

1. Introduction

"Poverty is not an accident. Like slavery and apartheid, it is man-made and can be removed by the actions of human beings." Nelson Mandela.

"The problem is not that we run out of money occasionally. The real problem is that we live our entire lives this way and our children grow up in this too." (Person with direct experience of poverty from Lithuania).

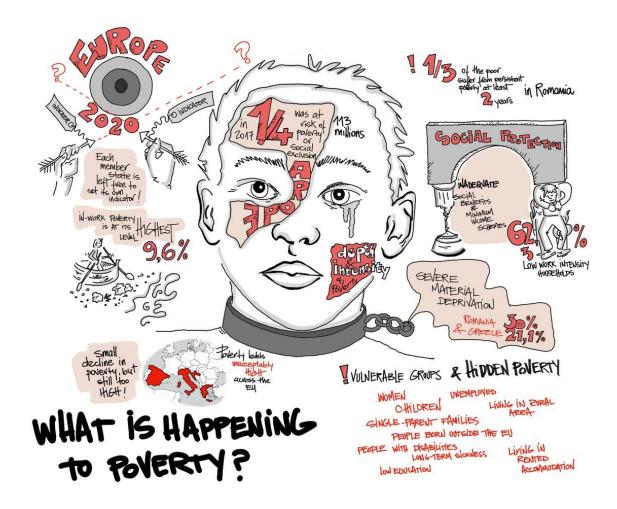


Illustration by Andreea Buzec for EAPN

1.1 Background

EAPN is a network of independent NGOs, dedicated to the fight against poverty and social exclusion together with people facing direct experience of poverty, since 1990. Our aim is to eradicate poverty and promote the active participation of people in poverty at national and EU level, as part of a more a social and sustainable development model.

Poverty is a complex problem that manifests itself in many different areas of life. In order to eradicate it, an integrated, rights-based strategy with a clear vision to eradicate poverty through structural distribution measures as well as individual support is needed. This strategy must be based on international agreements that the EU has signed up to: the European Pillar of Social Rights and more globally with the Sustainable Development Goals. European policies, such as the Social Investment Package and the Active Inclusion Recommendation, should be used as guidance to give direction to the development of this strategy. To effectively lift people out of poverty it is essential that economic and other policies support, rather than undermine social rights.

Antipoverty NGOs working with people facing poverty play a key role in achieving these goals: proposing solutions, monitoring trends on poverty and holding governments and the EU to account, as well as providing key social and other services and raising awareness of the general public. Currently, at EU level, EAPN engages actively in the European Semester, as the key instrument for economic and social coordination in order to get progress on poverty, participation and social rights¹.

This year many EAPN members have developed national poverty watch reports raising their key concerns built on the views of people directly facing poverty. These reports also provide the basis for concrete inputs to the EU level, particularly in the European Semester/Europe 2020 strategy (Country Reports, CSRs and NRPs).

"During the development, the implementation and the evaluation of policies that have an impact on poverty and social exclusion, the participation of people experiencing poverty must be strengthened. Their participation guarantees that policy makers make effective and quality choices. By engaging into dialogue and involving people experiencing poverty in a meaningful way when assessing policies, policy makers not only gain a better insight into the impact of their choices, they also create a broader basis of support. Also, from a democratic point of view it is extremely important that disadvantaged groups, who often remain invisible in our society, can make their voices heard" (Belgian Poverty Watch 2018)

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¹ Interinstitutional Proclamation: European Pillar of Social Rights (17.11.2017)

1.2 What is the EAPN Poverty Watch Report 2018?

The EAPN Poverty Watch Reports do not attempt to provide a comprehensive academic report on poverty. They start from the reality of people experiencing poverty and the perspectives of the NGOs that support and work with them: our 31 EAPN national networks and 13 European Organization members. Their main objectives are to:

- 1. To monitor key trends and policy on poverty and social exclusion in Europe.
- 2. To raise awareness about priority issues and impact/reality for people experiencing poverty
- 3. To propose concrete recommendations backed by example and evidence.

EAPN's EU Inclusion Strategies Group produced a common template for the Poverty Watch. Each network/organization adapted this to their national/organizational context to ensure optimum relevance and usefulness at national level, drafting first in their native language and where feasible providing a translation or summary in English.

2. Summary of the Report

2.0 Introduction

This summary provides a brief overview of the main trends, messages and recommendations of the 2018 Poverty Watches developed by EAPN national and European Organisation (EO) members. 16 Poverty Watches were received in 2018 from: EAPN Belgium, Czech Republic, Finland, France, Germany, Ireland, Italy, Lithuania, Netherlands, Poland, Portugal, Romania, Spain and Sweden. We also received reports from a candidate country: EAPN Serbia and from an EAPN European Organization member: AGE-Platform, with a focus on poverty of older people. (See Annex 1 for links to all reports).

