriers which prevent integration into the society, the labour-market and the education system. Furthermore, refugees should get access to the labour market after three months regardless of their accommodation status.

What's missing

Each year we have to criticise that there is no comprehensive governmental understanding of poverty and social exclusion in Germany. Therefore, an over-all strategy to reduce poverty does not exist. The indicator the German Government uses to describe poverty is only long-term-unemployment.

IRELAND

Positive measures

Problems related to housing and homelessness, which have been clear for a number of years are picked up in the NRP and addressed in some detail. This has become a major policy priority of the new Government and Parliament and includes addressing the overall housing shortage and related high rents in the rental market; the inability of many people on low incomes to afford these rents; the gap between state housing supports and these rents and the resulting homelessness of many families.

Apart from the complex range of policy measures needed to address the issue, a challenge for the Government is accessing and allocating the necessary resources. A new social housing strategy has been adopted but is facing these policy and funding challenges. Since the NRP was published, the new Government has agreed to a 15% increase in housing supports and produced a detailed Action Plan for Housing and Homelessness.

Negative measures

The poverty section is short with no sign of an integrated approach to addressing poverty and achieving the poverty reduction target. The NRP highlights that the National Action Plan for Social Inclusion 2007-2016 was extended and an updated Plan produced up to 2017. This includes an update of the goals with the new ones covering early childhood development, youth exclusion, access to the labour market including measures for people with disabilities, migrant integration, social housing and affordable energy. While these areas are welcome this does not involve an integrated approach and the issue of the adequacy and coverage of minimum income supports is not addressed. The new Programme for Government that was adopted after the NRP was submitted, does include a commitment to developing a new Integrated Framework for Social Inclusion, to tackle inequality and poverty. However, the detail outlined in the Programme for Government does not cover what is needed for an integrated approach.

What's missing

There is no mention of poverty or equality impact assessment of policy at any stage. The lack of effective impact assessment has been highlighted on an ongoing basis. The new Programme for Government does commit to an improved approach to poverty and equality impact assessment of budgetary and other policy. How this commitment will be implemented across all relevant policy areas will be key.

LATVIA

Positive measures

More concrete figures are included. It is good to see at least as some acknowledgment of poverty. However, whether these are improvements is very debatable, because of the interpretation of the statistics.

Negative measures

The recommendations are very generally formulated. There are a lot of figures in % and also several declarative phrases that are not explained.

There is still no implementation and no information on how EU funds will be realised and the expected result. These projects are quite expensive, when calculating per person the results and do not provide beneficiaries and society with a vision about long-term development and sustainability.

There is no analysis about the results of changes already carried out, or about sustainability and how it will work after 3, 5, and 10 years of implementation. There is a lot of speculation with promises.

- The legislative threshold of poverty has not been changed for decades, remaining at 50 EUR per person per month. Even to get this, people have to regularly (i.e. every 3-6 months), prove their poverty status via complicated procedures, with several visits to social service officers. It should be a question of supporting people to live a life in dignity rather than abasement.

- Things have been worsening in last decades, due to the changing political systems. This has impacted on the calculations of pensions, which are still very low with no positive perspective for the future.
 - Any development is also very much EU fund dependant, especially in the building industry, and it is also primarily orientated towards the public administration.
 - There are no improvements in daily life. Social benefits are around 50 EUR per person/a month; disability benefits are around 80 EUR per person/a month, social pensions are around 62 EUR per person/a month; A state guaranteed minimal income should be around 400 EUR per person/ a month, if it is to cover minimal needs and relieve the state and municipalities' administrative capacity, ensuring the dignity of persons-in-risk-of poverty's lives without the periodic humiliation at municipal social services. Untaxed minimum is 75 EUR per person/ a month; we would argue that an effective minimum should be 600 EUR per person/ a month to achieve a dignified life and eliminate in-work poverty.
 - Quality work is a major problem. As a result, there are around 50 people a day emigrating in order to get an adequate income.
 - In the education system, state facilities are being used free of charge for doing universities' private business i.e. teaching or consultancy. This is a major problem. These are considered to be the university's self-owned resources, free-to-use as they wish, and without supervision from the Government. At the same time, the education system suffers from a shortage of resources to pay the teaching staff worthy, dignified and equal wages. The rent and administration cost from entities mentioned using public resources for private use should be collected and supervised.
 - The result of the State-determined minimum wage is mainly to improve state and municipal functionaries' monthly salaries, using this as equivalent, multiplier or coefficient. It has little impact in the private or NGO sector.
 - The use of EU funds is too orientated towards supporting state and municipal structures.
 - In practical terms, primary health care does exist free of charge in Latvia, but medicine is not free of charge. Accessible medical/health care is a very important Human Right to ensure decent dignity life as mentioned in the European Pillar of Social Rights.
 - In the health system, a similar abuse is evident as with the education system, i.e. state-owned hospitals and universities' infrastructure are being used for carrying out private business - doctors' praxis, medical examinations and labs, and also hospitals' and universities' business, servicing commercial patients.
- At the same time the health system suffers from shortage of resources for paying state-employed medical staff dignified and equal wages and to invest in the development of infrastructure.
- There are also serious problems in the housing market.

What's missing

- Concrete comparison should be made of absolute figures between EU states - per capita or per 1000 inhabitants.
- There is still no implementation and no information on how EU funds will be realised, evaluating the results of changes already taken place and what the result is supposed to be in the short, medium and long-term.
- The Education and Health systems need more investment, and to tackle abuse of the use of public facilities and services for private use by doctors, teachers etc., i.e. by charging and increased supervision. Affordable access has to be improved, for example access to medicines. The wages of public sector workers need to be raised to a dignified level.

-Problems in the supply of affordable homes also needs to be tackled. The property tax needs to be increased by 300% on empty apartments, thus pushing their owners to take care of their occupation, letting or sale and also correcting the price of apartments on the market.

-In Europe, household income should not be less than 60% of average household income. Latvian politicians are planning to have the threshold at 40% and for only one member of the household, the other in the household will still be below. This is insufficient for a dignified life.

-It is very important to take political decisions continuously to support young families, especially families with children and large families.

LITHUANIA

Positive measures

The report highlights recent changes in legislation that improved adequacy of social protection in Lithuania, especially in what concerns unemployment benefits. In the light of the ongoing liberalization of the labour code, it is important to further strengthen workers' negotiation power within thinly regulated labour market. Part-time unemployment benefits should be considered for those on unstable contracts.

Negative measures

This year's NRP is set within a context of the over-optimistic macroeconomic outlook prepared by the Ministry of Finance. In light of the most recent Brexit developments these optimistic predictions should be treated with caution. A long-term plan for reducing dependency of the social and employment services on the EU Structural Funds is required with specific sources of national funding foreseen. This is also true since Lithuania is approaching the end of the transition period when it is eligible for generous Structural Funds.

What's missing

There is no mention of an agenda aimed at decreasing child poverty in Lithuania. Child poverty rates are especially high among families with school-age adolescent children. There is a need for increasing adequacy of child benefits, services for families with children and work incentives of parents with low earning capacity. Ensuring adequate incomes, creating a network of community family services involving NGOs and providing financial work incentives for the parent earning the lowest wages, should be regarded as key components of child poverty prevention, reduction and investment policy in Lithuania.

MALTA

Positive measures

That the economy is growing, improving the financial position of the government. More people are in work and unemployment is being reduced. An important positive measure was the reduction in water and energy bills of 25%.

Negative measures

That the Maltese Government is generating an economy bent on low wages and precarious employment which, when considering that wages are almost static especially on the lower scales, coupled with an inflation on essential goods and the draconian increases in commercial housing, and are driving a lot of families into poverty and in some cases destitution.

What's missing

A coherent determination to create an economy that is beneficial to all. The main political/economic policy is wealth creation without creating the social mechanism that distributes this wealth.

NETHERLANDS

Positive measures

There is no change in the NRP. It is no more than an overall report on policies that are already working or implemented and not a call for new policy in the future.

POLAND

Positive measures

Despite achieving the poverty target, the government has decided to act to support further improvement. New generous, near-universal child benefit is also important. New measures to combat precariousness on the labour market. Commitment to development of preschool childcare.

Negative measures

Lack of clarity about adequate supply and financing of employment and social commitments. Lack of references to anti-poverty strategy accepted by the previous government.

What's missing

Homelessness and housing exclusion. Discrimination of Roma and immigrants.

PORTUGAL

Positive measures

- Recognition of the need to establish a National Programme to fight Child and Youth Poverty based on an integrated approach to fight poverty.
- Support for the elaboration of a set of warning indicators on social vulnerability allowing a better assessment of policies.
- More coverage of the social protection system by increasing the amounts of social insertion income (Minimum Income), pensions, solidarity complement for the elderly, family allowance.
- Promoting the assessment of the inclusion programmes' efficiency that are related to the beneficiaries of social allowances.
- The adoption and implementation of a National Programme to promote school success (educational achievement).
- Reinvestment in adult education.-Improvement of employment public services' efficiency (that are in the first place to welcome unemployed people), with emphasis on the elaboration of User's Maps.
- Particular attention to NEETs in order to know better its dimension and also to long term unemployment (that has increased over the last few years).

- Creating and assigning monetary support (during 6 months) to unemployed people registered in the employment services and that no longer receive social unemployment benefit (support long term unemployment).
- Recognition of the need to reinforce the support in unemployment and social support to independent workers. Fighting insecurity.
- Progressive updating of the minimum wage and assessment of the impact of these updates.
- Assumption that housing is a fundamental right and presentation of some programmes to improve equal access to housing (accessible rental housing).
- Specific attention to mental health in the integrated network of continuing care, in terms of new teams and new units for mental health. More access to health care by reducing the burden of these expenses for the users; extending coverage of oral health/dental health and visual health.

Negative and what's missing

In the National Programme to promote school success, the initiative “Educational Territories of Priority Intervention” is highlighted as a recent success story but nothing is said about the need to correct some inconsistencies (already mentioned by some organisations) in terms of social inclusion, especially amongst Roma children (discriminating against Roma with specific classes for Roma children).

It's crucial to define clear indicators concerning the implementation of the Single Desk on Employment and reinforce teams to support unemployed people. The User's Maps must allow the definition of individualised / personalised itineraries of these people.

Fighting precarious work and the sustainable activation of the beneficiaries of active policies, must be developed in parallel with the assessment of the type of employment which people access in order not to promote vulnerability.

The assessment of employment activation policies must be underpinned by clear guidelines in order to ensure that policies respond to the real needs of people.

Concerning housing, nothing is said about homeless people, especially the reinforcement of the National Strategy of homeless people (that was already agreed and published).

The fact that there still isn't a concrete definition of a national and integrated anti-poverty strategy. EAPN Portugal continues to recognize that the proposal for a national programme to fight child poverty is important and very welcomed but to be consistent and able to deliver it must be part of an overall national strategy involving other publics and sectors transversally.

The exact question we've been making over the last years remains: how can we tackle child poverty if there isn't an integrated and transversal national strategy (no matter the priorities or groups identified)?

More objectivity is needed concerning the proposal for the elaboration of warning indicators, especially ensuring that they can also be used to monitor the allocation of the 20% of structural funds to fight poverty.

Ensure that pensions are updated although taking in consideration the concern to maintain the stability of public accounts

SLOVAKIA

Positive measures

The NRP contains structural measurements which the Government plans to implement within two years of its adoption. In terms of reducing the risk of poverty and social exclusion, it is mainly for institutional support. The new instrument in the NRP is the evaluation of the effectiveness of public spending.

Negative measures

In terms of risk of poverty and social exclusion, the NRP is mainly focused on indirect aid. This is related to more financial support in the institutional area; in public management (salaries, etc.); in electronic, impersonal services, which are often unavailable for people at risk of poverty/social exclusion; support of analytical tools to monitor the quantitative indicators to watch the efficiency of public spending. The NRP does not measure if the reforms are implemented, or do achieve the required/supposed results. The material does not provide information about specific/concrete actors who participated in preparing the NRP.

What's missing

We miss targets, measures and action plans, which are aimed at the direct support of the people who are living in poverty or social exclusion now. There is no plan to evaluate the qualitative indicators.

SPAIN

Positive measures

In line with 2015, the government presented the National Reform Programme 2016 with more encouraging data from a macroeconomic perspective, a perspective of growth of 2.7%, and a reduction in unemployment of about 678,000 people in the year above (20% of whom are young unemployed).

Negative measures

EAPN does not share the government's vision that "Job creation and employment are the most effective way to combat poverty and social exclusion and must remain a priority". For EAPN, employment is necessary, but not sufficient, since in times when the unemployment rate was half of today, there were millions of people in poverty and social exclusion. Secondly, jobs' retribution has to provide a decent living above the poverty line, which does not occur for 14% of working people today (working poor). Therefore, we must promote decent job creation, not precarious or extremely temporary jobs. We also regret the fact that the gender gap in employment is growing, with the new figures, and is not being acknowledged, or addressed.

What's missing

The social dimension is only reflected in relation to the Country-Specific Recommendation, and the follow-up of Europe 2020. Increasing inequality is a major issue, and there are no redistributive policies included in this NRP.

SWEDEN

Positive measures

The NRP refers to a clear ambition of:

- strengthening the welfare and increasing equality and, for the first time, mentioning that fighting inequality is important;
- increased equality between men and women;
- building a good society is a more important priority than cutting taxes;

The NRP stresses that an integrated approach is important e.g. including creating jobs, education, housing, welfare policy and infrastructure, and that there is a need for more reforms in order to strengthen the situation for the most vulnerable in society.

There is also a continued positive trend in increasing the benefit levels for unemployed.

Of very principal importance is also that there is no longer a limit for how long you can be on sick leave, if you are ill.

Negative measures

The levels of ambitions and concrete measures are too low in several areas. For example on homelessness, counting the number of homeless people is not enough.

The fight against the growing inequality needs to be more prioritized both in the policies, the measures and in the public debate.

What's missing

A strategy and concrete measures for dealing with the negative developments on the labour market which are meaning a more loose and insecure connection to the labour market with negative consequences such as low pay, in-work poverty, stress, growing work-related health problems and sick leave. A strategy has been made for the workplace environment however.

BENCHMARKING IN EUROPE (Non EU)

ICELAND

Positive measures

According to Statistics Iceland, income distribution did not change significantly between 2014 and 2015. The highest income quintile received 3.4 times higher income than the lowest income quintile in 2015, compared to 3.1 times higher income in 2014. The Gini-index rose by 0.9 points, from 22.7 in 2014 to 23.6 points in 2015, which falls far short of statistical significance. Therefore, it cannot be concluded that income inequality in Iceland has risen between the two years. In 2014 the Gini-index was measured at its lowest since it was first measured in 2004.

Negative measures

The at-risk-of-poverty rate however, defined as those with less than 60% of the population's median income, rose from 7.9% in 2014 to 9.6% in 2015. At the same time cuts have been made in tax-based benefits payable to people with children and those who are buying their own home (Child Benefit and

Private Housing Benefit). Furthermore, payments of pension insurance and social assistance to the disabled and elderly have not yet been amended from the time they were allowed to slump during the aftermath of the financial crisis of 2008. People receiving pension insurance and social assistance are at high risk of living in poverty and make up for a considerable portion of the 2% of the population that lives in extreme poverty according to the findings of Statistics Iceland.

What's missing

Disposable income tends to rise with age up until around retirement age. People over 64 had the lowest disposable income in 2015 according to public data. The oldest group has, however, made some gains since 2004 relative to the population median, whereas people in the age of 25-34 years have fallen behind. In 2004 the disposable income of 25-34 year olds was 101.9% of the population median, but by 2015 it was down to 95.3%. In 2004 the disposable income of people over 64 was 79.5% of the population median but by 2015 it was up to 89.9%. It is of concern that the people in the youngest age group have fallen behind and now have a hard time buying homes and providing for young children. Housing costs have risen tremendously, rent as well as home prices. Also cuts in Child Benefit and Private Housing Benefits may hit this age group hardest. It has also to be noted that the improved trend for the age group over 64 years may be due in part to higher benefits payed to individuals through pension funds. This may have increased disparity within the age group.

MACEDONIA

Positive measures

In the area of social policy and employment, some progress was made in the last year. However, labour market conditions remain very difficult, with continuing high unemployment rates, alarming levels of youth and long-term unemployment and very low participation rates of women. Some progress has been made on social inclusion. Moderate progress was made on implementation of the 2011-2015 anti-discrimination strategic plan. The Commission for Protection against Discrimination improved its cooperation with civil society organisations and municipalities.

Negative measures

The capacities of the relevant institutions are weak, as is cooperation between them. Measures under the national strategy against poverty have had limited impact and poverty levels remain high, particularly among Roma. Regarding employment policy, the unemployment rate remains high at 27.4% % in Q1/2015. The public sector remains the main employer. Labour market participation remained very low, especially among women (38.8% in Q1/2015) and Roma.

What's missing

Data on poverty has not been regularly updated. Amendments to the Law on Employment and Insurance in Case of Unemployment and implementation of new tax reliefs need to provide additional assistance.

2. Macroeconomic Assessment

Introduction

The Macroeconomic chapter in the NRP sets the overall framework for the NRP. However, as this section overlaps with the parallel Stability and Convergence Programme (SCP), the macroeconomic chapter in the NRP is often quite reduced. As a result, many NRP macroeconomic chapters show very little detail on macroeconomic policies. This tends to disguise the overarching dominance of macroeconomic and fiscal priorities within the overall Semester.

The main priorities that Member States are expected to follow are set by the Annual Growth Survey 2016 and endorsed by the European Council in March 2016. In 2016, the 3 priorities from 2015 were repeated: 1) Re-launching investment 2) Responsible public finances and 3) Pursuing structural reforms. The focus is still therefore on striving for balanced budgets (debt and deficit reduction), reducing macroeconomic imbalances and progress on key structural reforms i.e. in the labour market and social and health systems, but with a stronger emphasis on investment to support growth.

In the NRP, Member States are explicitly expected to justify how they have delivered on the macroeconomic CSRs 2015. With the overall number of CSRs being reduced in 2016 to 1-5, the macroeconomic and fiscal CSRs are dominant.

From the scoreboard ratings from EAPN members:

- 75% worry that the European Semester continues to be a tool primarily for macroeconomic/fiscal management rather than to ensure delivery on the Europe 2020 targets, particularly the poverty target.
- There is also concern about growing inequality within and between Member States. In several cases, the Country-Specific Recommendations (CSRs) are seen as contributing to this development. 68% disagree that the burden of the crisis is being equally distributed.
- Some improvements are seen regarding the dominance of austerity policies with only 38% seeing the NRP macroeconomic policies in their country as focussed mainly on austerity (19% strongly and 19% partly agree), but there are still a significant number of countries where austerity continues to increase poverty.
- 50% also say that there are more examples of investment, but still too few prioritize social investment, with 62% saying that social protection is seen as a cost not a benefit, or social investment.
- In other areas, NRPs increasingly focus on tax as a key instrument for growth, but still not as a key instrument to redistribute income and wealth and finance social protection systems.
- Members also highlight an increased focus on restructuring. Privatisation and deregulation of labour markets and services is seen as one of the most worrying developments, without any social impact assessment. This is seen as likely to undermine the quality, access and affordability of services and to increase the precariousness and low pay of jobs.

This chapter assesses members' views on how far the macroeconomic policies are supporting or undermining the commitment to reduce poverty through the poverty target.

Key Concerns

Austerity still undermining inclusive growth and poverty and inequality reduction

There is very little evidence in the macroeconomic sections that the social impact of economic policies is considered, or commitment demonstrated to inclusive growth, where economic policies are expected to contribute to 'well-being' or social progress. Several members highlight the priority given to **surveillance and budget management, without reference to social objectives or policies** (BE, HR, CY, FI, LV, SK, ES, UK). In Slovakia, it is noted that the main criteria driving key investments, regulation and spending, is **purely economic based on quantitative indicators, with no concern about social impact or quality**. Most see this approach as contributing to **undermining the poverty target, and contributing to growing inequality**. However, in the remedies there is also a growing divide. Countries facing deficit and/or debt challenges are under pressure from the CSRs to **reduce deficits. This is still focussing on cuts in social spending** (HR, CY, FI, LV, SK, ES).

A major focus is ensuring '**sustainability of social and healthcare services**'. In Finland, this means closing the sustainability gap worth 3 billion Euros, raising concerns about cuts in services. In several countries **cuts and efficiency drives to health budgets is a particular concern** (CY, FI, IE, LV, ES). In Ireland, **cost effectiveness for health services is the main priority**, with no action taken to tackle inequality in the health system. In Cyprus, the public health sector is at point of collapse with public expenditure cuts in 2015 worth 91.8 million Euros (16.6%) compared to 2013. This despite Cyprus being the lowest in the EU ranking on health expenditure. In Spain, which is **under excessive deficit procedure from the EU along with Portugal**, the main axis is explicitly fiscal consolidation. Spain points out that the government '*believes that it can make deficit reduction compatible to economic growth and job creation*'. However, EAPN Spain does not share this certainty and is worried that cuts will be made to social protection and services, based on previous practice. The 2nd Report on Social Services in Spain carried out by the General Council of Social Work showed that **despite high social spending mainly on pensions and health systems, many benefits for social protection, education, health and social services have been reduced** at national and regional levels. In Slovakia, social protection is completely dependent on contributions from engaging in the labour market. For those without there is little protection, and the minimum allowance system will now be made more conditional on getting a job. EAPN SK says that the main aim is to **prevent non-abuse** of the allowance system and unemployment support and to **reduce spending, rather than ensuring adequacy of income support**.

However, there are some more positive developments in some Member States.

Some more promising developments

EAPN Sweden: "The NRP rejects austerity cuts on benefits and services".

EAPN Lithuania: "The commitment to introduce indexation of pensions is a positive move. This reform will also help decrease manipulations of the social protection system by the government, which is often the case in the pre-election period. But indexation of other benefits, including social insurance and social assistance should be considered".

EAPN Portugal: “The NRP recognizes that the reinforcement of cohesion and the fight against inequality is one of the main economic challenges. In the axis ‘promote equality and social inclusion’ there are two important aims: to raise gradually the income of the Portuguese population, particularly those affected by poverty and social exclusion and restore social standards, returning to adequate levels of social benefits coverage. It restores amounts reduced under Troika, like the social insertion income (minimum income), the solidarity complement for the elderly - 200.000; raises family allowances for 1.1 million children and young people; updates the reference amount for social insertion income for 240.000. Social benefits play a crucial role in reducing poverty. In 2014 the poverty rate was 19.5% after social transfers. But it would reach 47.8% if income was considered from work, capital and private transfers. After pensions, the poverty rate decreases to 26.4%.”

Growing divide in approach to social investment

Some countries are in the fortunate position to be facing prospects of **budget surplus** (EE, DE). Although this can run the risk of creating further macroeconomic imbalances with countries in deficit within the Eurozone, a major concern is how this surplus is used. EAPN Estonia highlights that the NRP aims to reach a surplus, but underlines that it is **not used for social investment in poverty and inequality reduction**. This is seen as a *missed opportunity* (EE) and a failure to share the benefits of growth fairly (DE). In some cases (IE), **contradictory approaches regarding investment are seen where the EU is limiting the investment through fiscal rules** e.g. in childcare infrastructure, despite a CSR on child poverty. Several networks highlight **increased focus on investment** in the macroeconomic chapter (BE, HR, EE, DE, LV, NL, SK, SE). However, in some cases this gives priority to growth through large infrastructure projects (HR, SK). “*The investment is mainly in cities. There is no social investment, nor direct services provided for poor people*” (EAPN SK).

Some **more positive social investment** is highlighted by DE, IE, LT, NL, SK, SE, UK. In Germany, investments have been made in the education and social sector, but given the extra demands of the refugee crisis, the investments are not deemed high enough. In Ireland, there is increased spending to address the crisis in housing. In the Netherlands, extra money has been allocated for investment in **child poverty and people in debt**, amounting to a reallocation to local level municipalities of 100 million a year for 4 years. However, the amount of investment is seen as insufficient to meet the major challenges. In Slovakia, greater investment is made in childcare facilities, expanding the **size of kindergartens**, including a **higher representation of children from the marginalized Roma community**, developing **care for children under 3 years and reducing cost for services**. However, doubts are raised about implementation.

Increased action on tax, but not as a tool to reduce inequality

Several members highlight new developments on tax policy (BE, BG, CZ, DE, LV, MT). A major focus is on **shifting tax away from labour to consumption** (BE, CZ). Whilst reducing tax for low-paid workers can be progressive by increasing disposable income for people on low incomes, in many cases this tax shift is proposed as an instrument mainly for job creation and growth. However, the tax mainly benefits employers, without the necessary obligation to invest in new jobs or reducing payment for

low income workers (BE). EAPN Belgium also points out that where new jobs are created, it is not necessarily the result of the tax shift, and the jobs are often with very short-term contracts. The shift to **consumption taxes also runs the risk of penalizing the poor**, particularly where the increases are made on food and essential services, which make up a higher proportion of the budget of people on low incomes. In Belgium for example, the VAT on electricity bills rose to 21%.

In general, there is a major **missed opportunity to promote inclusive taxation: closing the tax gap and promoting more progressive taxation** (BE, BG, EE, HU, MT). For example, in Malta, the Government reduced tax for middle income households from 35% to 25% i.e. people with income from 18.000 to 60.000 Euros, but failed to benefit low-income families. In the Czech Republic, **tax policy is being used to encourage the birth rate** with tax credits for parents, but as it does not target low income parents, it risks reducing the income from taxation for social protection systems without redistribution. In several countries, the **major flaw is the failure to challenge regressive flat tax regimes** (BG, EE, HU). Estonia has a flat tax regime, but in 2016, some changes have been introduced, i.e. a tax rebate for low income was implemented. However, this is only once a year and the upfront payment still has to be found. It also benefits only those on the very lowest incomes. Members highlight that **tax is still portrayed mainly as an instrument for growth without consideration of the social impact (HU, MT, SK)**. In Malta and Slovakia for example, **lower corporation tax rates** are being promoted to attract foreign companies. This will undermine tax revenues which are vital to finance quality social protection systems, from the companies that can most afford it. In relation to supporting housing supply, **increases in property tax** are in general welcomed as a progressive measure, but more targeted measures need be introduced to lever an **increase in the supply of affordable rented housing**, which can have a direct impact on poverty reduction. For example, in Latvia, where a property tax is urgently needed to counter speculation on empty apartments, to ensure owners make them available for rent or sale and to control the price on the market.

On a more positive note, Bulgaria highlights **progress on tax evasion and tax avoidance**. Sweden and German highlight **more promising practices** towards promoting **fairer, more progressive taxation** policies.

*Promising Practice: Some progress on more progressive tax,
but insufficient to make a difference*

Germany: There are new tax measures that tackle the non-progressivity of the tax system – with a rise in the minimum exempted income which eases the tax burden for low and medium earners. The increase in child subsidies and child supplement, combined with the tax exemption for one parent families, also benefits low and medium earners. But the tax system is not sufficiently used to redistribute wealth. The lower half of households own only 1% of total net asset, whereas the upper 10% own nearly 60%. Currently in Germany, new discussions are being had around an increase in inheritance tax, reintroduction of wealth tax and abolition of settlement tax.

Privatisation of public services threatening affordable, quality access

Several Members show growing concern with the **increased pace of privatisation of public services** (CY, LV, MT, ES). These are often seen as responding to EU priorities, as reflected in the Annual Growth

Survey. Some countries receive specific CSRs, with Member States being pressed to **open up competition in the market in services to enable private sector intervention as an instrument for growth. The social impact of privatisation on universal services is not being considered - access, affordability, coverage and quality for all**, as well as concerns about the specific obstacles for **low income** households and excluded groups. For example, in Cyprus, a new health system is being put in place which aims to make public hospitals autonomous. However, there is no timetable for implementation, *“so people are forced to use the private health sector because of increasing waiting lists, but only those who can afford it, this undermines the support for public health”*. **The impact on quality of employment, as well as the long term-impact on poverty**, social exclusion and growing inequality is also not considered. In Malta, emphasis is given to privatisation of basic services such as civil service, health, education, which is undermining quality of services but also employment. *“This has created a pool of precarious work, in many cases driving families into poverty”* (EAPN MT).

The benefits and costs of regulation and deregulation needs social impact assessment

In several countries, the structural reform agenda appears strongly focussed on **deregulating the labour and housing market without assessment of social impact** (LT, MT, ES). In Lithuania, the main structural reforms address the macroeconomic challenges in a “new Social Model” project. The main focus of this is the *“liberalization of the labour code, especially introduction of zero hour contracts. This might have a strong negative effect on income, dualization and precariousness of the labour market, as well as on the public budget, in the context of a high incidence of the shadow economy. The approved version is strongly biased towards employers’ interests, while the wage share in GDP is already below the average in the EU”* (EAPN LT). Malta highlights that macroeconomic policies are centred on deregulation of the labour market and financial services for foreign companies, as well as real estate development, rather than affordable housing.

The **social impact of regulation and the lack of regulation is not explored**. In Slovakia, personal bankruptcy is to be introduced as a debt relief mechanism, but the long-term social impact for people is not explored, i.e. will it encourage greater risk-taking and debt accumulation? In several countries **costs of basic goods and services are rising more quickly than other elements**. For example, in Malta, the National Office of Statistics show inflation as low, but this is not a reality for people in the lowest income quintiles where costs are rising more quickly. *“Inflation is at 1-2%, but food costs went up by 16% in the last 4 years, whilst cost of rented housing went up from a 10% increase to 20% increase in the last 5 years, due to the pressure from tourism, expatriate demand and lack of social housing, in some cases making rents higher than welfare benefit payments”*. The lack of price and other regulation or caps on key goods and services should also be assessed for their negative impact on incomes, as well as increasing inequality in access to services.

Benchmarking with non-EU countries

Iceland – Good progress on job-rich growth and affordable housing, but more redistribution needed

Economic growth in Iceland is predicted to reach 4.3% in 2016, with sharp increase in private consumption and investment. There has been a particular boom in tourism. Growth has led to decreased unemployment to 1.9% in December 2015 compared to 4.3% in 2014. The OECD show Iceland as one of the countries in the ranking with lowest unemployment. However, there are still vulnerable groups like immigrants who are discriminated against, poorly paid and protected.

Inequality and poverty are still not affected enough. There has been little or no investment in increases in social protection and public services, with some negative cuts to tax-based benefits payable as Child benefit and Housing benefit for rented accommodation. The payments of pensions and social assistance for disabled and elderly people also have not been increased and are well below the minimum. A particular problem is the rise in food prices, which have more than doubled since 2008, with other key household expenses.

A major revision of the social security system is under way, focussing on the abilities, not the disabilities of the person, but the Organisations for the Disabled have some key concerns about the impact on the people. Disabled people have also been affected by increased costs for health services. Some changes in the health services have been introduced aiming at redistribution, but no more money has been invested. Individuals still pay high costs, particularly those with disabilities or long-term illnesses, who have no other form of income.

Some positive developments are seen in changes on housing laws which will better regulate the housing market. This is aiming at increasing security of housing for low income households and lowering housing costs. A new law will set the average cost of housing to be no more than 30% of household income. However, single parents and others are particularly vulnerable. Major problems of unaffordable rents are being caused by the tourism boom – i.e. with Airbnb and also discrimination against family on benefits and low incomes.

In the tax field, there are some slightly regressive developments. The tax system is divided into 3 tax brackets, so that those with the lowest wages pay less tax than high wage earners. The government now wishes to simplify the system into 2 brackets, but this will not benefit those on low incomes.

Norway – Increased investments and reforms on tax, but inequalities in social systems

A positive development is an increase of investments in infrastructure to compensate for decreases in the oil industry. There has been an improvement in tax reform this year, but measures on tax relief are forcing people to take longer to get back a job. A major challenge is the huge variation in social welfare across the country, as there is no national legislation.

Macedonia – Shift to market economy without action to tackle rising unemployment, poverty and inequality

Macedonia is making the shift to becoming a market economy and sees itself as having a 'good level of preparation – in line with EU priorities' i.e. "stable macroeconomic environment, monetary policy, favourable conditions for market entry and sound legal

system". However, unemployment is at 28%, in particular among youth and women, and measures are not taken to support access or deal with their specific needs, especially those of women from ethnic communities and Roma. Macedonia has promoted itself a lot to foreign investors, but the negative part is cheap salaries and this didn't help.