2.1 What is happening to poverty? Who are the groups most affected?

Overall EU picture

An EU poverty target to reduce poverty by at least 20 million people was set in 2010 as part of the EU's 2020 strategy, monitored through the European Semester. An aggregate indicator AROPE was established to measure poverty showing people at risk of poverty and/or social exclusion (3 indicators: at risk of poverty, severe material deprivation and low work intensity). Since the crisis,² there has been a considerable increase in the levels of people experiencing poverty or social exclusion, that reached a peak in 2012 with 123 million people (24.7% of the population) being at-risk-of-poverty and social exclusion (AROPE)³, an increase by 6.4 million compared to 2008. The crisis resulted in a sharp increase in poverty and inequality, but the AROPE rate has started to decline. According to the latest statistics⁴ available at EU level from 2017, 113 million people (22.5%) were at risk of poverty or social exclusion (AROPE). Compared to the 2008 reference date, this represents a decrease in 5 million, instead of the 20 million proposed when setting the Europe 2020 poverty target⁵.

Whilst the economy in many Member States is recovering, together with employment rates, the same cannot be said of the poverty levels, which remain unacceptably high across the EU. Unemployment remains very high in countries like Greece, Spain, Croatia, Italy and Cyprus. Moreover, a job alone is not sufficient to keep people out of poverty, with in-work poverty at its highest level (9.6%), well above the 2008 figure (8.5%). The EU average on poverty also disguises a disturbing gap on poverty rates across Europe. Whilst there has been a notable decline in the AROPE poverty rate in Croatia, Hungary, Ireland, Latvia, Poland and Romania, in Estonia and the Netherlands there has been an increase. In 2017, more than a third of the population was at risk of poverty or social exclusion in three EU Member States: Bulgaria (38.9%), Romania (35.7%) and Greece (34.8%). At the other end of the scale, the lowest

² EMIN Final Report 2018 (December 2018)

³ AROPE Europe 2020 indicators (At risk of poverty and/or social exclusion based on aggregate of 3 indicators: at risk of poverty, severe material deprivation and low work intensity).

 $^{^{4}}$ Updated with data from draft JER 2019 (21.11.2018)

⁵ ESDE 2018

shares of persons being at risk of poverty or social exclusion were recorded in Czech Republic (12.2%), Finland (15.7%), Slovakia (16.3%) and Netherlands (17.0%). The decline in AROPE is mainly driven by lower rates of people with low work intensity, although still above pre-crisis levels in 2017, and in material deprivation, that is now below pre-crisis levels. Severe material deprivation remains a major problem in countries such as Romania (30.0%) and Greece (21.1%). The situation of 'jobless' households is especially problematic in Ireland (18.2%), Greece (15.6%), Belgium (13.5%).

In 2017, income poverty (at risk of poverty) showed a slight decline for the first time since the crisis (16.9% compared to 17.3% in 2016). Although this suggests⁶ that there are some improvements in adequacy of some social benefits and minimum income schemes, the extremely high level of income poverty for persons living in households with very low work intensity (62.3%) also points to a persistent gap in adequacy of social benefits in many countries. The impact of social transfers (excluding pensions) on poverty reduction continued to decline in 2017. The benchmarking exercise also shows that the situation is critical in Bulgaria, Romania, Greece, Italy and Latvia, but that in many more countries the poverty reduction capacity of social protection is problematic. In almost all countries, income poverty in 2017 remains at higher levels than before the crisis in 2008. More attention should be paid to the depth and intensity of poverty. Eg in Romania one third of the poor suffer from persistent poverty ie at least 2 years.

The cherry-picking of national indicators also undermines the Europe 2020 targets, as each Member State is left free to set its own indicator and figure to contribute to this target. In several countries, the AROPE indicators are ignored all together, only fixing on unemployment or long-term unemployed (eg DE and SE).

Hidden poverty

The EU figures are also an underestimate and do not tell the whole story:

- EU-SILC statistics only capture households who are 'resident' and live in standard housing (missing many asylum seekers and undocumented migrants and those who are homeless or suffering different forms of in housing precariousness ⁷ as well as older and other people in institutions).
- The OECD modified scale adopted for EU SILC assigns only 1 to the head of household and 0.5 to each additional adult member and only 0.3 to each child under 14 years old (compared to the OECD equivalence scale which assigns 0.7 for adult member and 0.5 to each child). This scale is not realistic and does not represent the actual expenses of families, particularly families with children, single parents and large families.
- Women's poverty is insufficiently captured, as income is assumed to be equally shared within the household, even when women often are mainly responsible for the family and key household expenses.

⁶ EMIN Final Report 2018 (December 2018)

⁷ 2018 Poverty Watch – Czech Republic.

- They do not reflect the real standard of living (ie the gap between disposable income and real living costs), the alarming rise in key expenses (especially food/energy/ housing) and the costs of growing indebtedness.
- The AROP (At risk of poverty) indicator refers to the national median. This disguises the reality of poverty when the overall income level is low.

Not all groups face the same poverty risk

At EU level, not all groups face the same risk. Low-skilled workers, young people (especially in Spain, Italy and Greece), people with migrant background and people with disabilities are often at-risk-of-poverty. Children in poor families have one of the highest risks at 24.5%. Whilst pensioner risk is declining in many countries, older women are particularly vulnerable.

From our members Poverty Watches, these trends are also reflected, with particular groups emphasized:

- **Women:** their poverty is often underestimated due to limitations of the household focus of most indicators which assumes equal division of household income. In reality, women usually have lower income, also due to gender and pension pay gap, and are likely to take the main responsibility for household and family expenses (BE, FI, IE, IT, ES, PT).
- **Children**: (ES, FI, IT, LT, NL, PL, PT, RO, ES) and to a lesser degree **young people**, particularly those with low educational attainment or NEETS (LT, RO, ES). In some countries **older people** are at increasing risk, particularly women (DE, IE, LT, PL, RO, ES, SB, AGE-Platform).
- Single Parent Families mainly women (BE, ES, FI, IE, LT, PL, RO, PT), as well as large families (3 or more children) (LT PT, RO). However single person households are an increasing at risk group, particularly older single women (BE, LT, PL, PT, RO).
- **People born outside the EU** ie migrants/refugees (BE, DE, FI, FR, IE, ES, PT) and also ethnic minorities are at high risk including **Roma** (RO) and **Travellers** (IE).
- Other key groups including people with disability, but also people with long-term sickness/health issues (IE, NL).
- **Unemployment is a high risk** (BE, ES, FI, FR, IT, LT, NL, PT, RO), particularly long-term unemployed, but equally so is rising **in-work poverty** (DE, IT, PL, RO, ES) showing that a job is increasingly not a guaranteed route out of poverty.
- Those on **minimum income**, are also usually at risk of poverty because of low levels (All), but also coverage and take up. In Romania, the plight of **unpaid/self-employed rural workers** is a key risk group.
- Other risk factors include: Low educational/skill level) (BE, ES), geography ie those living in rural rather than urban areas (RO), or 'poor regions' (FI, IT, RO).
- **Housing tenure** is an increasing risk factor ie people in rented accommodation, facing rising, unaffordable rents (BE, CZ, FR, PL, LT, NL, PT).

2.2 Main causes of poverty fundamentally linked to growing inequality

Poverty is a complex, multidimensional issue which impacts on people's health, well-being as well as social and economic situation. It affects everybody, undermining sustainable economic development as well as the social cohesion bedrock to healthy societies. At heart it is a political choice. EAPN members are concerned about the increasing tendency to 'blame' the poor for their situation and individualize causes and solutions. EAPN considers that poverty is fundamentally caused by structural inequality arising from an unequal distribution and redistribution of income and wealth, reflecting the widening gap between rich and poor. This is primarily due to growing wage/ income gaps and declining wage share, combined with regressive tax systems, reduced access to public services and inadequate social protection including minimum income.

Although income inequality started to reverse in 2017, driven by the faster increase of income for lower income households, this did not compensate for the significant increases of the past years. In 2017, the 20% richest people in the EU still have a disposable income that is 5.1 times higher than the poorest 20%.

If we take a look at the different quotas of wealth owned by the 10% of the richest part of the world, the richest 10% owns 37% of the wealth in Europe compared to 47% in North America. The countries with the highest levels of inequality in Europe are also generally the one's with the highest levels of poverty. In Europe, the countries with the most equitable distribution of wealth are the Scandinavian countries, Germany and some Eastern European countries (Slovenia, Slovakia, Czech Republic), with a Gini coefficient between 0,25 and 0,30.

In Italy, the 14 richest persons own almost what is owned by the poorest 30%; between 2006 and 2016, the gross available national income of the poorest 10% has decreased of 23,1%.1

In Lithuania, in 2012 the income of 20% the richest and 20% of the poorest people in Lithuania varied 5 times. In 2016 this difference increased to 7 times

2.3 What are the key challenges and priorities?

Despite the disparities and gaps across the EU, there is a strong consensus from the different Poverty Watches about the key challenges and priorities across the EU. The key challenges highlight the gaps in ensuring basic social and economic rights to a decent income, quality jobs, services and social protection for all. This reflects the need to pro-actively close the inequality gap between rich and poor, particularly through more effective and progressive tax/benefit systems.

> Inadequate safety nets (minimum income) and limited social protection systems.

- The main challenge is the low level of minimum income in relation to real costs of living, captured by reference budgets of baskets of goods and services (eg In Lithuania Minimum Income is only 65.5 Euros per person; in Italy, the new REI pays only 187 Euros a month, compared to the Reference budget of 1000 Euros). Lack of indexing exacerbates this situation.
- Low coverage is also evident for key vulnerable and excluded groups (eg migrants) with overly restrictive eligibility criteria and thresholds, combined with increasing conditionality.
- Stigmatization and lack of information/support on rights is negatively influencing take up in many countries.
- Lack of comprehensive, universal Social Protection systems, including minimum income, are a key factor, but also the impact of poverty traps caused in the transition to unemployment; and where social benefits fail to provide a wrap around support against all risks with people falling through the gaps, eg self-employed, or falling completely outside the benefit system.
- Lack of 'enabling' active inclusion approaches which can support people on minimum income to move into decent jobs, which can take them out of poverty.