The Anti-Poverty Network is doing a lot to campaign about minimum income and taxes. Currently in Macedonia the taxes are flat i.e. the rich and poor pay the same. Average income is around 370 Euros a month and records show that the highest salary is 86.000 a month so the gap in inequality is very high.

A major concern is the lack of interinstitutional cooperation on policies to ensure universal services whilst allowing better targeting of support. There is also a need for better data segregated by demographic characteristics.

Key Messages

1. Stop austerity and increase social investment to ensure social standards

Austerity cuts to public services and social protection increase poverty and undermine inclusive growth. Investment strategies should prioritise social investment as a benefit not a cost and ensure social standards in quality jobs, services and social protection for all.

2. Use social impact assessment to prevent negative macroeconomic policies, particularly privatisation and deregulation

Ex-ante and ex-post social impact assessment of economic policy proposals could ensure coherence between economic and social policies and ensure that social rights are not undermined. A particular focus should be careful assessment of the social impact of the current focus on privatisation and deregulation, and of the impact of no regulation or where regulation has been withdrawn.

3. Invest in tax justice, as a key driver for inclusive growth and to reduce inequality

Tax finances social protection, public services and government investment in the generation of future wealth. Efficient and equitable tax policy and tax collection with decisive action against tax evasion and avoidance is fundamental to ensure inclusive and sustainable growth and must be given a higher policy priority. Priority should be given to closing tax havens and promoting progressive taxation.

3. Poverty and Social Exclusion

Introduction

Very slow progress is being made on reaching the Europe 2020 poverty target. In fact, **the number of people at risk of poverty and social exclusion has increased in most Member States since 2008** (17). According to the official EU data², 24.1% of the EU population was at risk of poverty and social exclusion in 2014. However, there are large variations across the EU, from over 40% (BG, RO) to less than 17% (CZ: 14.8%, NL: 16.5%, SE: 16.9%). There are also **big differences in the progress** made. Most **progress** has ostensibly been made by Poland (5.8% reduction in poverty), Romania (4.0%) and Slovakia (2.2%). Whilst the **biggest increases** were experienced in Greece, Spain and Estonia where the number of people at risk of poverty and social exclusion increased by between 4 and 8%.

The groups that face the greatest risk of poverty and social exclusion across the EU are women, children, young people, unemployed, single parent households, people with an illness or a disability, people with lower education, migrants, unemployed. However, again there are **wide variations across the EU**. People in **rural areas** are also the highest poverty risk group in over half of Member States.

To meet the EU target to reduce poverty by at least 20 million by 2020, each Member State has set their own indicator. **In 17 MS, the number has increased since 2008**, increasing the distance from their national targets. 19 MS use the EU composite indicator and four (BG, DK, EE and LV) base the indicators on one or more of the sub indicators. The remaining countries (DE, IE, NL, SE and UK) use their own national indicators. 4 Countries have already reached their national indicator in 2014 (CZ, DE, LT, PL), but without necessarily achieving significant improvements for people in poverty. The rest have yet to meet their goals.

This year, the European Commission appears to have **increased the pressure** on Member States to report on poverty in the NRP. **A specific section is required to report progress on poverty reduction**, and in particular on the national poverty target and its contribution to the overarching Europe 2020 poverty target. In the EAPN assessment, all Member States except Cyprus include this section, although there is a wide variation in the length of the sections. However, there continue to be considerable problems with the setting of national targets as well as their achievement, with growing levels of poverty and social exclusion in most Member States.

This section highlights EAPN members' assessment of the effectiveness of the policies and measures to fight poverty of the NRP.

In our scoreboard survey, **75% of EAPN** responses say that, in the NRP, **Poverty is not a priority, and employment is seen as the only solution, with increased conditionality** (37.5% strongly and 37.5% partly agree). Macroeconomic policies continue to undermine and generate poverty, with major concerns about continued austerity, particularly in some countries, with **social protection being seen as a cost not an investment** (62%). (See macroeconomic chapter). There is an increasingly individualistic approach to poverty, blaming the person, which undermines social rights. An **integrated right-based strategy on poverty**, supporting active inclusion – access to quality jobs, services and adequate minimum income and social protection - is essential to make progress on poverty, but **75% say this is not currently being pursued. Neither is progress generally being made** on implementing key EU social investment priorities promoting **integrated strategies for key groups** – particularly investing in children and tackling homelessness (63%). Although 37% feel that some progress is being made in some countries.

² Eurostat March 2016: Europe 2020 indicators explained.

Poverty and the target still not being taken seriously

Nearly all Member States' NRPs include a specific section analysing progress on the poverty target in 2016, in response to the Commission's Guidance. In some cases, this is focused only on social inclusion (SK). In the Czech Republic's case, poverty is not actually mentioned in the NRP, despite the short chapter on social inclusion. However, members highlight the general overall **lack of seriousness around poverty reduction**, both in terms of **setting inadequate poverty targets and inadequate policy responses**, particularly to urgently deal with the crisis facing people in poverty. The continuing problem of **inconsistent setting of national targets** continues to undermine the coherence of the Europe 2020 poverty target delivery. 5 Member States avoid using the EU composite poverty indicator at all (DE, IE, NL, SE and UK) with three focusing only on unemployment (DE, NL, SE). *"The government does not recognize the existence of poverty and social exclusion, so the strategy and target is only long-term unemployment"* (EAPN DE). The use of the composite indicators should enable a more accurate understanding of the specific nature of poverty in each country, however, Member States are often more concerned about **stressing progress, and ignoring the trend, which reflects poorly on their policy approaches**. For example, in Cyprus, a slight reduction in at risk of poverty is highlighted (0.4% compared to 2013) but no mention is made of the overall figure that is still very high (27.4%), or the increase in unemployment (9.7% compared to 4.9% in 2011) and increases in older people in poverty (from 26.1 to 27.2% due to changing criteria to exclude more pensioners from receiving the special allowance). In Finland, only an absolute figure on poverty is given – affecting 909.000 with no data on trends, thus avoiding highlighting that lack of progress on the target. In Latvia, the government intends to ignore the 60% at risk of poverty threshold indicator, and revert to using a 40% indicator, and for only one member of the household. In Slovakia, the NRP does not indicate the total figure of those at risk of poverty and social exclusion, only the target for 2020.

Where poverty has been reduced, there is little critical analysis of the real impact and for specific groups (CY, CZ, DE, IE, LV, MT). For example, in Ireland, a national indicator of combined poverty is used (either at risk of poverty or experiencing material deprivation or consistent poverty). This was reduced by 3000. But the government shows no concern or sense of urgency that the **overall level remains high** (1,719 million). In Latvia, there's been a small improvement in the at-risk-of-poverty rate, from 30.9% to 29.1%, and a reduction in severe material deprivation from 19.2% to 16.4%. However, this general figure disguises the fact that **poverty is growing for certain groups**: people with fixed income (i.e. retired people), single parents, low wage earners (i.e. people over 65) increased from 27.16% to 34.6% in 2014.

In several cases, the 'poverty' targets have already been met (CZ, DE, LT and PL). In Germany's case, the target only measures progress on reducing long-term unemployment, without ensuring overall impact on poverty and social exclusion. Neither Poland nor Lithuania have set new targets. In Lithuania the rate is still very high, and EAPN stresses the need for a target which reflects the EU average, whilst in Poland where the target was achieved in 2013, the government has indicated a commitment to more improvement, but **without setting new targets**, rejecting the proposals from EAPN Poland to raise it from 1,5 million to 3 million reduction, with sub-goals on child poverty, people with disabilities, and in-work poverty. In the Czech Republic, poverty is low – 14.8%. Prevention is seen as being good, but this means that once somebody falls into poverty, there is a lot of stigma and discrimination.

Countries **where increases are noted, fall far short of an urgent analysis of causes and solutions (BE, EE, ES).** For example, Estonia experienced one of the highest increases of at risk of poverty - to 21,6% in 2014, from 17.5% in 2010 - with a shortfall of over 6% on the target set (15%), whilst the government inexplicably justified this as being due to increasing employment rate and incomes... *"This shows a sad lack of understanding of the need to reduce social inequalities"* (EAPN EE). It is also difficult to understand why no Country-Specific Recommendation was made to Estonia regarding this high increase. A more positive response is seen in Sweden, where poverty has slightly increased, but it is seen as a good sign that this is recognized and not hidden.

Piecemeal, individualistic approaches that fail to promote social rights

The policy responses to reducing the poverty target were generally evaluated as being inadequate to the urgency and extent of the challenge. Some highlight the **lack of a rights-based strategy** (BE, MT) and the tendency to **individualize the responsibility** for poverty by *'blaming the poor'* for their situation, rather than *'the result of failed economic and social policies'* that can tackle the structural causes of poverty and inequality (BE, CZ, MT). Others highlighted **the limited, piecemeal, and inconsistent approaches** (HR, FI, LT, SK). For example, in Croatia and Finland, the main focus is on **project activities** supported by EU funds rather than mainstream policies, e.g. on Fund for European Aid for the most Deprived (FEAD) projects in Croatia. In Slovakia, the main focus is on promotion of childcare institutions and contributions for health care for the parents to be able to work, but missing personalized support, or challenges for other groups. In Finland, the **lack of ambition and inconsistency** is also noted, missing references to larger policy measures, the inclusion of some measures that will not take effect until 2020 (the basic income experiment's results and implementation after that) and inconsistently quoting other measures that are likely to actually *increase* poverty (the reform of unemployment security which cuts the length of benefits). In Lithuania, whilst positive developments are noted related to increased benefits, they are seen as **insufficient to deal** with the problems. For others, it **a problem of implementation**. For example, in Estonia, where positive measures are proposed increasing a range of benefits, but no timings or budget are given.

Jobs as the main route out of poverty with increased conditionality

In general, members remark that jobs are proposed as the main route out of poverty, regardless of the quality of the job or whether people are able to work or access the jobs. For example, in Germany, only short-term measures are proposed to integrate people into the labour market. This means the problems of poverty through the life course, particularly in old age, sickness etc. or precarious employment are not addressed. In the Netherlands, extra programmes are proposed to tackle unemployment of specific groups i.e. young people, elderly and long-term unemployed, but an overarching active inclusion strategy is missing. **Reducing incentives to work by increasing conditionality with threats of sanctions** are often also commonly encouraged by CSRs. The conditions of allowance systems and employment services are being tightened, making allowances conditional on efforts to access jobs. (See employment section).

Major concerns are raised by some members regarding the **worrying increase of Work Fare approaches (BE, HR, HU, NL, PT, SK)**, often replacing existing paid jobs or obligatory 'voluntary or community work' with little or no increase in income over social assistance. For example, in Portugal, *"where 'socially useful work' is promoted, which beneficiaries are 'invited to accept'. However, they are not paid and sometimes they are assuming places that can be real jobs"*. But the NRP Report also informs that the legislation of Social Insertion Income (Minimum Income) will be revised in order to guarantee a better cover but also to guarantee the effective activation of the beneficiaries. The Government believes that is necessary to assess the effectiveness of the inclusion programmes of these beneficiaries. *"It would be important that this revision takes into consideration the inclusion of these people into decent jobs"* (EAPN PT).

Some positive developments are seen in **more pro-active and personalized support to people who are long-term unemployed** (LTU) and the most excluded (IE, LV, PT, ES). In Portugal, the NRP highlights some new measures to improve public employment services' efficiency, like the implementation of a

Single Desk Employment and the implementation of User's Maps to elaborate personalized pathways. In both cases, some clear indicators are missing or specifications on how this will be done. However, one of the main concerns of the Government is to have a better adjustment to labour market needs and overcome the risks of discouragement from the labour market of those in long-term unemployment. In Ireland, private companies have been contracted to deliver the activation services to the long-term unemployed, but it is too early to evaluate their impact. It seems to be creating 'competition' with local organisations to register those who are LTU as their clients, so that they can claim them in their numbers. A worrying element of the Pathways to Work Strategy is that it states that it will look at applying the 'payment by results' approach that is currently used by these private companies, to more grass roots based employment programmes (Local Employment Services and Jobs Clubs). Expanding activation services to other working age groups apart from those registered employed is a positive element of the Pathways to Work Strategy, but this can only work if the public employment service adopts a more positive, enabling and empowering culture than is currently the case. In Latvia concerns are raised about new training initiatives aimed at this group e.g. under **ESF Active Labour market projects** focusing on professional rehabilitation, and whether the skills focus is realistic and will lead to jobs; or a new service for the unemployed with mental disorder which identifies a support person to help with integration, with unclear impact for the person themselves. In Spain, a positive mention is made of the **Special Activation for Employment Programme**, which supports the long-term unemployed who cannot access benefits. It provides a small income during 6 months, as well as accompanying measures. It has been extended from 2016 until April 2017.

Some improvements in adequate Minimum Income but insufficient to deal with rising prices

Ensuring an adequate income through decent wages, and **adequate income support** for those who cannot work is an essential prerequisite for tackling poverty, and a key pillar to an integrated active inclusion and social investment³ approach. It was also one of the areas that was given most attention in the small number of Social CSRs this year.⁴ Members however, highlight a **disappointing response in the NRPs to ensuring adequate income support to tackle the crisis on poverty** (BE, CY, HU, IE, LV, LT, PT, ES). In some cases, this is because the **sustainability of the social system is the main priority** (BE, CY, EE, LV, LT, ES). In some, specific **cuts or detrimental changes in eligibility or duration of income support** are underlined (FI, HU, LT). In Hungary in 2015, the **government has actually abolished minimum income**. It has been replaced by an 'employment sustainability benefit' of 70 Euros a month. Work Fare is 160 Euros for 40 hours. "*The NRP doesn't mention that ½ million people in Hungary have no legal income and are often families*" (EAPN HU). In Finland, cuts will be made to the length of unemployment benefits. However, mention is also made of the basic income experiment. In Lithuania, the government congratulates itself on reductions in benefit use but only 45% stopped getting benefits because they got a job, with 55% for "other reasons". The increase in **non-take up and effects of pushing people off benefits** should be evaluated. In others, although the importance is recognized, there is a **lack of a sense of urgency**. In Ireland, where the government is content to highlight that it has the best record for reducing poverty after social transfers, adequacy and coverage of minimum income is not addressed.

³ [European Commission: Social Investment Package](#)

⁴ [EAPN \(June 2016\) Assessment of the 2016 CSRs with Country Annex](#)

In several MS, **although improvements are made they are completely inadequate to deal with the severity of the problem and ensure a dignified life** (CY, EE, IE, LV, LT, ES). Cyprus highlights that the new 'adequate' minimum income is much applauded, but *"provides only enough for survival not a dignified life"*. In Latvia, the NRP outlines a large number of improvements, but they are still too little to make a difference. *"There are amendments to laws on State Pensions in 2015 i.e. old age, services, survivors' pensions but these are likely to be very small amounts. The indexation of pensions will also increase but by only 2 Euros a month. Social benefits are very low - only 50 Euros a month, with disability benefit at 80 Euros, when calculations for minimum income on real basket of goods and services is at least 400 Euros a month."* Some concern is also voiced about the **impact of increased role for Food Banks (funded by EU funds: FEAD), in relation to minimum income**. In Croatia, FEAD is being used to cover basic needs for groups which are not eligible for income support. However, most members underline that food support should be seen as an emergency measure only and not to substitute for providing an adequate monetary income and social protection.

A major **problem for the adequacy of income and income support calculations is also the lack of effective indexing to the real cost of living** (BE, MT). For example, in Malta, the harmonized price index on which inflation is calculated does not reflect the majority consumption pattern of the low earnings cohort... i.e. the higher dependency on basic goods and services. But this index is used in the setting of both minimum income and minimum wage – i.e. adequate income benchmarks. **The high level of indebtedness is also linked to rising prices and stagnating or falling incomes**. In Latvia, this is seen to be due to increased access to consumer credits, mortgages, and debts for public utilities, with fast credit companies' use of high interest companies. The network highlights that the government is often loathe to take action because they welcome the possibility to 'heat the economy'.

On a positive note, several members highlight important improvements, but underline concerns related to their implementation and their real impact on people's lives (CY, EE, FI, MT, NL, PT, ES).

Estonia: There are positive policies to try to reach the target to **reduce poverty after social transfers** e.g. Increasing family allowances, social assistance for low incomes and elderly, increase in the maintenance allowance, additional tax refunds for low income employees and allowances for pensioners living alone, but we have worries about implementation: when will it happen and how much?