Housing and rising homelessness

- Main challenge is lack of affordable housing for people on low incomes and sharply rising rents in the private rental sector. These rents are mainly unregulated and increasingly unaffordable, pricing poorer families out of their homes/areas and increasing evictions.
- Caps on housing/rent allowances as part of reforms/modernisation of social protection systems are increasing poverty and evictions.
- Increasing numbers living in substandard, overcrowded housing, with few housing rights to repair or re-allocation to larger accommodation.
- Declining investment in affordable social housing as well as reduced support for poor owner occupiers, particularly older people, leading to evictions from mortgage repayments and rent.

• Rising homelessness on the streets and in shelters, but also hidden homelessness.

In Portugal – overcrowding was 10.3% in 2016. High cost overburden for total population was 7.5%, but for people renting it was much higher (31.9%) also compared to owner occupiers (4.4%) Between 2010 and 2016 cost of housing for poorer households rose by 40% and uses 35.1% of their income on housing costs. (Feantsa)

Energy Poverty

- Rising energy prices are squeezing poorer households, forcing households to make unacceptable choices. (In Lithuania 29% of the population face problems in paying electricity bill. Damp, inadequate housing exacerbates the problem.)
- Energy transition/efficiency initiatives are sometimes exacerbating the problem, when transition costs are passed onto poorer tenants. (Eg in Germany, the green energy bills costs increased bills, particularly damaging for poorer tenants.)
- Growth of number of cut-offs (eg in Germany in 2016, 328.000 people were disconnected) or self-disconnection and under-use ie people deciding not to heat their homes because of high costs.

Sustainable and Adequate Food

- Worrying growth of food banks, reflecting inadequacy of social protection/minimum income systems as households have insufficient money to cover basic expenses, (eg in France - 4 million people on Food Aid.)
- Low incomes reduce access to quality healthy food.
- Concerns about overall sustainability of the current food model.

Over-indebtedness leading to poverty traps and exclusion

- Having too little income to cover rising living costs means poor/ vulnerable people are forced to make unacceptable choices (between heating and eating, the rent) and get trapped in debt.
- Over-indebtedness is often exacerbated by aggressive loan agencies who demand high interest rates and use punitive recuperation mechanisms, leading to forceful use of bailiffs, seizure of goods and evictions. (In Lithuania, 10% of the population owed debts to bailiffs 292, 612 people.)
- Use of loan agencies also encourages people to avoid legal employment as the loan gets priority repayment over basic living expenses.

Deepening education/LLL inequalities

- Inequality in school systems is leaving poorer children and target groups behind. Issues of unequal access for poorer children, including high costs. Big disparities between poorer regions, particularly rural/urban.
- Lack of integrated, wrap around support involving children/youth, families, schools and communities; limited Youth Employment schemes, lacking an integrated, person-centred active inclusion approach.
- Insufficient investment in basic education for adult learning literacy/numeracy as well as 2nd Chance.

Unequal access to Health

- Increasing evidence of health inequality in life chances being due to poverty as key social determinant, seen in the gap between rich and poor - in healthy life years and life expectancy, but also between different regions and areas. In (Ireland, people in poorer areas have a 39% greater chance of dieing of cancer than in richer areas.)
- Decline in quality, coverage and affordable access for health services particularly across poorer regions eg in rural areas.
- Changes in financing systems and increased privatisation are challenging the right to universal free health care eg reduced access and coverage of health care insurance systems, increasing costs particularly in out of pocket payments.

> Key target groups/ages needing urgent action

Child Poverty and Intergenerational Transmission: Children living in poor families are at higher risk of poverty, highlighting lack of adequate income, access to services and participation of poorer families, particularly single parents and large families.

- Particular concerns regarding lack of affordable quality early learning and education to support children's rights and ensure equal opportunities that can help to challenge intergenerational transmission.
- Children at highest risk should get priority particularly **single parent families**, but also large families, as well as other key risk groups.
- Key issues raised in some countries regarding health education around family planning, particularly with teenage pregnancies (RO).

Older People: Inadequacy of AROPE and inequality indicators to capture the reality of older people poverty, (ie low work intensity is not so relevant, older people are often income poor, but may own a house (AGE-Platform).

- Failure to ensure a life in dignity, prioritising those older people who face greatest poverty, particularly woman and the oldest people (ie over 80).
- Access to adequate income impacted primarily through inadequate pensions, (particularly Pillar 1) but also care and personal services. Women's

- pension gap linked to pay gap is major factor. In Serbia, elderly are more at risk than other groups.
- Older people provide significant social and economic support to extended families particularly crucial through the crisis.

People with disabilities

- Increased risk of poverty due to changes/reductions in allowances/benefits with new tests for 'readiness for work' forced activation and punitive sanctions.
- Insufficient recognition of extra costs/services needed, particularly to support independent living.
- Challenges of access to decent jobs adapted to their needs, with moves away from sheltered work spaces and pressure to enter traditional labour market but offering little protection or understanding of their needs, including important role of subsidised jobs as 1st step.

Migrants

- Lack of mobility for migrant workers, facing discrimination in the work place, as well as precarious, low-paid jobs and limited access to social protection.
- Insufficient integration pathways to overcome obstacles to basic rights to housing, education, health, jobs, income support etc.
- Major concerns about children, and particularly unaccompanied minors.

2.4 What do people in poverty think?

"The problem is not that we run out of money occasionally. The real problem is that we live our entire lives this way and our children grow up in this too."

"I have slept in cardboard boxes. I had the choice to die on the street or to take back my life in my own hands. I went to social services to get help to find a house. I was confronted with an enormous bureaucracy. I had to tell my story several times, each time again and it took years before I got a house."

"The way people look at you is humiliating. You are not considered a human being."

"I work illegally. This is not because I think it is good - I am fully aware of the consequences, but this is the only way for me to get a job."

2.5 Thematic Focus on in-work poverty

Nearly 3/4 of the Poverty Watches received gave a specific focus to in-work poverty. Overall at EU level, in-work poverty is growing, with nearly 1 in 10 people working (9.6% - 2016 compared to 8.3% in 2010). All poverty watches recognize this trend with alarm.

"We all know people who are the working poor! He/she is the one who delivers our pizza, cashiers, construction workers, call-centre workers, delivery services, agricultural labourers, but also in public administration, tourism, entertainment...". "A job is always dignified, it's the working conditions that are not!".

(Poverty Watch - EAPN Italy)

They highlight several key risks:

- Low levels of wages, and low minimum wages at levels that can fail to ensure
 a decent standard of living. Adequate living wages are needed, linked to
 reference budgets that are indexed to reflect the real costs of goods and
 services.
- Declining job quality with growing number of insecure or limited contracts: the risk of poverty is twice as high for part-time workers (15.8%) and 3 times as great for those with temporary jobs (16.2%).
- New work/business models increasing atypical employment and precarious jobs, particularly with zero-hour contracts, forced self-employment undermining employment rights and wage levels, as well as undermining rights to social protection including pensions.

In Czech Republic, the minimum wage is one of the lowest in EU, with prices of housing growing faster than wages. In Portugal, 23.3% of workers on the minimum wage (530 Euros) are at risk of in-work poverty.

- Attacks on collective bargaining and trade union development in increasingly dispersed work places and contracts, is seen as a key factor undermining wage and employment rights.
- Women face higher levels of in-work poverty due to lower wages, their concentration in low-paid jobs/sectors and reduced opportunities because of family responsibilities/ lack of work/life balance and shared care / housework with their partners. Lack of accessible, affordable child or other care arrangements restricts women's job options, encouraging part-time work which is increasingly precarious. (In Portugal, 18.5% of men and 31% of women employees have a monthly net income between 310 and 599 Euros).
- Working families are particularly at risk. (eg Finland: Nearly ½ of families in poverty have a parent working.) Highest risk is for single parents, mainly women.

Older people also face in-work poverty (Age-Platform/Finland). In 2016, although the average is slightly lower for older people than general working population (6.9% for over 65), for women it is higher – at 9.9%. However, large disparities exist between Romania and Greece (55-64 – over 15%), compared to Finland, Sweden, Belgium and Czech Republic (under 4%). Poverty amongst pensioners will increase because of new work models, as temporary, fixed-term and part-time work become the norm, pensions will be smaller.

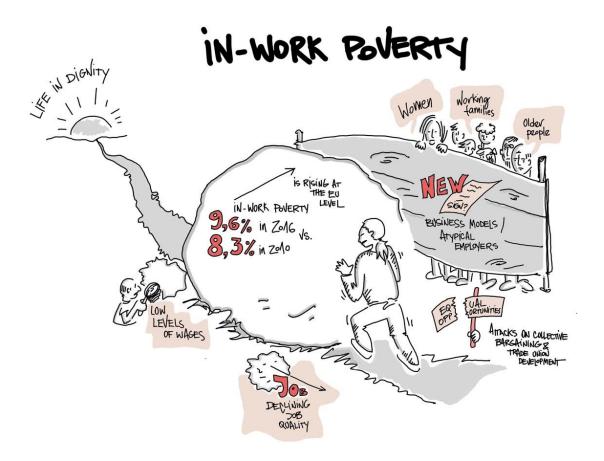


Illustration by Andreea Buzec for EAPN

2.6 Are there good /promising practices in your country/area?

Some members (FR, RO, LT, PT, AGE Platform) report some promising practices:

• Life in dignity and participation of people in poverty

- France: the Observatory for Poverty and Social Exclusion has drawn up typical baskets of goods and services deemed necessary to live a life in dignity, using participatory methods involving people living below the poverty threshold and middle-class people.
- ➤ Netherlands: The Dutch organisation 'Gouden Dagen' seeks to fight social isolation by local volunteers who organise social activities for people at risk of becoming socially isolated. For example, the organisation finances coffee tables for these people, and seeks to specifically address those who have little places to go to.
- ➤ Portugal: The national Observatory on poverty and social exclusion plays a key role in monitoring and raising awareness of the state of play on poverty.

• Better Social Assistance benefits

➤ Lithuania: In 2018 the government introduced a new form of targeted, periodic and conditional social assistance, to better support the most deprived. Moreover, the government put in place measures to avoid that a decrease in wages automatically leads to a decrease in the amount of social assistance received.