Finland: A positive development is the decision to **transfer Social Assistance to the national Social Insurance Institute of Finland**, i.e. this will provide equal national coverage, with the aim to put clients on an equal footing and it should help to increase take up.

Lithuania: Some marginal **positive developments in income support** are presented, but they need to be strengthened: waiving cancellations of benefits after more than 60 months of receipt, relaxing decreases of benefits over time, additional payments for recipients who return to the labour market. **Financial incentives for the working poor should be increased**, see latest working paper by OECD.

Malta: There is some **new attention to in-work benefits** – to entice people on welfare benefit into work, while tapering off payment of benefits. But the problem lies in the quality of work and pay. Many times this is low paid, precarious employment that can't be sustained even after tapering off is applied.

Netherlands: There is new support for people in debt - 100 million is given to municipalities for 4 years to try to help people in debt find solutions. The ministry is cooperating with several NGOs and consultative structures, funded by 4 million a year.

Portugal: The NRP highlights the intention to **restore social standards** for people living in vulnerable conditions: with the social insertion income, solidarity complement for the elderly and others and restoring rules to index pensions and other benefits. Sustaining the increase for minimum living wage at 530 Euros will also play its role.

Spain: Progress has been made in the study of necessary changes to the minimum income system. Partially funded by EU funds, the government will **coordinate the different actors to identify improvements** in coverage, consistency and adaptation to current and future needs.

Increasing threat to universal services, access and affordability

Most members highlight concerns about the **weakening of public services, including the principle of universality** which is seen as essential to ensure access to rights and to get commitment across income groups to financing for quality services which are used by all. The major focus, often supported by the Country-Specific Recommendations (CSRs) is a focus on **cost effectiveness and efficiency**, in efforts to reduce public deficits and debt. (See macroeconomic section). Where there does appear to be **more commitment to ensure access, little detail is available**, nor clarity about how this might be funded within the budget constraints (BE, HR, IE). In Belgium, the NRP is seen to respond to the CSRs: *“They are really saying Congratulations! You are doing better in making your social protection systems sustainable i.e. cheaper, keeping wages low to be competitive, whilst dismantling rights, e.g. indexation. This is creating poverty.”* In Croatia, the NRP highlights more commitment to increase availability, quality and sustainability of basic resources and services, but with no detail on budget or implementation. Concerns are also raised about who provides these services, particularly social services that have been previously funded by NGOs, but through short-term funding. Ireland outlines plans for increasing **public investment in services infrastructure**, responding to the CSR received in 2016: in social housing, public transport and water services. It states that projects have been prioritized that maximize economic and social return by having greatest impact on people’s quality of life. However, the impact on universal access will need to be evaluated.

A major concern is the erosion of **universal health systems** (IE, LV). This is partly a question of **impact of cuts and efficiencies**, but also the **lack of investment** in a **comprehensive public health** care system which can benefit all. In Ireland, CSR 2 focuses on health, but only on cost-effectiveness and the decision to not proceed with the implementation of a universal health insurance service. In Latvia, although free health services are available, free medicine is not, which undermines the right to health. New measures are proposed to tackle Latvia’s low life expectancy, but **mainly through prevention (generally cheaper) but the major problems of structural underfunding** go unanswered. There is a major problem of **private use of public health infrastructure** i.e. doctors seeing private patients in public facilities, at the same time that state medical staff are low paid.

Affordability and quality of other key services is also given little attention. For example, **energy poverty** is increasing across the EU, impacted by the drop in household incomes struggling to deal with rising fuel prices (BG, LV, LT, SK). In Slovakia, energy prices are very high compared to average income, and particularly for those who are poor. *“Slovakia is facing deflation, but energy prices keep going up, as do public transport. A huge amount of salaries/income goes to housing and utility costs, so there is not much left for eating and other things”* (EAPN SK). In Latvia, an Honorary Family card means families can receive support for electricity with a lower rate on the first 100kWh used monthly. This is welcome, but a very tiny support, which will not deal with the overarching problem of the high price of energy, increased consumption needs of vulnerable households and inadequacy of their income.

In **employment and social services**, concerns are raised about the reduced funding, but also the lack of clear commitment to NGO services, which are closest to people in poverty, and the new introduction of private sector services to replace them.

Some progress on integrated anti-poverty strategies, but more can be done!

EAPN strongly backs the need for a comprehensive anti-poverty strategy that can provide access to rights, resources and services across the life course, with a particular focus on integrated active inclusion: quality jobs, adequate minimum income and social protection and access to quality essential services. As a result, EAPN welcomes some **signs of progress on the development of an integrated anti-poverty strategy**. However, most still **fall short in terms of comprehensiveness** including too **narrow approaches**, limitations in relation to **life course** or the range of **target groups**, **lack of detail or implementation** (IE, PL, PT, ES, SE).

Steps towards an Integrated Strategy?

Poland: an integrated strategy to fight poverty and social exclusion was adopted as part of the ex-ante conditionality for ESF funding, as a result of pressure from NGOs and other bodies, but it is not clear the new government remains committed to it, as there is no mention in the NRP.

Portugal: a direct reference is made to the implementation of a strategy to fight poverty and social exclusion, ensuring the sustainability of the social protection system, recovering social standards, and through access to public basic needs as important measures to defend and strengthen the welfare state, but still falls short of a comprehensive strategy to meet needs of all groups. In fact, for the Government this strategy means the implementation of a national strategy to fight child and youth poverty. This is quite welcomed, but to be consistent and for it to be delivered effectively, it must be part of an overall national strategy involving transversally other public and sectors.

Sweden: an overall positive, integrated approach is proposed, but not enough to have any impact on poverty and inequality.

Spain: “Optimistic” references are made to various plans formulated last year (NAP for Social Inclusion, Disability strategy, Action Plan on Drugs, Social Inclusion of Roma, PENIA (child and family strategy), homelessness strategy and family plan. It is positive that EAPN and other social organisations were actively consulted in the development of these programmes. However, they are too often piecemeal measures, with a lack of implementation due to no budgetary allocation, and incomplete or non-existent transposition to the Autonomous Regions.

Ireland: The National Action Plan for Social Inclusion 2007-16 is extended and an updated plan produced up to 2017. This includes an update of goals with the addition of new ones covering early childhood development, youth exclusion, access to the labour market including measures for people with disabilities, migrant integration, social housing and affordable energy. While these measures are welcome they still do not involve an integrated approach, and the issue of adequacy and coverage of minimum income is not addressed. The new programme for Government adopted after the NRP does include a commitment to develop a new integrated framework on social inclusion, to tackle inequality and poverty, however the approach lacks adequate detail.

Beyond child poverty to ‘Investing in Children’

Child Poverty is mentioned in several NRPs (BE, HR, EE, IE, LV, MT, NL, PL, PT, SK, UK). But the measures tend to be **rather piecemeal**, rather than supporting **an integrated Investing in Children approach** which invests in adequate income, services and children’s participation. For example, in Croatia, despite a growth in relevant research on child poverty and investment in children (e.g. UNICEF, University of Zagreb etc.), no real account has been taken in the planning process in order to ensure better impact on children and their families but also local communities. Neither is attention paid to regional disparities. In the UK, increased support for childcare services are mentioned, responding to the CSR, however the focus is on *“getting women back into the labour market, rather than for the good of the child”*.

There seems to be a greater focus on increasing **family income support**, aiming to impact on monetary poverty of children and families (EE, LV, MT, PL, PT). In many cases this is reflected in more priority to **family allowances or child benefits**. However, **the real impact of these benefits on family income is a concern, in the context of rising costs and cuts in services**. For example, in Poland, a new universal and generous child benefit has been introduced. It is means-tested only for the first child, but the threshold is set very high. A welcome feature is that the new benefit can be combined with family, housing and social assistance benefit without loss. In Malta, however, although children’s allowance and in-work benefits for families are being actively promoted as means to reduce family poverty, so far such measures have not prevented the number of children in poverty from increasing **due to overall low incomes and rises in housing costs**. In Estonia, there is specific attention to children in poverty and implementation by increasing family allowances, also improving social welfare and child protection laws, and services. However, there are **no measurable objectives**.

In other countries, the priority appears to be more about increasing the birth rate. For example, in Latvia, the aim is to counter the drastic decline in the population (by 17% since 2000). This is partly due to declining birth and death rates, but also emigration. The NRP sets out an Action Plan for Implementation of State Family Policy guidelines which aims at improving the support system for families. However, despite important measures like increase in preschool education for children, tax relief on education, changes in labour law to increase leave, discounts through a family card and support to buy a first flat, the basic issues of inadequacy of family income are not solved. For example, the child benefit offered (11 Euros for 1st child, 22 for 2nd and 33 for third) is too low to make a difference. In other countries, the **cuts in services and benefits are seen to undermine other measures.** In Cyprus, child poverty is only looked at in terms of the economic status of the child's family. In 2014, child poverty stood at 27.4%, but as EAPN CY highlighted *"It is clear that child poverty can't be reduced if austerity continues to attack social services, benefits and family status"*.

Increasing access to childcare, continues as a key priority, often underpinned by CSRs (IE, LV, PL, PT, SK, UK). However, this is generally linked more to **improving women's access to the labour market,** rather than investing in children's rights - early-learning and child development. For example, in Poland, there is increased support for pre-school services, as the coverage is still very low for children up to 3 years old. However, the lack of data on how many children from poor families are accessing pre-schooling, hampers the assessment of the equality of access, as well as impact on poverty and investment in children. In Slovakia, the focus is on institutional support i.e. expansion of childcare facilities for children under 3, but only for parents who enter the labour market with children under 3. This is combined with support for active labour market measures to support parents, but with conditionality. *"If you have 3 children, maternity leave is only paid for 1 child. If you send the child to the kindergarten, the maternity leave ends, so women are forced to go back to the labour market. Neurologists are saying that an increasing number of children are not receiving adequate care, but they think only of the economy, not quality of life and quality for children"* (EAPN SK). In a few cases its **key role in prevention and particularly in the intergenerational transmission of poverty** is more clearly recognized (IE, PT).

De-institutionalization is an important initiative in some countries, tackling orphanages and other care institutions. However, concern is raised about the overall approach to investment (LV, SK). In Latvia a regulatory framework has been drafted with the support of ESF, which will encourage the increase of foster families, guardians and adoptive parents. However, this provides foster families with a higher support than is given to ordinary families. In Slovakia, housing is made available for some groups by a process of de-institutionalization, and with the support of the programme *Jeremy and Jessica*.

Some steps towards an Investing in Children approach!

Belgium: "There is a National Plan for fighting child poverty which has been developed in consultation with federal entities, but there is no detail on the federal level. The draft shows an Investing in Children, 3 pillar approach, which is welcome, but at the moment it is more like an empty box."

Ireland: There is a government strategy 'Better outcomes, brighter futures' which potentially supports an integrated approach, but this is not clear from the NRP. CSR 3 focuses on child poverty, particularly quality prevention and early intervention. The NRP highlights a small decrease i.e. 3000 in consistent poverty from 2013 to 2014, but this doesn't mention the big increase in child poverty since 2011 (i.e. 134.000 compared to 107.000). There is a major focus on childcare, outlined in report of Interdepartmental Group on Investment in Childcare. There has also been a partial reversal of cuts in child benefit and improvement of welfare supports for those in low-paid work, but there is no focus on adequacy of income for families dependent on social welfare, and a truly integrated approach is very hard to see.

Portugal: There is a national strategy to fight child and youth poverty that has an integrated approach, and retrieves the centrality of family allowance as the main public support for families.

Spain: The NRP highlights the Comprehensive Plan for family support, as well as references to implementation of PENIA (child and family plan). However, there is no budget allocation.

Few concrete measures on gender equality and gender pay gap

5 members highlight specific measures on gender equality in the NRP (EE, DE, MT, NL and PL), however few appear to go beyond projects and generic approaches to **comprehensive approaches, including the gender pay gap**. For example, in Poland, there are specific ESF projects and support to preschool care but nothing on gender pay. In Germany, there are measures on gender equality but not on reducing the pay gap. A particular focus is on *gender-sensitive* measures, i.e. a programme to reduce gender differences in vocational orientation. Estonia and Malta appear to give a stronger emphasis. In Estonia, both gender equality and gender pay are seen as key issues. The measures on equality are mainly in planning, statistics and raising awareness, which are relatively cheap measures. Estonia has the highest gender pay gap in Europe, so the Commission brings some pressure to bear, although the network points out that it is affected by the peculiarities of the Estonian economy with a large amount of microbusinesses and undeclared work. **On a more positive note**, in Malta, the government is working tirelessly on this issue and the network sees that substantial progress has been made.

4 members highlight that **no significant measures or focus on gender equality** are to be found in the NRP (BE, CY, LT, ES). In Lithuania, particular concerns are expressed about the missing focus on social exclusion/poverty of single female pensioners. In Cyprus, the network voices concern that **gender issues are misunderstood and disregarded**. *"There are some key challenges with the indicators, with the gender pay gap reducing to 16%. But this was due to the decline in male wages, particularly in 'male dominated' sectors like construction, because of the crisis. The growth in precarious work has also primarily hit women i.e. in 2015, 18.4% of workers were in precarious jobs, compared to 15% in 2012, and 13.7% were in part-time work compared to 10.7% in 2012. Because of the lack of other jobs, men are increasingly competing for this kind of work"*. In Spain, no measures of importance are highlighted but there is a general ambition of promoting gender equality and having well-functioning welfare services to make it easier for women to work.

Too low priority to tackling homelessness and investment in affordable housing

The growing number of homeless in Europe is a major concern for EAPN members. Although some mention is made in the NRPs of specific measures or strategies (BE, HR, CZ, IE, LV, MT, ES, SE) it is not given **sufficient priority**, and often **fails to reference important progress** that has been made at national level, particularly in relation **to implementing Housing First strategies**.

Some positive measures are highlighted by several networks, but budget, implementation and impact is not always clear (BE, CZ, and ES). In the Czech Republic, new services have been established for homeless people through **a law allowing chain stores to donate unsold food to food banks**, linking to EU funding via the FEAD Fund. In Belgium, the result of the **Housing First Belgium** experiment will be submitted to federal entities to continue their development. *“Some of the federal entities have also included some positive additional measures against homelessness and housing exclusion, but in the National Action Plan, housing first is the only approach promoted to fight homelessness, which is not sufficient as only 450 people are reached...neither is the broader issue of accessible quality housing addressed”*. In Spain, there is also a comprehensive national strategy for homelessness (2015-20), as well as specific measures to promote access to housing, e.g. pension rent supplement, extension of period of suspension of evictions, improvement on code of good practice for restructuring debts with a mortgage on the principal residence. However, budget commitments to ensure implementation is not always there.

In several countries, the **NRP fails to mention important positive developments in tackling homelessness and access to housing** (HR, PL, PT). In Croatia, no mention is made in the NRP, although homelessness is a key focus at national and local level, thanks to a national network of homelessness, one of the founder members of EAPN Croatia. The campaign has had an important impact on the Law on Social Welfare, getting the homeless introduced into the section on vulnerable social groups and through campaigns, and getting support for the spread of networks of refuges in most cities. In Poland, there is also nothing in the NRP. This is particularly worrying as the Polish Ombudsmen and social NGOs are very active on this issue. In Portugal, homelessness is also not mentioned, despite the National Strategy for homeless people since 2009. This strategy ended in 2015, but there was a commitment to its continuation, so it would be important to include this Strategy in the NRP.

A major concern for almost all networks is the **diminishing supply of affordable homes and social housing** across the EU, particularly for low income households (CZ, FR, HU, IE, LV, LT, MT, NL, SK, SE, UK). In the Netherlands, the rise in private sector rents is seen as directly causing homelessness. *“People are homeless because they can’t pay the rent. Some are forced to return to the same jobs on lower wages, but stay in the same house with a high rent. These rents are too high to get benefits, so they have to leave their houses”*. In France, the CSRs and NRP do not address the problem of *“transfer of housing to local authorities which is resulting in cuts in housing and social inclusion measures. Social housing is addressed, but not enough”*. In the Czech Republic, the Czech law on social housing is seen as crucial to solve this problem, but it faces major barriers to implementation. In Sweden, people are not able to repay their mortgages at current rates, which also poses problems for the economy. *“There are also simply not enough apartments and the housing that does exist is unaffordable, particularly for young people who are often unemployed”*.