Older people

- France: the 'Mona Lisa' project brings together hundreds of organisations to combat loneliness and social isolation. The project has led to the inclusion of the fight against social isolation into the 2014 law on the adaptation of society to ageing.
- Netherlands: the 'Older peoples' Pact' brings together 80 organisations, including representatives of local municipalities. With support from private companies, municipalities try to activate older people, for instance mobilising 'younger' older people as volunteers and reinforcing social neighbourhood teams.

Children and youth

- Lithuania: The government introduced a universal child benefit, that will significantly improve the situation of families with low incomes. Moreover, the universal benefit reduces stigma towards poor families, and will not reduce their disposable income in case of an increase in wages or transition to employment. Other benefits have also been raised, especially for the most deprived and large families.
- France: The Youth Guarantee proved to be working very well in accompanying young people towards employment. Moreover, the

French social protection system is one of the most effective in Europe in protecting people against poverty.

2.7 Role/Impact of EU and national policy

Some Poverty Watches raise concerns about role of EU and national policy. Most reports underline the limitations of the current piecemeal approach that does not urgently prioritize poverty reduction nor tackle poverty in its complex multifaceted nature with integrated strategies, preferring to rely on an employment only approach. Several members (FI, FR, AGE) emphasize that the paradigm is still too centred on restrictive economic priorities which are contributing to the rise in poverty and failure to reach the Europe 2020 poverty target.

EU action

EAPN RO mentions actions funded through EU Structural Funds, mostly ESF and the FEAD. Other members underline the effects of the monitoring and coordination functions of the European Semester, some welcoming a more positive progress on social rights, whilst others criticise the dominant economic focus of the Semester and the Country Specific Recommendations.

- Romania: the government set a wide-ranging National Strategy on Social Inclusion and Poverty reduction for the years 2015-2020. The ESF will fund the technical support needed by administrative territorial units to deliver the strategy. However, the setting up of the program and therefore the employment of the funding has been slow and repeatedly delayed, therefore the actual effects of the strategy are likely to have a reduced impact on the actual level of poverty and social exclusion. Moreover, FEAD funding allowed more than 6 million people (of which more than one million are children) to receive food aid. In most cases, Structural Funds represent the only funding available to support the proposed measures; nevertheless, the access to these funds is still less than optimal, despite the many calls launched in the last few years.
- AGE: There is sometimes inconsistency and inaccuracy in the European Semester process. For instance, the accessibility of public and private services, while being a principle of the European Pillar of Social Rights (number 20), is not covered in Country Reports. Moreover, in most of the cases, pensions are seen only from the lens of financial sustainability, without mentioning of the decreasing pension levels and possible future risks to pension adequacy.

National action

Some EAPN members mentioned actions from their national government. With the exceptions of the National Action Plan for Social Inclusion in Ireland and the above-mentioned National Strategy for Social Inclusion and Poverty Reduction launched in Romania (for both of which results are still limited or unclear), all other measures are partial and focussed on a single issue.

- ➤ Lithuania: The government reduced the percentage of minimum wage that can be claimed for debt repayment, so to protect low incomes from aggressive debt collection. However, the threshold still remains very high (30% for the minimum income and 50% for the exceeding part). Moreover, the much-needed indexation of some benefits was followed by the setting of a ceiling for State financing, that is allowed up to 50% of the minimum consumption needs, therefore not guaranteeing a life in dignity.
- Finland: The position of low-income households has been eroded during Sipilä's Government by reductions in the minimum income benefits in 2017 and the freezing of the indexation of all basic benefits up until 2019. Moreover, an indexation reduction was made in basic benefits in 2016. In addition, taxation on benefit income was increased. Finland has received several complaints from the European Committee of Social Rights regarding the insufficient level of basic income benefits, because it does not cover the basic needs of the beneficiaries and does not lift them above the poverty line.
- ➤ Germany: While the Semester assessment of poverty in the country is rather good and accurate, the government tends to whitewash and underestimate the real situation, not addressing properly the subject in the NRP. The decision of the German Government to use long-term unemployment instead of the EU poverty indicators has meant that most government measures are dedicated to the unemployed and focused on training and skills.
- Portugal: the European Commission in the Country Report focussed on the issue of housing which added important pressure to achieve action. EAPN also highlights the important work of the National Observatory for Combating Poverty and the Observatory in Lisbon, as well as the local and citizen's councils which EAPN supports.
- Romania: The government announced as a future programme the introduction of the Minimum Inclusion Income (MII), which should be the consolidation of the three main social assistance benefits (minimum income, housing and family benefits) and the main support measure to prevent and tackle poverty and social exclusion. It was supposed to be introduced in April 2018, but it was delayed and there is currently no further information.

2.8 Role of EAPN

National networks have different internal organisations, funding arrangements and operating conditions. Despite that, they all put great efforts in working together in the fight against poverty. Of course, each network adapts its action to what they deem feasible and effective with respect to their specificities and situation. Some members (BE, CZ, FR, DE, RO, PT) provided a short overview of their actions and activities. All of them underline the centrality of the participation of people experiencing poverty, to tailor policy action to real needs of people.

- Czechia: The network comprises NGOs and service providers, as well as people experiencing or threatened by poverty. Their work programme is currently focused on over-indebtedness, housing and promoting decent and active lives of seniors.
- France: The network brings together national associations and regional groups active in the social sector. These associations contribute to the integration of the most vulnerable people in France through the provision of housing, employment, language classes or leisure activities. EAPN France has also created working groups that focus on our core missions: the right to alimentation, the participation of people in poverty and minimum income.
- ➤ Germany: The National Poverty Conference is a network of organisations, associations and initiatives advocating an active policy against poverty. Beside national associations, people experiencing poverty and self-help organisations are part of the network. One of the main tasks of the network is to monitor and highlight the situation of poverty, trying to overcome the silence and the taboo around poverty that is widespread at the federal level. The network is also member of an alliance dedicated to redistribution. For the first time, this year EAPN DE participated in the national reporting procedure for the UN Social Pact and has also presented its own shadow report.
- ➤ Romania: EAPN RO (RENASIS) and its members support people affected by poverty in defending their access to rights, improving their living conditions and facilitating their access to social protection and quality services. In 2018, RENASIS developed advocacy actions around the European Pillar of Social Rights, in particular around access to education. Young people from Constanta sent their messages on the occasion of the International Day for Eradicating Poverty, drawing attention on the difficulties that children and young people in Romania face in accessing and continuing their education, especially for those living in rural areas and marginalized communities. At the same time, EAPN RO organised the International Journalism Prize, awarding those articles and reportages that show respect for the people affected by poverty and the reality they live and analyse the causes behind poverty and social exclusion.
- ➤ Portugal: EAPN Portugal's mission is to contribute to the construction of a more just and fair society in which all are co-responsible for guaranteeing citizen's access to a dignified life based on respect for Human Rights and in an inclusive and participative citizenship. EAPN Portugal works throughout Portugal through regional networks organized in each of the 18th country districts. EAPN PT is currently working actively to press the government to achieve the definition and implementation of a national strategy to fight poverty and social exclusion.

3. Key Messages and Recommendations

3.1 Key Messages

- 1. **Poverty is a violation of human rights and a political choice!** People are too often blamed and stigmatised for poverty. Poverty has mainly structural causes and can be overcome with political will.
- 2. Poverty is still unacceptably high and not decreasing in many countries, with growing disparities across the EU and increasing hidden poverty ie the homeless, people in institutions, migrants, women as well as gaps in the AROPE and other indicators.
- 3. Poverty is driven by growing inequality between people, countries/regions inequality is growing between rich and poor as governments fail to back strong redistribution mechanisms (continuing austerity cuts, insufficient tax justice/adequate benefits/universal, quality public services). There is a growing gap between people, countries and regions particularly urban/rural.
- 4. **Not all groups face the same risk of poverty –** Children, women, larger families and single parents as well as young people; people with disabilities, migrants and Roma/Travellers, homeless people as well as long-term employed need thematic integrated strategies and more targeted and personalized support. In some countries older people facing growing risks.
- The lack of an adequate income to cover living costs is the key priority for a dignified life. This is currently not adequately captured in EU or national data or strategies.
- 6. A job alone does not guarantee a route out of poverty in-work poverty is growing along with precarious jobs based on new exploitative business models.
- 7. Minimum income and Social Protection do not adequately protect people from poverty, with inadequate levels, people falling out of the system or caught in poverty traps, failing to keep people close to the labour market and society. Negative conditionality is increasing hardship and undermining effective pathways into sustainable jobs.
- 8. Lack of affordable housing (particularly social), rising energy/ health and food costs are forcing people into unacceptable choices: leading to indebtedness, use of foodbanks, increased homelessness and evictions, disconnections from energy supply and poorer health.

- 9. Unequal public education and lifelong learning systems are leaving many children, young people and adults behind and contributing to intergenerational transmission of poverty.
- 10. NGOs/Community sector play a key role: in supporting the participation of people facing poverty and providing key social services, but face increasing threats with attacks to their freedom of speech and cuts in funding.

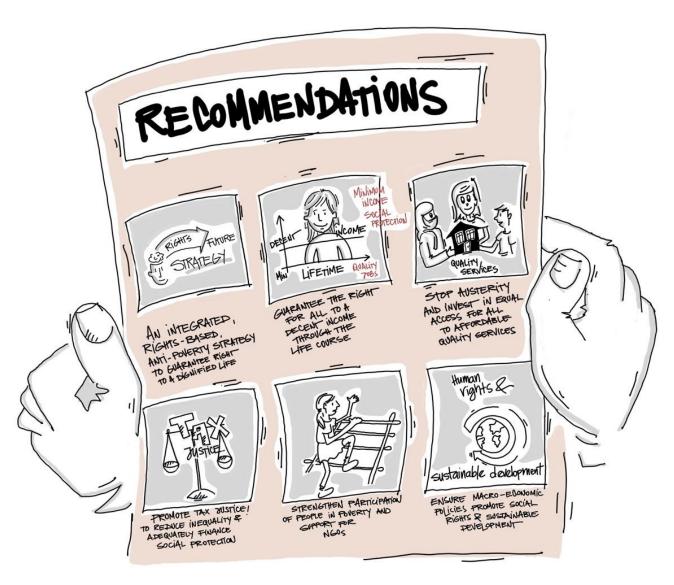


Illustration by Andreea Buzec for EAPN

3.2 Recommendations

1. An integrated, rights-based antipoverty strategy to guarantee right to a dignified life.

This should be developed at EU and national level, based on an integrated 'Active Inclusion' strategy and implemented through a concrete action plan underpinned by the European Pillar of Social Rights' and the Sustainable Development Goals (SDGs and Agenda 2030). It should guarantee access to quality jobs, services and adequate income support (minimum income and social protection) and ensure active participation in society for those who are not able to work or get decent jobs. Adequate financing will need to be based on tax justice and increased tax collection, with support from EU funds (particularly ESF plus). This should be developed together with people who face poverty.