Many networks see a major contradiction in the EU’s own priorities **which promote housing supply through the housing market as an instrument for growth, rather than as an instrument for ensuring the right to housing** (LV, MT, UK). In Malta, a substantial part of the economic activity is real estate development for tourism and expatriates. This has pushed up price of commercial rents, some areas seeing an inflation of rents of 20%. *“This is totally outside the reach of low wage earners, pensioners*

and people on benefits. The government is considering social housing availability and commercial rents, but no action as yet”.

In some countries the issue of owner occupation is highlighted. In Lithuania, home ownership is very high, but the houses are of poor quality and not energy efficient. *“This is a problem because heating is very expensive.... Social Housing is almost nonexistent.”* In Latvia, EU ESIF funds are seen as having helped to ‘heat’ the housing market. New empty apartments due to speculation are a major problem, but no proposals are made to impose a high property tax. *“Even the new EU funded housing projects via State-owned Altum, which guarantees support for first-time buyers, at a rate of 6000 Euros per flat, providing support for 1200 families this year, will not be accessible to low wage earners and people in poverty”.* In the UK, *“part of the CSR was good but the NRP focus is on the mortgage market with no social rights included”.*

Where positive measures are proposed, EU fiscal and economic priorities can risk undermining social investment. For example, the Irish NRP has a specific section on housing supply, highlighting increased homelessness. It recognizes the key challenge to increase supply including social and affordable housing. It mentions the **Social Housing Strategy 2020 and commitment to deliver 110.000 social housing** - including building 35,000 new social houses - and commitment to address homelessness, but it is **yet to be seen if they can deliver on this because of the EU Fiscal Rules.** The Government has also committed itself to increasing housing support, recognizing that it is currently inadequate to deal with rising rents in the private rented sector, but this must be implemented alongside better measures to control rent increases. **An unregulated housing market is unlikely to provide affordable homes** to people on low incomes. **Social housing and housing caps are seen as a key instrument** to make this social right a reality.

Missing a systematic, integrated approach to tackling discrimination against all groups

Some focus is given in the NRPs to specific barriers facing **different socially excluded groups, on the grounds of age, disability, migrant or ethnic status including Roma** (BE, HR, CY, EE, IE, LV, LT, NL, PL, PT, ES) but the measures are generally **inconsistent and piecemeal**. There is a surprisingly low focus on **migration and refugees**. Where it is mentioned, the approach highlighted is a limited **integration approach primarily focused on the labour market**. For example, in Belgium, activation and language courses are proposed to help people into jobs, but no concrete measures are proposed against discrimination, despite a specific statement in the NRP: *“fight against discrimination in the labour markets continues to be a priority for all governments”.*

Where measures are proposed to support **older people and disabled people** (EE, IE, LT, MT, PL, ES), the **main focus is also employment**. In some cases, this is seen as offering some **positive potential for inclusion**. For example, in Poland, there is new supportive employment legislation for people with disabilities, to challenge their current low activation. In Estonia however, there are concerns about the impact of the measures to bring people with disabilities and older people into the labour market. The new **Capacity for Work** reform will reinforce the conditionality between Active Labour Market policies and benefits, potentially providing *“a basis for a new discrimination”*. In a few cases, there is a more **comprehensive focus on ensuring adequacy of income and access to services (LT, MT, PT)**. In Portugal, there is a welcome commitment to **restoring social standards** for people in vulnerable conditions including elderly with the solidarity complement, updating pensions and benefits. In Lithuania, attention is given to increasing poverty particularly of **single female pensioners** and people with disabilities. In some cases EU funds are actively supporting supportive approaches, e.g. in Poland,

ESF projects are encouraging the **expansion of day centres** for older people organised with NGOs. In Malta, changes have been made to contributory pensions, and all pensioners will get pensions over the poverty threshold by 2026. However, **concerns are raised about the pressure for Active Ageing**, for vulnerable people who are not healthy or in quality jobs, obliging people to work to supplement inadequate pensions.

Challenges for **ethnic minorities and particularly Roma**, are highlighted by several (HR, LV, SK, ES). Most of these refer to **specific National Strategies for Roma Inclusion**, however little **detail is given of the content, and how far they are integrated and comprehensive**. In some cases, like Portugal, although a National Strategy for Roma Inclusion exists, it is not mentioned in the NRP. In Latvia, for example, there is a specific implementation plan until 2016 based on national identity, civic society and integration policy guidelines for 2012-8, backed by an Advisory Council for implementation of Roma Integration Policy. Funding support is provided through an open project tender to support **civil society participation to ethnic minorities, including Roma**. However, there are doubts about the implementation and impact.

Discrimination is generally not dealt with as an overarching frame, systematically analyzing the key groups and obstacles faced, **nor are pro-active measures** to raise awareness, challenge discrimination and promote diversity put forward. Most of these groups are experiencing the impact of austerity and cuts, resulting in poverty and social exclusion, that is also leading to competition or **'negative social behaviour'** between these groups, generating increased **racism and xenophobia** (CY). **Discrimination on grounds of poverty** is also not taken into account. For example, in Cyprus, a new registry of people on benefits has been created (250.000) which has been done to facilitate the calculation of Guaranteed Minimum Income, but it also breaks the connection between the 'need' and the 'benefits' received, also likely to feed increasing stigmatization of people in receipt of benefits. A rare example of positive rhetoric is seen in Latvia, which highlights a more comprehensive approach backed by ESF Funds, although doubts are raised on the implementation and impact.

Promising practice - Promoting Diversity

Latvia: The aim in the NRP is to ensure support for groups of the population at risk of social exclusion: including Roma, 3rd country nationals of a different culture, religion, language and ethnic origin and people excluded due to poverty and regional remoteness, in order to help them to take active part in all aspects of life in European Society. Civil participation of these groups is also strengthened and discrimination restricted. In 2016, an ESF funded project: *Promoting Diversity (preventing discrimination)* was launched. The project aims at preventing discrimination and promoting social inclusion of groups at risk. It provides measures for raising awareness and tolerance amongst employers and employees, services of social workers and social mentors for asylum seekers and refugees, and measures to raise awareness of society at large. Its budget is 6.8 million, including ESF financing of 5.8 million.

Benchmarking with non-EU countries

Norway: Poverty is increasing, due to lack of right to minimum income and universal services.

Poverty is increasing, and this has a lot to do with the fact there is no rights-based universal minimum income. There is a huge variation in social welfare systems and allocations across the country, because there is no legislation. Many people have been out of the labour market a long time, but there is little positive activation, only negative. Studies have shown that negative forced activation decreases the incentives to work by 35% compared to those who can apply for a job in the normal way. There is also an increase in targeted policies to tackle child poverty, but only a small amount of income is given so it doesn't have much impact. For us it is clear that universalism is the only approach.

Iceland: Welcome action to reduce health inequalities and increase access to housing: 2 important bills have been passed in Iceland, prior to anticipated elections in October. One relates to the health system. Although the system is very good, ambulatory systems are used too much and have to be paid for. This will now change with a cap on the amount. Secondly, they are going to build more apartments for low income families. In other areas, unemployment is around 3% and child poverty has increased, and 2.4% live in extreme poverty. Here there are welfare vouchers and 2% of the population benefits. The main factors are considered to be health (older people and those with disabilities) and housing. There will be a new system to test your ability to work. If you have 60% ability you get 60% disability. The problem is the labour market doesn't have part-time jobs. Other schemes are accompanying support schemes, and a state subsidy of part of the salary, but disabled people find these humiliating. Almost 40% suffer psychological problems and depression. A key priority is to raise disability benefits, which are lower than the minimum wage and to control rising rents.

Key Messages

1. *Take the poverty target seriously!*

All Member States should transparently set and deliver on ambitious national targets using EU indicators - particularly at risk of poverty and severe material deprivation - updating the targets if they are met. These should be transparently developed and monitored with national parliaments and stakeholders.

2. *Prioritize an ambitious, rights-based integrated anti-poverty strategy for all groups*

Put in place an overarching multidimensional strategy to fight poverty for all groups, based on rights and access to quality jobs, social protection and services. This should provide the basis for thematic strategies, implementing priorities of the Social Investment Package – on tackling homelessness, investing in Children and Roma inclusion - with new priorities to fighting

discrimination, including **tackling exclusion of migrants and implementing the UN Convention on Rights of Persons with Disabilities.**

3. *Promote social standards – starting with adequate income through the life cycle*

Investment in adequate minimum income and social protection is key to provide a strong foundation for a sustainable recovery and investment in people approach. The EU should make progress on supporting a framework to ensure quality social standards and a right to an adequate income through the life cycle.

4. Employment

Introduction

The Employment chapter of National Reform Programmes is dedicated to an analysis of the measures implemented, and those further proposed, for reaching the employment target of the Europe 2020 Strategy, defined as “75% of the 20-64 year-olds to be employed by 2020”. According to Eurostat figures, the employment rate for Europe 28 in 2015 was 70.1%, in a slight increase of about one percentage point since 2014 (69.2%). Employment continues to be a priority for policy-makers, with 20 Member States receiving a Country-Specific Recommendation on activation and improving access to work in 2016.

The employment policies of Member States, in the context of the Europe 2020 Strategy, are underpinned by the Employment Guidelines 5 and 7, which speak explicitly, among others, of the creation of quality jobs, protecting revenue for adequate social protection, supporting the social economy, fighting in-work poverty, reducing and preventing segmentation within labour markets, combating undeclared work, ensuring employment protection and quality employment, and providing tailored services to jobseekers. The Annual Growth Survey 2016, however, takes a much narrower approach, highlighting flexicurity and the fight against unemployment and, while there is a vague rhetoric on “better jobs”, the AGS contains very worrying references to reducing employment protection, including eroding job security, and enforcing strict activation-related conditionality.

Statistics on the employment target show some progress, but a look at the realities behind the figures tells a different story. While the numbers indicate that more people are employed, not enough attention is paid to qualitative aspects. The consistent view of EAPN members, working on the ground with beneficiaries in 31 European countries, is that the increase in employment figures is mainly due to a proliferation of low paid, unsustainable jobs, with reduced workers’ rights. Equally, activation policies continue to be marred by punitive approaches, such as increased conditionality and reduction in support, while funding is spent ineffectively on measures that do not improve people’s professional integration, nor their social inclusion. At the same time, comprehensive job creation policies are missing in most countries.

In the quest to meet employment objectives, both the quality aspect, as well as striving to ensure wellbeing and inclusion seem to be sidelined, and aggressive measures to comply with numerical indicators on the employment statistics seriously undermine reaching the poverty reduction target of the same Europe 2020 Strategy, instead proliferating in-work poverty, marginalisation and exclusion. The European Pillar of Social Rights could play a very significant role in redressing this situation, if it takes its commitments to ensure quality and sustainable employment (including adequate wages, stable contracts, and employment protection) and secure transitions (including personalised, integrated, comprehensive support for those who can work, particularly key groups) seriously.

This chapter sets out in detail our members’ assessment of their national employment policies, as defined in the 2016 National Reform Programmes, as well as of the perceived consequences of these measures on people experiencing unemployment, poverty, and exclusion.

The target seems on track, but do statistics capture realities?

56% of EAPN respondents **disagree that the measures proposed in their National Reform Programmes are the right ones** (with 25% strongly disagreeing, and 31% partly disagreeing).

A number of countries **appear to be progressing on the employment target** (CZ, EE, DE, HU, IE, MT), while in others, unemployment is still high, with figures in the double digits (HR, CY) or relatively low, but not decreasing (NL). However, as the target is not broken down by different groups, these figures fail to capture the fact that **some categories continue to face significant barriers in their quest for quality employment**, such as youth (HR, where youth unemployment is as high as 52%), the long-term unemployed (FI), people with disabilities (SE). A number of members also point out that **these reductions in numbers could be explained by factors which are not sustainable on the long-term**, hence do not indicate durable changes, such as dependency on subsidies which are bound to end (HR, FI, MT, NL, RO), migration (BG, CY, EE, HU, LV, ES) etc.

Cyprus: The employment as a percentage has lightly increased in 2015 as compared to 2014, but in absolute numbers there was a reduction by 2000 jobs comparing with the employed in 2014. The reason for the increase of the percentage is the reduction of the Cypriot population by 5.5 thousand due to migration. The Eurostat ranks Cyprus migration at the first position in the EU. There is no strategic plan in this NRP seriously tackling unemployment.

Hungary: Our statistics have improved, because there are some tricks. People on Work Fare are calculated as employees, as are those who are working abroad, in order to improve our unemployment rates.

Sweden: The development of the overall unemployment figures is positive with decreasing figures, but not for the most vulnerable groups, such as people with mental health problems.

Employment at all cost: quality of work not mentioned, low paid insecure jobs on the rise

A staggering **81%** of EAPN respondents **disagree that, in their view, the NRPs mention increasing quality jobs and tackling in-work poverty as keys priorities** (with 31% strongly disagreeing, and 50% partly disagreeing.) From our members' assessment, **quality work is a missing dimension** in most NRPs (BE, CY, CZ, EE, DE, IE, LV, LT, MT, NL, SK, UK) with some notable partial exceptions (PL, ES). In-work poverty is, equally, not given any prominence. Some NRPs (BE, CY, CZ, LT) contain explicit provisions undermining quality of work, whether by supporting low wages, precarious contracts, erosion of employment rights, or all of these.

With regards to **wages**, some NRPs (BE, FI, LV, MT) seem to favour a **low-wage economy to ensure competitiveness**, with measures such as cancelling the annual indexation (BE), and cutting funding for wage subsidies (FI). Low wages are also reported in other countries (BG, EE, ES). Some progress in terms of living wage is reported by the United Kingdom; for Portugal (where there is a commitment for progressively raising the minimum wage, now standing at 530 euro), and there was an increase in wages in Slovakia, but only for public sector employees.

Precariousness is also on the rise, with increases in part-time work (CY), the introduction of zero-hour contracts (LT) and other insecure types of contracts (MT, NL, SE). **Erosion of social dialogue** and a weakening of the role of trade unions is also noted (BE, MT), as well as changes in labour law that encourage more flexibility and **reduce employment protection** (FR). **Undeclared work** is highlighted as an increasing problem in Cyprus, while no measures are foreseen in the NRP to tackle it.

Malta: Unfortunately, this economy is structured mainly around tourism and construction which provide jobs of either a precarious nature or low wages. This is creating in-work poverty. Government is reluctant in adjusting the minimum wage citing competitiveness and is more inclined to subsidise wages with an in-work subsidy than to raise wages which in turn would increase the overall level of wages. Workers' rights are deteriorating and workers' unions are finding it difficult to maintain what level of protection there is. We are faced with an ever-increasing level of expatriate and immigrant work force which accepts whatever employers offer in wages and conditions. The problem lies in that there are no controls exerted on these irregularities and they are affecting wage levels and conditions to the detriment of local workers. We are conscious that in hotels and construction, workers are engaged on a self-employed bases without leave, sick leave and social protection, very similar to "Zero hour" contracts in the UK.

On a more positive note, some NRPs contain some provisions aimed at improving quality of work, such as reducing precariousness (PL, ES), and improving the quality and inclusiveness of employment (ES).

Comprehensive strategies and investment for job creation still missing

Our members highlight that **job creation is still a serious issue not receiving enough attention** in their NRPs (HR, EE, LT), while the focus in solving unemployment continues to be on the supply side.

Some measures aimed at encouraging job creation are reported, but **serious concerns are raised about their success**. For instance, in Belgium, reducing the social security contributions for employers raises concerns about the sustainability of financing social protection. In Croatia, 'flexi-jobs' entail heavy State subsidies for salaries. Conversely, in Cyprus, the decision to privatise semi-public entities will actually lead to a loss of jobs. In Finland, while it is believed that the competitiveness pact will create more jobs, our members raise concerns about it increasing unemployment and poverty instead. In Latvia, an increasingly larger share of the workforce is employed in the public sector, which creates a series of constraints and burdens.

On a more positive note, the Irish NRP highlights that creating jobs and addressing unemployment continues to be a priority, supported by initiatives such as the Youth Guarantee, and the Action Plan for Jobs 2016, including its regional variants. Cyprus also reports public investment in jobs for women and young people. In Portugal, the need to reinforce the support for unemployed and independent workers is recognised (additional financial support for 6 months for the unemployed who are no longer eligible for unemployment benefits).

Also encouraging are some **initiatives aimed at promoting social economy and social entrepreneurship**, with dedicated laws scheduled to be adopted and enforced in several countries (CZ, LV, SK).

Latvia: Starting from the 4th quarter of 2016 and until the end of 2022, within the ESF co-financed project Social Entrepreneurship Support, it is intended to provide support for actors within social entrepreneurship, including those taking work inclusion measures, facilitating the employment of certain target groups (long-term unemployed, elderly unemployed (over the age of 54), unemployed with dependent persons, unemployed with disability or mental disorders) in social enterprises. Within the said period, the social enterprise support system, including providing financial support to social enterprises, shall be developed and implemented as a part of this project. The total financing for implementation of the programme is EUR 19.9 million, including the ESF co-financing of EUR 16.9 million. A Law of Entrepreneurship does not exist and it is very important to create such a law with social responsibility, the possibility of competition and accessible, easily transformable entrepreneurial elements as driving factors.

Personalised support towards inclusive labour markets undermined by negative activation

Activation policies continue to remain focussed on negative approaches, rather than providing comprehensive, tailored support for groups most in need. A number of EAPN members report **punitive activation measures** from their NRP, such as further tightening on conditionality attached to benefits (EE), or reducing their generosity, duration, and coverage (FI). The introduction of **different forms of workfare, or compulsory community service for the unemployed in exchange for their benefits**, is a very worrying trend reported from several countries (BE, HU, LT, NL).

Some members also report **poor efficiency of public employment services** (FI, PT, RO), **unnecessary training** that only enriches training providers (LV, ES), or the **lack of a strategy to support particularly excluded groups altogether** (DE, LT). Even when such strategies do exist, their efficiency is strongly called into question by our members (NL). There is very **little evidence of personalised, comprehensive approaches, rooted in integrated Active Inclusion**, and when they do exist, they are the exception rather than the rule (BE), and it is unclear how they will be implemented, and if they will be effective (PT, ES).

Lithuania: Active Labour Market Policy instruments are mostly focusing on financial support of the companies, not on investment in human capital of the unemployed people, such as soft skills training, improvement of self-esteem, emotional support etc. On the other hand, one of the most popular Active Labour Market Policy measures is public work - temporary (up to 6 months) and unqualified (cleaning, sweeping etc.) work for minimum wage. "Socially useful" (i.e. unpaid) work for social benefits is becoming more and more popular in the municipalities.

Romania: There is a need for the national employment agency to tailor its services better to the needs of the people and to link its services to social services.

A number of EAPN members (HR, FI, LV, UK) raise concerns about **public funding being cut or undermined by austerity measures**, which endangers the potentially positive effects of many policy measures. Many measures are seen as short-term and have an emergency character, rather than being real, comprehensive, durable strategies to support those in need (HR, LV). Members also highlight over reliance on EU funds (LV, RO, SK).

A slightly more positive assessment includes efforts to remove obstacles to professional inclusion (HR), or to improve the functioning of Public Employment Services (PT, SK, ES), or an increase in unemployment benefits (SE).

Key groups facing multiple obstacles still left behind

According to our members' assessment of their NRPs, **while some groups receive preferential attention in policy-making, others are neglected or left behind**, which undermines the objective of fostering inclusive labour markets for all.

Young people are a group prioritised by most NRPs (HR, CY, EE, FI, FR, IE, MT, PL, PT, RO, SE), as youth unemployment is on the rise or continues at high levels, and the number of NEETs increases. Several NRPs include measures to facilitate **women's better inclusion** in the labour market (CY, HU, UK), as well as support measures for the **long-term unemployed** (CY, EE, IE, PT). Our Spanish members lament the absence of references to the high rate of female unemployment, part-time jobs that many women are involuntarily compelled to take, and the gender gap in pay and pensions. Positive support measures for **people who suffer from mental health problems** are highlighted, including an assistant in the workplace and subsidised workplaces (LV), while **provisions for people with disabilities** are also mentioned (NL, PL).

Conversely, the German NRP does not mention the long-term unemployed, while it includes positive measures for the labour market integration of **refugees**, though unsupported by complementary measures to also ensure their adequate social inclusion. Some members lament the insufficient attention paid by the NRP to other groups facing difficulties, such as **older workers** (HR), while support for the same group is mentioned in other countries (MT). **Roma** are also mentioned as an insufficiently addressed group, facing significant barriers to professional integration (SK).

There is also concerned raised about the fact that, while some good measures exist in principle, **ineffective implementation, a tokenistic approach, and lack of funding and commitment are undermining the good intentions** (HR, FI, MT, PL). Other worries include the fact that **workplaces are not always adapted to the needs of different groups, complementary measures are not in place, and subsidised employment is not sustainable in the long-term** (FI, MT, NL).

Croatia: The Youth Guarantee implementation was revised and partly stopped in July 2016. The Ministry of Labour and Pension System, CES, Ministry of Science, Education and Sports and the Croatian Pension Insurance Institute signed an agreement related to the establishment of a system for tracking people with NEET status. In November 2016, a comprehensive system for monitoring of persons in NEET status will be put in place. There are multiple efforts of promotion of access to work for excluded groups (disabled persons-quota system supported by governmental funds, personal assistants for children with special needs in schools).

There is unfortunately often the case indicating the lack of continuity in the implementation of the measures. Coverage of population at risk is in some regions just symbolic – measures are not covering the total of the most needed groups, instead they cover the symbolic groups of the representatives of the excluded groups. In this regard, the well-designed measures are compromised in the implementation process.

Lithuania: There are no signs of personalized pathways for most excluded groups. This is partially because of the monopolization of the employment services by the state institution (Labour Exchange). NGOs are not considered as real partners in the employment process regardless of the fact that they use much more personalized and client-oriented approach in their work with the disadvantaged than the state institution.

Benchmarking with non-EU countries

Iceland reports a decrease in unemployment and credits effective policy measures, but warns about increasing in-work poverty, suggesting that, while activation proved successful, quality of work is still an issue. Our Icelandic members also highlight the need for more attention to support excluded groups, such as migrants and people with disabilities.

Norway reports a lack of attention given to the long-term unemployed, and the absence of positive activation, based on comprehensive Active Inclusion. Our members point out that negative activation practices have proven to decrease incentives to work by 35%.

In **Macedonia**, our members point to the relative success of self-employment programmes, but stress that women and key groups such as the Roma still face significant difficulties in accessing employment, and the labour market can't be described as inclusive. Punitive activation approaches, with rigid sanctions on benefits, as well as low funding for active labour market policies are identified as very problematic. While there is a lot of positive rhetoric on a number of excluded groups, measures and opportunities are only for a few, following a cherry-picking, tokenistic logic. The issue of low pay is also stressed, alongside potential misuse of subsidies for the employment of vulnerable groups.

In **Serbia**, the Employment and Social Reform Programme recognises that the employment problem can't be solved with measures exclusively from the supply side, but then states that the demand side is out of the scope of the document, as it is economic policy. The main issue our members highlight is that activation policies are one-size-fits-all, without tailored approaches for different groups (youth, women, Roma, people with disabilities etc).

Key Messages

1. ***Get serious about the employment target*** and ensure that efforts to reach it do not undermine the goal of reducing poverty and curbing social exclusion, by ensuring that statistics do not misrepresent reality and marginalized groups and communities are not left behind.
2. ***Support positive activation rooted in holistic Active Inclusion strategies***, by replacing the existing trends of compulsive, negative activation with positive measures that combine adequate income support, access to quality, affordable services, and pathway approaches to the labour market, inclusive for all groups, particularly those facing multiple obstacles.
3. ***End the attacks on job quality, and invest in the creation of sustainable jobs*** with adequate pay, secure contracts, and solid employment rights, in order to counter in-work poverty and ensure that employment effectively takes those who can work out of hardship and exclusion.

5. Education and Lifelong Learning

Introduction

The Education and Training chapter of National Reform Programmes defines national policies aimed at achieving the education target of the Europe 2020 Strategy: 1) Reducing the rates of early school leaving to below 10%, and 2) Having at least 40% of 30-34 year-olds complete third level education. Eurostat shows that good progress has been made towards reducing early school-leaving, which currently stands at 11% in EU 28 – a steady decrease since 14.7% in 2008, and edging closer to the target of 10% by 2020. Regarding tertiary educational attainment, the figure is 38.7%, a substantial increase since 31.1% in 2008, and, again, seemingly on track to reach 40% in the next years.

Education policies in the NRPs are underpinned by Guideline 6 of the Employment Guidelines, which has a very narrow focus on learning from the labour market perspective. There is some encouraging wording about quality lifelong learning, reducing early school leaving, reducing the number of NEETs, and providing access to affordable quality early childhood education, all of which are, however, seen from the ‘workforce’ perspective, rather than seeing education as an aim in itself. This very narrow view is supported by the Annual Growth Survey, with its section on ‘Investing in Human Capital’, which views education exclusively in terms of skills needed on the labour market.

Maybe in light of progress made on the education targets of Europe 2020, only 15 Member States received a Country-Specific Recommendation (CSR) on education. 9 of these dealing with aspects which are not part of the Europe 2020 targets, such as upskilling and improvement of professional training. However, encouragingly, a few CSRs do pick up on some important aspects which, in the assessment of our members, seem to be missing in the approach of their Governments to education, namely better support for children coming from disadvantaged socio-economic backgrounds, better integration of specific groups, such as migrants and Roma children, and improving the quality and inclusiveness of education systems.

A similar, more comprehensive view, looking at more than labour market needs when it comes to education, seems to be supported by the proposed European Pillar of Social Rights, which states that “All persons shall have access to quality education and training throughout the life course to acquire an adequate level of basic skills and key competences for active participation in society and employment.”

EAPN respondents report general good progress on the targets, with some exceptions. Not much seems to be included in the NRPs however, about wrap-around support for families, a comprehensive and coordinated approach to recuperation mechanisms, and supporting professional, personal and community development ensuring access to education to excluded groups. While the targets may be on track, are educational policies ensuring that nobody is left behind, particularly the most vulnerable?

This chapter reviews our members’ analysis of the educational policies put forward in their Governments’ National Reform Programmes in 2016, as well as the adequacy of the proposed measures and initiatives for reaching people experiencing poverty and exclusion.

Progress on early school leaving, but quality and inclusiveness of education not prioritized enough

Most EAPN members report **progress on reaching Europe 2020's school leaving target** (BE, CY, CZ, FI, DE, IE, NL, PL), while the subject continues to be prioritised in a number of countries (BE, IE, NL, PT, ES). Ireland highlights, for instance, the relatively successful programme *Delivering Equality of Opportunity in Schools (DEIS)*. In Spain, while in 2015 the rate of early school leaving fell to 19.97% (from 21.9% recorded in 2014), the figures are still far from the Europe 2020 objective. However, in countries that feel that they have reached the target, Governments seem to have stopped paying attention to the topic (PL), which could be worrying, as targets are only supposed to be guiding tools, while support should be ongoing.

Our members equally stress that, **although efforts towards the global target seem successful, there is an unequal distribution of results**, in both geographic terms, meaning **regional disparities** (DE, IE), as well as population terms, meaning **indicators continue to be very negative for specific groups**, such as Travellers, migrants and those with special education needs or a disability (HU, IE), and Roma children (CZ, HU). Breaking down the target, and subsequent policy measures, to take into account both disadvantaged regions and disadvantaged groups, and ensure that measures don't only favour those easy to reach would be desirable in order to foster the inclusion and access to education for all. Likewise, **access to education needs to be understood and tackled in a wider context of the socio-economic situation of families that the children come from**, and personalised approaches for families in need, providing comprehensive support, are needed.

Malta: Early school leavers are a serious problem in Malta. Again, punitive measures are not necessarily productive. We believe a more individual approach has to be undertaken, because school absenteeism has more complex causes of a social dimension, and requires resources and commitment, which is not always available to educational authorities.

EAPN members also point out a number of issues still not adequately tackled by their countries' NRPs, which raise **questions about whether educational systems strive to provide the best quality and to be inclusive for all**, including marginalised groups.

Members report **lack of support for poorly performing schools**, of adequate training for teachers, and of **measures to reach disadvantaged groups**, including the Roma (BG, CZ, HU), or children with special needs (CY, HU, IE). The strong link between social and economic background and educational attainment is still not addressed (DE, HU). There is also a **lack of comprehensive plans that include beneficiaries and their civil society organisations** (HR, LT), and **cuts in funding** for education will hinder progress (FI).

Some positive developments reported by our members are improving the quality and acknowledging the diversity of pupils and students (HR, CY, PT), more training for teachers and support for social inclusion and the fight against discrimination in education (BE), higher education reform (CZ, PT), and fighting repetition of academic years (PT). However, it is unclear whether such strategies will actually deliver the expected results, or what the methodology guiding their implementation is.

Cyprus: The Ministry of Education adopted a Strategic Plan 2016-2018 with the following goals:

- Development, training and quality upgrade of education's human resources
- Modernisation of the administrative structures of the educational system and of the school units
- Provision of education and upgrade of its content, evaluation and effectiveness
- Support and reinforcement of every pupil, acknowledgment diversity
- Reinforcement and upgrade of tertiary education.

Evaluation of the previous educational system was inadequate and we are moving to the new one without really "building" on the strengths of the old system and minimizing its faults. We have the feeling that the government is experimenting once again and this definitely will not be to the benefit of children or education. 2nd chance schools simply do not exist and "mainstreaming" has been to an extent that actually kids are denied education if for any reason they cannot cope in the existing system.

Lifelong learning addressed mostly from a narrow labour market perspective

A number of countries equally report that their NRPs **prioritise progress on the tertiary education and lifelong learning target** (BE, HR, CY, CZ, IE, MT, NL, ES), with supportive measures such as educational programs for adults (HR), or better support for hard to reach groups such as asylum seekers and students from disadvantaged communities or with a disability (IE). Concerns are raised about the possibility of employed adults, particularly the many in precarious employment, to effectively access programmes of lifelong learning (MT), and about the lack of priority given to the issue once targets seemed to have been reached (PL). Little is mentioned about the **quality and inclusiveness of measures in place, and whether they are effective** in reaching groups that face multiple obstacles in accessing education opportunities throughout the lifecycle.

Ireland: The target for the percentage of 30-34 year olds having completed third level participation is 60% and the third level attainment in 2015 was 52.3%, the highest in the EU. The section on tertiary education highlights a number of programmes to address under-representation and participation of target groups at third level. This includes a new pilot support scheme for asylum seekers who are in the protection process or 'leave to remain' stage and who were in the Irish education system for five years or more. Also highlighted is the new National Access Plan 2015-2019 which aims to make the student body more reflective of the diversity of Ireland's population. It includes a range of specific measures targeting students from disadvantaged communities and students with a disability. It also includes a measure to facilitate more students from under-represented groups to train as teachers. There is also a new data plan being developed for equity of access to tertiary education.

Equally, lifelong learning seems to be dealt with in the NRPs in close connection with the labour market, rather than aiming for comprehensive access to education that ensures personal development. **69%** of EAPN respondents agree that the education and training measures in their countries' NRP **are primarily aimed at increasing skills, not at ensuring a comprehensive, quality education system** (with 6% strongly agreeing, and 63% partly agreeing). Subsequently, a number of policy measures mentioned are employment-related, rather than connected to the education targets of Europe 2020 (BE, LV, LT, PL, PT).

Better matching skills with labour market needs is highlighted in some countries (BE, PL), with dual learning prioritized (BE, LT). Recognition of non-formal and informal learning is stressed as a positive element in Belgium, while it is still insufficiently developed in Cyprus. Training for the unemployed are mentioned in Croatia and Slovakia, however similar measures are deemed ineffective and expensive in Latvia. **Lack of involvement of key stakeholders such as social partners and civil society** are a source of concern in Lithuania. The **lack of cooperation between central and local authorities** hinders the effective implementation of the Youth Guarantee in Estonia.

Poland: The main proposed policies are focused on higher education and vocational education. The latter is about support for more cooperation between schools and employers, or to make schools more responsive to employers' needs. The consequences of those measures for young people from poor families are not clear.

Benchmarking with non-EU countries

In **Iceland**, a comprehensive educational reform is foreseen, which includes age restrictions – these effectively preclude older students (over 25) from re-enrolling in public education, thus effectively excluding vulnerable groups such as youth who have previously dropped out, while private education is unaffordable for them. Students with a migrant background also require more integrated support to improve their educational outcomes.

Iceland: “Job Square” is a programme offered in cooperation between the Directorate of Labour and several municipalities. It's aim is to offer services to individuals of all ages who are either registered unemployed or are receiving financial assistance from their municipality. The programme also aims to reach out to those who are not in school or work and are not receiving any financial assistance. The services offered are: work and educational measures, vocational rehabilitation, and alcohol and drug abuse treatment.

In **Macedonia**, Roma children are still over-represented in schools for education of children with special needs, which is a very worrying trend. The revision of the Law on Higher Education has been stuck amidst widespread protests regarding lack of transparency, allegations of corruption, infringement of university autonomy, and lack of meaningful engagement of stakeholders such as students, academics, and civil society. Similar concerns are raised about the current process of external testing for high school students, and the lack of a transparent, comprehensive evaluation.

Key Messages

1. ***Don't abandon measures just because targets are on track***, as policy initiatives should be aimed at the continuous improvement of outcomes for all, rather than being mere bureaucratic instruments aimed at the artificial achievement of numerical targets.
2. ***Promote quality and inclusiveness***, by ensuring that all groups, particularly those facing multiple obstacles, receive comprehensive, wrap-around support to access quality education, and are not left behind just because overall indicators appear positive.
3. ***Education means more than mere training for the labour market*** – while equipping one with the necessary tools to access quality employment is doubtlessly important, the overall positive role of education for personal development and increased social inclusion and social participation must also be a goal in itself.

6. European Structural and Investment Funds (ESIF)

Introduction

EAPN's main concern in relation to European Structural and Investment Funds (ESIF) is to see **how the ear-marking of 20% of the European Social Fund (ESF) on social inclusion and poverty** is being carried out. An equal priority is to evaluate the **effectiveness of the engagement of anti-poverty NGOs and Social NGOs** in the monitoring committees overseeing the implementation of the Partnership Agreements and Operational Programmes, as well as their role as key actors in delivering grass-roots social inclusion projects. In 2015, EAPN carried out its own **Barometer Assessment** on the 20% earmarked funding for poverty and the new code of conduct on partnership: [*Monitoring the implementation of the 20% of the European Social Fund that should be devoted to fight against poverty 2014-2020*](#). An [*Executive Summary and Infographics*](#) document are also available (Mar 2016). The main findings were that although at least 20% was on average being spent across the EU, **there were concerns about how the money was being spent i.e. the quality of the measures proposed, and their impact on poverty and social exclusion, beyond short-term training and employment measures**. The report was also concerned about how far ex-ante conditionalities in the Regulations require that an anti-poverty strategy based on active inclusion be put in place, as well as other key strategies i.e. Roma Inclusion, Gender, Discrimination strategies; as well delivery on key funding priorities i.e. active inclusion, combating the discrimination of marginalized groups, upgrading social services. In terms of participation, the Barometer showed that only a **few EAPN Networks are succeeding in gaining access to the Monitoring Committees or to accessing funds** (DE, RO, ES). For the majority of EAPN members, ESIF funds and monitoring processes remain frustratingly inaccessible, undermining the potential of grass-root organisations to contribute innovative and effective solutions to combat poverty.

In the Guidance note for the NRPs, a dedicated section is meant to be included, setting out the use of ESIF in support of the Europe 2020 Strategy and European Semester Priorities, including implementation of the Country-Specific Recommendations. However, as the **majority are very short sections**, with little detail on their role in delivery of the 20% ear-marking or in promoting partnership, it is difficult to get a strong idea of how EU funds are effectively being used. However, some insights and promising practices can be highlighted.

In our survey, **only 25% of responses** thought that **Structural Funds are being used effectively to reduce poverty and deliver on 20% ear-marking of ESF** (19% partly agree and 6% strongly agree), with 37.5% partly disagreeing, and 37.5% not sure. This reflects the fact that only a small number of EAPN networks are managing to engage in ESIF, either in the monitoring committees or in accessing funding. The majority are not able to. This is a **serious obstacle to effective use of the funds**. ESF is seen as giving **priority to employment-related activities, without assurances about the quality of work, rather than promoting an integrated active inclusion approach**. Whilst some progress is noted, concerns are raised about missed opportunities to use the funds to **tackle discrimination and promote diversity** particularly for key groups (i.e. Roma, migrants, disabled). A general question is raised about the overall **role of EU funds** in promoting sustainable support to the fight against poverty.

Key Concerns

Short sections with little focus on poverty

Nearly all responses highlight that there is a specific section in the NRP on European Structural and Investment Funds (BE, HR, CY, EE, FI, DE, IE, LV, LT, MT, NL, PL, PT, RO, SK, ES). However, most underline the **briefness of these sections**, with very little information on the programmes beyond budget figures. Only 6 networks highlight that the **NRP refers to using the funds to combat poverty** and promote social inclusion (HR, CY, IE, LV, PL, PT). None note an explicit reference to the **20% ring-fencing requirement on social inclusion and poverty reduction**. Even where mention of funds to tackle poverty and promote social inclusion is made, little further information is given. For example, in Ireland, *“there is a short section in the NRP, which outlines programmes funded under ESIF. It just states that 35% of ESF is allocated to promoting social inclusion and combating poverty and discrimination. It doesn’t go into detail”*. Neither are explanations given on **how the programmes to be funded will impact on poverty or be monitored**. For example, *“The Croatian NRP says it is determined to reduce poverty and support employability of vulnerable social groups, with a budget of 991 million Euros, from ERDF, ESF and EAFR. It says it aims to reduce the number of people by 150.000 by 2020. However, no idea is given of what measures should be supported by Structural Funds in order to have an effective impact on poverty and social exclusion”* (EAPN HR). In Portugal, there is an Operational Programme on social inclusion and employment mentioned in the NRP, but EAPN PT highlights that *“nothing is said about monitoring the implementation of poverty target, nor specifically, the allocation of the 20% funds to poverty and social exclusion”*. Too many responses highlight that **no reference is made to poverty** in these sections (BE, EE, DE, LT, MT, NL, SK, ES).

Integration in the labour market and social economy, but not ensuring quality jobs

Most responses highlight the priority given to **employment activities**, within the programmes assigned to deliver on the poverty target or 20% earmarked funding. In particular, the main measures aim to increase **employability and integration** to the labour market (BE, HR, CY, DE, LV, LT, MT, PL, SK, ES). The choice of ‘target’ groups, however is not often explained or justified. In several countries **youth is a clear priority**, and in particular delivery on the **youth employment initiative, linked to school dropout** (PL, ES). For example, in **Belgium**, 80 million Euros of ESF is allotted to NEETs, through actions by education institutions and youth services to combat early school leaving, vocational training, validation of experience, transition to labour market, or raising awareness of technical professions. In others, the **long-term unemployed is emphasized** as the main group (DE, LV, ES). In Latvia, people with **disabilities and long-term health or mental health problems** are a priority. However, there is no information about the **impact of these measures on beneficiaries: the quality or sustainability of the jobs they will access, and how the measures will take them out of poverty**.

Latvia: There is a specific focus on getting people with disabilities and long-term health or mental health problems back into work. New projects include **Professional Rehabilitation** and a new service **providing mentor and support services for unemployed with mental disorders**. However, there are some concerns about the expense and effectiveness of these measures. The Professional Rehabilitation aims at including people with disability by developing new criteria, methods and instruments for evaluating a person's health condition, motivation and work capacity and abilities, as well as new skills certification systems. *"This is really all about work capability tests, what will be the real impact for people? They are also very expensive - by the end of 2019 they only plan to provide professional rehabilitation schemes to 100 disadvantaged people, with a cost of 1.25 million including ESF co-financing of 1.06 million"*, said EAPN Latvia

Funding support for **social economy** is also evident and welcomed by many members as such initiatives can be crucial to provide an **inclusive and supportive route for many groups into decent work**, i.e. through work integration social enterprises (LV, PL), but again the detail is missing. The main focus appears to be using EU financing to **improve the legal and financing frameworks**. For example, in Poland, there is support to accreditation, loans and monitoring. In Latvia, the project *Social Entrepreneurship Support* will run from 2016 to 2022, providing support for all the actors, including those following work inclusion measures for certain target groups. Help will also go to developing the framework, including financial support. However, Latvia highlights that it will be very important to create a law for entrepreneurship to underpin this.

Limited focus on discrimination, promoting diversity, or integration

As highlighted above a varied list of different groups are named, particularly in relation to the use of **ESF to support access to the labour market**. However, the **use of funds to counter discrimination**, particularly underpinned by a gender equality and antidiscrimination strategy as required by the ex-ante conditionalities, is not very evident. Poland **highlights a focus on gender equality in the labour market**, whilst Germany says that **refugees** are a key named group, attracting additional funds to already committed ESF funds. In several countries EU funds are supporting Roma Inclusion. In Slovakia, there are positive measures that support the **integration of marginalized Roma communities**: these include programmes to **educate pre-school children called "Take Away" (training of teachers for inclusion)**; **programme assistance in settlement and legalization** of land; cooperation with operators who have the contract to provide social services in community centers and in the field of social work. However, a **strategic approach is generally missing** or not detailed in the NRP. Such a strategy would support both **targeted actions to support those facing discrimination and to support their integration, as well as actions aimed at companies, institutions and society** at large. A key issue should also be actively supporting the active **participation** of excluded people and beneficiaries in the delivery of services and in civil dialogue to monitor delivery and propose more effective and sustainable solutions.

In Latvia, as part of the programme to “Eliminate discrimination threats and stereotypes, as well as fostering participation of civil society”, an ESF project Promoting Diversity (preventing discrimination) is being funded from 2016. It aims to prevent discrimination and promote social inclusion to groups of people subject to risk of social exclusion and discrimination. It also intends to provide measures to raise awareness and tolerance amongst employers and employees; provide the services of a social worker and mentor to asylum seekers and similar, and to raise awareness of society at large on these issues. The total financing is 6.8 million, including ESF of 5.8 million.

Some focus on lifelong learning, but not as an instrument for inclusion

A stronger focus in some countries is given to **lifelong learning initiatives** funded mainly through ESF (BE, CY, LT). However, although support in this area is welcome, particularly non-formal, informal and alternative forms of education for youth and excluded groups, it is regretted that LLL is primarily seen as an instrument to **enable people of working age to access the labour market**, rather than **as a key means to support empowerment, integration and inclusion across the life cycle**. For example, in **Belgium**, there is a specific focus on lifelong learning, particularly through alternated training and further education, teacher training, as well as validation of skills and gained experience. These are important initiatives, but would benefit from a clearer link to how they can support people into inclusion. In other countries, the **low ambition of budget and measures** are highlighted. For example, in **Cyprus**, where a part of the Education – Life-long learning objective (26.5 million Euros) is added to 55.55 million allocated to the Social Inclusion and Poverty objective. However, they point out that this only equals 9.4% of total ESIF funds, which is insufficient to have any impact in a country devastated by growing poverty and inequality following the crisis and Programme emergency measures.

Missing integrated active inclusion – some positive steps on minimum income and services

Active inclusion is a key thematic priority in the ESF Regulations for this period – referring to an integrated approach that supports access to inclusive labour markets, quality services and adequate minimum income. Most responses highlight a complete **absence of references to integrated active inclusion**, in the descriptions in the NRP in this section (BE, HR, CY, EE, FI, DE, IE, LV, LT, MT, NL, PL, PT, SK, ES, SE). Regarding **adequate minimum income**, although EU funds cannot be used to pay the benefits themselves, the Regulations allow the possibility to use funds to improve administrative capacity and implementation. Even in the countries with major problems regarding poverty rates and larger sections in the NRP dedicated to funds for poverty reduction, no mention is made of minimum income support (HR, LV). However, more **promising practices** are highlighted in Spain and Romania.

In Romania: “There is a good anti-poverty strategy which now gets support from the ESF funding line on poverty. There was a lot of debate with CSOs on this. It was seen as a big win from the government, particularly in rural areas. The Minister of EU funds was one of the authors of the anti-poverty strategy, required from the ex-ante conditionality, so he wanted it implemented. There are dedicated funds for marginalized groups. However, there is a risk that these problems are solved only with EU funds”.

In Spain, the issue of **adequate income support in the labour market and minimum income** has been addressed to **some degree** in some of the ESF programmes and measures. For example, the Special Activation for Employment Programme has been implemented (CSR 3.3.9). This programme serves the long-term unemployed, who have exhausted other benefits, and combines specific insertion measures (tutoring, individualized pathways, etc.) with an **accompanying income** to offset the economic effects of unemployment (PREPARA Programme). **Such income has been made compatible with employment**, so that these workers' recruitment becomes particularly attractive. The figures insertion of recipients of this Programme's workers have overcome the usual for the group of long-term unemployed. **In view of the above, in 2016 this programme has been extended** and will run until April 2017. Complementing the income support programmes in the field of labour market and unemployment coverage, there has also been **progress in the study of the necessary changes in the system of minimum income (...)** (CSR 3.3.10). This project, partially funded by European funds, coordinates the different actors involved in the system (ministries, regional governments, social partners, etc.) in order to identify needed improvements in the coverage level, the consistency of the various benefits, their adaptation to current and future needs, etc.

In relation to **services**, accompanying services are addressed mainly in relation to labour market initiatives (BE, HR, LT, ES), however in some OPs and PAs, explicit support is given to improve access and quality of other **key public services** e.g. health. For example, in Latvia, 4.4 million was allocated for 2014-20, for activities in the health sector supporting the **development and implementation of health network development guidelines** in priority disease areas (e.g. cardiovascular, oncological, perinatal and neonatal care, mental health) and for the quality assurance system, particularly to *'improve the health of people at risk of social exclusion and poverty'*. However, concerns are raised about the **implementation and the real impact on people in poverty, and how this will be monitored**. **De-institutionalization** is also supported (PL), but with no detail on implementation or impact.

Insufficient link between FEAD and ESF as an integrated road to inclusion

The first year's implementation of FEAD (European Fund for the most Deprived) is flagged up as a **key component of EU fund delivery to support poverty reduction** in several countries (DE, LV, ES). However, the role of FEAD Funds in relation to ESF, and their contribution to delivery on the poverty target, is not really explored. In most countries the traditional Option 1 was selected, i.e. providing material assistance. For example, in Latvia, 41 million Euros of FEAD funding was used to provide a non-financial support to the most deprived people, in the form of food and material assistance to children. In addition to EU funding, state co-financing is provided at 15%. In 2015, **70.000 needy people received food, hygiene and household goods**. However, EAPN raises some warning bells - although FEAD provides crucial emergency help, there are serious concerns about the **substitution of 'monetary benefits'** - **i.e. adequate minimum income and other forms of social protection for emergency safety net material provision. This risks undermining social rights and universal social protection. It also highlights the missing link to a comprehensive anti-poverty / social inclusion strategy**. EAPN Latvia: *"the activity funded by FEAD isn't particularly supportive or socially inclusive - there is no choice, no healthy food and most deprived people are not able to use such kind of not ready*

to use, i.e. pasta, flour, oil etc. It can also be humiliating not to receive money to buy the food you need for yourself. More help is needed to support inclusion and to get people out of poverty". However, **in countries where the 2nd option was selected, its role in delivery of social inclusion is clearer.** For example, in Germany, FEAD is targeting EU migrants with small children and homeless people. They offer counselling and outreach work to support inclusion. **A clearer comprehensive strategy linking FEAD, ESF and their contribution to delivering on an integrated strategy to fight poverty (ensuring access to quality work, services and social protection), is vital.**

Long-term concerns about role of EU funds and support to NGO sector

Several members highlighted worries about the long-term objectives and direction of EU funds. In some Members States (e.g. Baltic states – BG, EE, LV, LT) the **high level of dependency on EU Structural Funds to deliver essential public and particularly social services** is of particular concern. EAPN Lithuania highlighted: *"Social employment services, informal education and R+D all strongly rely on Structural Funds. This is also reflected in NRP. In the light of Brexit, there needs to be a long-term plan for reducing dependency and replacing it with sustainable national sources of funding"*. In many countries, NGOs are increasingly playing a key role in the provision of social services, supported by the funds, however **withdrawal will not only reduce services but undermine NGO support and provision.** *"Lithuania is approaching the end of the transitional period when eligible for the most generous structural funds. Already in 2015, there were gaps that harmed the continuous provision of social services, including those by NGOs."* An overarching concern is the increasing **shift of funding focus to larger, government-run or private sector projects**, and away from smaller NGO initiatives. EAPN Croatia highlights *"Initiatives from the civil society sector, even with its best practices and experiences of practically supporting people facing poverty and social exclusion, mostly have not a chance of being financially supported. Small NGOs are particularly vulnerable because the administrative barriers are too large"*. In Bulgaria, progress has been made to reduce the abuse of ESIF. In the EU audit, Bulgaria got a good mark for improvement, but *"this does not mean that the funds are being used positively for pre-development, only to reduce abuse"* (EAPN BG).

In some cases, the threat of cuts to ESIF is imminent. Spain and Portugal are being threatened with sanctions by the EU in relation to excessive deficit procedures and failure to stay within the 3% limits. This threat not only seems to undermine the possibility of a sustainable economic recovery, but fatally undermines the commitment to delivery on the 20% earmarking on poverty, and on the poverty target, as well as the trust and support of people across the EU.

EAPN Portugal: "The present threat of sanctions to Portugal and Spain concerning the potential blockage of EU funds does not take into consideration at all the fight against poverty and social exclusion. Again and again, the Euro seems to be the only things that counts.. We don't understand why Spain and Portugal are being targeted in this way.... We still want to believe in the European Project!"

Key Messages

- 1. *Monitor the real impact on poverty of the 20% ESF earmarking!*** Although the high average spends on ESF on poverty above 20% are welcomed, it is not enough. What counts is the *quality* of the spending, ensuring that Member States demonstrate how the measures expect to impact on poverty and the target, with the results monitored systematically and transparently together with Parliament, Civil society and other stakeholders.
- 2. *Social Inclusion is not just about employment! Projects must deliver on anti-poverty strategies based on integrated active inclusion and anti-discrimination:*** There is a risk that the 20% of ESF will be spent entirely on existing programmes for tackling unemployment, with few guarantees of progress into quality jobs. The EU must ensure that the projects and measures contribute to an anti-poverty strategy based on integrated active inclusion approaches, as required by the ex-ante conditionalities, and to actively combatting growing discrimination against key target groups.
- 3. *New initiatives from the Commission needed to ensure delivery of the partnership principle and involvement of small NGOs:*** Despite the important step forward on the Code of Conduct, the initial review indicates low participation of NGOs in Monitoring Committees and major obstacles for small grass-roots NGOs to access funding. Urgent dialogue is needed with EU/national NGOs so as to identify the key bottlenecks to civil society engagement in the funds, and to propose urgent new initiatives – for example minimum shares to NGO projects and on monitoring committees; support for global grants, and technical assistance.

7. Governance and Participation of Stakeholders in the NRP

Introduction

Recital 9 of the Employment Guidelines, as revised in 2015, clearly states that the Guidelines “should be implemented in partnership with all national, regional and local authorities, closely involving parliaments, as well as social partners and representatives of civil society.” The Guidance on the content and format of the National Reform Programmes supports this, with clear wording about how Member States should be engaging stakeholders in the preparation of the NRP, and how they should be reporting on such engagement:

Involvement and participation of all actors is essential to ensure ownership and facilitate progress on reform implementation. This section should explain the national institutional process for the approval of the NRP as well as the involvement of the national institutional actors (national Parliaments, regional/local authorities, social partners and civil society stakeholders).

Member States should notably report on:

- * Whether the NRP was presented to the national Parliament and whether or not it was approved by the national Parliament.
- * Whether the national Parliament had the opportunity to discuss the latest Country-Specific Recommendations.
- * How social partners and civil society stakeholders were involved in the preparation of the NRP.
- * How social partners were involved in the design and implementation of policies and reforms.
- * How regional and local authorities (as relevant, depending on the division of competences in individual Member States) were involved in the preparation of the NRP and in the implementation and/or elaboration of reforms.

The comments and/or contribution of social partners and other stakeholders should be summarised here and/or provided in annex.

However, despite these very useful provisions, and despite some progress reported on the ground by our members, the involvement of civil society organisations in the European Semester remains fragmented, and many countries lack a formal, comprehensive process and structures for gathering and integrating views. Even when consultation mechanisms do exist, they are still marred by inadequate timeframes, poorly organised meetings, and most importantly, lack of impact – while

discussions may be organised, they often feel like a formality without the possibility to have real impact on policy proposals.

The Annual Growth Survey clearly highlights the role of stakeholders, including civil society and national Parliaments, in the European Semester. However, the involvement of stakeholders cannot be just to help ‘implement reform efforts’. If the EU wants to demonstrate genuine accountability and democratic legitimacy, they must be systematically engaged to monitor current policies as well as to contribute to new solutions. Equally, civil society must be considered equal to social partners, and subsequently resourced and supported as such, both structurally, as well as financially.

EAPN has been actively engaging with inclusion strategies since its creation in 1990, throughout the Lisbon Strategy and the Social Open Method of Coordination. Since the beginning of Europe 2020, EAPN members on the ground have been relentlessly trying to get involved with the processes of the European Semester in their countries, and to get concrete impact on the shaping, delivery, and monitoring of policies enacted in the framework of Europe 2020. EAPN has also steadfastly mapped the success of this engagement every year, and this chapter reviews our members’ engagement with the European Semester and with the National Reform Programmes in 2016. We highlight below important areas where improvement is still needed to ensure meaningful, quality stakeholder engagement – including of people experiencing poverty and their civil society organisations – with these important policy processes.

Lack of clarity and visibility about the NRP and who is in charge persist

From our members’ assessment, it is not always easy to identify how National Reform Programmes are being prepared and who is involved in its drafting, as the process is still not very visible and transparent at national level (HR, PT).

In some countries, the NRP is drafted by the Ministry of Finance (CZ, FI), with little or no involvement of Social Ministries (BE, FI). Conversely, in Cyprus, the NRP was prepared in cooperation with all competent ministries and other services. In Spain, the document is drafted by the Economic Office of the President, who has received contributions from trade unions, business organizations and civil society. Belgium highlights that regional governments were involved in the preparation of regional annexes to the document.

Finland: Chapter 6. Institutional issues and stakeholder participation. The NRP “will be submitted to Parliament, but it is discussed under the title ‘Plan of public economy 2017–2020’, and that means that the macro-economic view is dominant, and the poverty target is not even discussed for example. In our view, the NRP is dominated by Ministry of Finance, and even the Ministry of Social and Health Affairs is not equally consulted. There should be more participation at every level, with civil society and Parliament, for example some kind of “Parliamentary Day”, where all stakeholders and Parliament could discuss the issues publicly”.

Some countries (HR, LU) point out that **the NRP is not taken seriously as a forward looking strategic document, but rather as a reporting exercise**, cataloguing initiatives that have already been adopted and implemented. Rather than it being an overarching reform agenda, where stakeholders could contribute to defining what is needed and how it should be implemented, it is a mere summary of the status quo.

Some EAPN members (LU, PT) report that their **NRP was discussed in the national Parliament**, which is encouraging, but this is not the case for all Member States. In Ireland, where there has been debate in the past on the draft NRP in the Oireachtas Committee on EU Affairs, this was not possible this year, possibly because there was no Government in place when the NRP was being drafted.

Portugal: For the first time since the European Commission implemented the European Semester, there was a debate – with public visibility – about the NRP. This debate had as main stage the national Parliament. EAPN Portugal stated this as quite positive, when comparing to the previous processes, in which the invisibility of this process contributed to the lack of knowledge and participation of the Portuguese society. EAPN Portugal requested, in its position paper, to continue this process in the future, enhancing citizens’ participation (for example, through a public consultation) and mobilizing civil society to contribute to building this document. It’s important to spread information about these subjects and improve the knowledge of all society on these questions. But, briefly, despite the mentioned improvement, there wasn’t a meaningful dialogue and consultation of the civil society.

Anti-poverty NGOs still struggle to get involved

56% of EAPN respondents found that **anti-poverty NGOs were consulted in the development** of the National Reform Programme in their country (with 6% strongly agreeing, and 50% agreeing). However, the vast majority of EAPN members report that **engaging with the preparation of the NRPs at the national level continues to be a challenge** (BE, BG, HR, CY, CZ, EE, FI, HU, IE, LV, LT, LU, PT, SK, UK), and a significant number of them highlight that they weren’t involved this year at all (BG, HR, CY, CZ, EE, HU, LU, PT, SK, UK).

Some EAPN members indicate that, while they have been involved in some way, **engagement was of poorer quality than in previous years** (BE, FI, IE, LU); or that, while some process of consultation seemed to be in place, **the exercise was largely formal, rather than meaningful**, and their input was not taken on board in the final document (HR); that deadlines were too short to provide any input (CY), or that discussions took place after the document had been finalised (LU). This points to an overall deterioration of civil dialogue mechanisms at national level, which is a very worrying trend, further deepening the gap between institutions and citizens, and eroding the legitimacy, as well as the effectiveness, of Governments and the policy measures adopted.

Many networks report that **social partners were involved and consulted** (BE, CY, FI, LU, PT, SK) **but the situation was not comparable for civil society organisations**, much less did it include the direct engagement of people experiencing poverty or other direct beneficiaries of policies. In Belgium, while in previous years Annexes were included with the contribution of civil society and trade unions, this was not the case this year, which marks a sad deterioration in the good practice previously in place in the country. In Ireland, the submissions received are listed in the NRP and made public on the Government’s NRP website, which is a practice begun last year.

Belgium: Social partners were involved. Anti-poverty NGOs and people experiencing poverty were not involved at all. In terms of progress on participation, we don't really have it. On the contrary, we face the most difficult times for some years.

Some networks, however, provide encouraging accounts of better involvement (FR, NL, PL, RO, ES). In **France**, more time was given to NGO consultation, and the resulting input was annexed to the NRP, like in previous years. In the **Netherlands**, again more time was provided for collecting written input from key stakeholders. In **Poland and Spain**, written submissions were invited to both the Country Report draft, and the NRP draft. In **Sweden**, our members engaged with dialogue and a written submission, and saw part of their input included in the Annex to the NRP. In **Romania**, the new Government established a Ministry for Civil Dialogue promoting written and oral consultation to laws and implementation.

Netherlands: We felt that we had more to bring to the process than the years before. We ourselves started a consultation round within the network last year, and repeated it this year. Some organisations have to get used to looking at that perspective. But it is growing. This means that we can bring forward a broader spectrum of ideas, alternatives and can point out more problems related to poverty.

Poland: The official body (Międzyresortowy Zespół do Spraw Strategii "Europa 2020") for stakeholder involvement is in operation from 2012 and, after initial problems, now enables all stakeholders to participate in the NRP drafting process. We also have a yearly special working meeting focusing on poverty. Our representative was active in Europe 2020 body meetings, raising issues related to poverty. We sent opinions and proposals of amendments to the Country Report and to the draft of the NRP. We received answers to all of them mainly explaining why they are ignored or rejected. Some of our minor amendments were included in the NRP text.

Spain: In the section "Institutional aspects and participation of civil society", the NRP indicates that "in order to report on the preparation of the document and to reflect their concerns, talks have been held, as in previous editions, with trade unions, business organisations and the Third Sector of Social Action. Also, as in previous years, the Economic Office of the President has received contributions from business organisations CEOE in this case, and the Third Sector Platform." Next, we discuss the influence corresponding to the contributions of the Third Sector Platform section. As in 2014 and 2015, almost all textual contributions are incorporated into the document, along with those of unions, employers and the Autonomous Communities.

- We make position papers to the CSR and the Country Report.
- We prepare a NRP Proposal, as invited by the government.
- We have face-to-face meetings where we discuss the Proposal and the NRP key guidelines.
- We receive the NRP draft.
- We write our NRP assessment as a position paper.

Sweden: There has been a slight improvement. The attitude towards the input from NGOs at the information meeting was more positive and open to a more all-year-round process on the NRP. There was also more time for discussion this year. But the dialogue is still too short and with a too limited number of stakeholders. We participated and made inputs to the national information and dialogue meeting. We also had preparatory discussions and follow up discussions within the Swedish EAPN network. One of our member organisations also contributed to the NRP annex.

Stakeholder involvement may be in place, but do they have real policy impact?

As highlighted in the section above, some of our National Networks have managed to engage, in different ways, with the preparation of National Reform Programmes in their countries. However, the quality of the engagement process was very uneven, and serious **concerns are being raised about the real impact of proposals from civil society in general, and anti-poverty NGOs in particular**, and whether input is actually taken into account when drafting the document, and the development of policies. The concern is that Governments may just be trying to ‘tick boxes’ about participation and give the appearance of stakeholder consultation, instead of establishing real, meaningful partnerships, that lead to collaborative, transparent, inclusive and democratic policy-making in the framework of the European Semester, and in general.

Some of our members (BE, HR, EE, FI, LU, PL, PT, SK) report that, **while some consultation process took place, this year or in previous years, proposals made were not taken up in the final version of the NRP**, as it was submitted to the European Commission. Written submissions sometimes go unanswered and unacknowledged by decision-makers, or consultation meetings are just information sessions (FI); deadlines allowed for consultation are extremely short (CY, DE), and civil society organisations are not provided with a draft document to comment on (LU).

Estonia: We are involved in work with the Social Ministry - but it's a formal involvement and we're not happy with the result. Seems like a waste of time for volunteers.

Ireland: The NRP itself outlines a range of other events which it states are related to engagement on the NRP. Some of these are relevant in some ways. The annual Social Inclusion Forum (SIF) is included but there really appears to be little connection between the content and input from stakeholders at the SIF and the content of the NRP. This is also true for inputs from anti-poverty and equality organisations at the National Economic Dialogue, which is the main event highlighted. EAPN Ireland made a submission to the NRP. The Better Europe Alliance of civil society organisations which EAPN Ireland is part of also submitted its response to the European Commission's Country Report for consideration as part of the process. It is not clear that much of the content of these inputs was considered in the drafting of the NRP.

Slovakia: During the discussion with social partners and NGOs, our view is not picked up in the outcome of the report.

A few countries report better impact of their contributions to the final NRP (PL, ES, SE). In **Poland**, while some minor points raised by our members were included in the submitted Polish NRP, and detailed responses were provided about what was not taken up, impact is still deemed to be limited. However, the fact that more involvement of stakeholders outside the formal NRP process is also highlighted. In **Sweden**, regular meetings with the Ministry now involve more than just information and allow time for discussion. For the first time, EAPN Sweden's proposal to include a section on poverty statistics was taken up. In **Spain**, the contributions of the Third Sector Platform, as well as those of social partners and autonomous communities, have been included almost verbatim in the NRP, a good practice that continues from 2014 and 2015.

Benchmarking with non-EU countries

In **Iceland**, our members have a representative in the national Welfare Watch, and in the committee working on the revision of the social security system.

In **Macedonia**, governance of the country was strained by the ongoing political crisis and called into question by revelations of unethical behaviour, illegal activities and even potential criminal offences. As a consequence of this political crisis, civil society is getting organized to respond, and the Macedonian Anti-Poverty Platform is actively engaged in struggles to increase civic participation.

In **Serbia**, two strategic documents replace the NRP: the *Employment and Social Reform Programme* (with a duration of 4 years) and the *Economic Reform Programme* (valid for one year). The first one was drafted with quite good participation of civil society, while the second one was submitted to the European Commission without any public consultation. The *Economic Reform Programme* mentions some NGOs being involved in the monitoring process, but EAPN Serbia is not one of them for the moment. Our members have, however, applied for funding through the European Commission Delegation to be part of the evaluation of the *Employment and Social Reform Programme*.

Key Messages

- 1. *Make the NRP a true driver of policy change***, by going beyond mere reporting on existing initiatives and instead setting out a strategic vision for development, with full involvement of all stakeholders, and promoting its visibility and relevance in national policy making. The role of European Semester Officers and their engagement with civil society is key in this respect.
- 2. *Set out clear mechanisms for the engagement of civil society and people experiencing poverty***, by defining concrete guidelines and protocols for cooperation, and ensuring that both information as well as concrete channels for input are in place, while also providing the necessary financial resources for this engagement, on an equal footing with social partners.
- 3. *Take contributions on board when formulating policies***, by ensuring that policy-making is a transparent, democratic, participative process, where the concerns of policy beneficiaries are taken into account and incorporated into solutions, and stakeholders' contributions made visible, for example by annexing them to the NRP, as well as mainstreaming them into policy proposals.



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



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