- A strategy based on human rights, dignity and equality for all. The strategy must be based on an explicit human rights foundation, underpinned by comprehensive legislation and mainstream an anti-discrimination approach and strong gender equality focus. Regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, every person must have the right to equal treatment and opportunities in relation to employment, social protection, education, housing, and good quality services.
- ➤ Specific thematic/targeted strategies to reach most at-risk groups, reflecting the EPSR principles/rights and SDGs and building on agreed EU integrated strategies/approaches eg Investing in Children, Tackling Homelessness and Housing Exclusion, Roma Inclusion, Integration of Migrants, UN rights of people with disabilities.

2. Guarantee the right for all to a decent income, through the life course.

The strategy must ensure that everyone, in or out of work, has **sufficient income** to lead a life in dignity, throughout their lives. Their income must cover actual living expenses and be adequate for different household situations and groups of different ages and with additional needs.

- ➤ Adequate, accessible and enabling Minimum Income Progress is needed on an EU Framework Directive, based on common definitions and methodology that guarantees adequate minimum income levels above the 60% poverty threshold and checked against benchmarks of reference budgets related to the costs of a real basket of goods and services. Adequate public funding must be allocated to support implementation. Additional costs need to be allowed for specific groups/households, eg covering housing costs, and for people with disabilities, single parents etc.
- ➤ Universal Social Protection against all risks and beyond employment An Action plan is needed to implement the Access to Social Protection Council Recommendation. But progress must also be made towards ensuring social

protection for all, regardless of employment status - covering unemployment, sickness, pensions, but also rights to health, education and care, as outlined in the ILO Social Protection Floor Recommendation. Employment contribution systems will need to be supplemented by fairer tax- based systems with new sources of financing.

- ➤ Quality jobs and effective fight against in-work poverty improve the quality of work, investing in quality job creation, implementing minimum wages in all countries and increasing levels to ensure a Living Wage. Implementing employment rights based on contracts for all jobs and regulating precarious work, including zero-hour contracts. The public employment services need to be adequately resourced and staff given the level of training needed to provide a person-centred and inclusive service. Strengthening of trade unions and collective bargaining is essential to defend employment rights, particularly in the context of new ways of work.
- ➤ **Urgent action to reduce over-indebtedness** strengthen consumer protection legislation, implementation and monitoring, regulate loan agencies and debt recovery agencies/ methods to avoid destitution and ensure people are guaranteed right to independent debt advice and right of redress.

3. Stop Austerity and invest in equal access for all to affordable, quality services.

The right to essential services is key to prevent and tackle poverty. Quality, well-funded public and non-for-profit services are a pre-requisite to guaranteeing this right. Austerity attacks to public social protection and services continue to generate poverty. All services should be proofed to ensure they are universal, accessible and affordable for those on low incomes and for all at risk groups. Particular priority should be given to public investment in affordable, accessible and quality public services: including early childhood care and learning, universal education and lifelong learning, universal health and care services, but also in regulation to ensure that key services like energy and food are sustainable and affordable, developing concrete strategies to tackle discrimination and inequalities in access to services for poorer disadvantaged groups and regions.

➤ End homelessness and ensure affordable housing for all: Ensuring that everybody has access to an affordable home is a key priority, particularly increasing public social housing and regulating rents of private rented sector. Increase housing allowances to cover real costs. Implement a homelessness and housing exclusion strategy based on housing first.

4. Promote Tax Justice! - to reduce inequality and adequately finance social protection.

Tax justice is a key instrument to reduce inequality, effectively redistribute income and wealth and sustainably finance universal social protection systems. Key measures include: increasing tax collection, effectively tackling tax evasion and avoidance,

increasing progressivity of income taxes, corporation, wealth, property and inheritance taxes, avoiding regressive VAT and consumer taxes and preventing negative social impact of environmental taxes, investing in new sources of taxation including digital tax and financial transactions tax.

5. Strengthen participation of people in poverty and support for NGOS.

Hearing the voice of people experiencing poverty is essential to understand the realities, the impact of current policy and help drive better solutions. NGOs that support them also provide key social services, often supported by EU funds, as well as promoting people's empowerment and voice in decision-making processes. Embed regular dialogue with people facing poverty and decision-makers through forums at national, regional and municipal level to monitor effectiveness of current policies/services and signpost key challenges and solutions. Agree obligatory guidelines and invest in participative methodologies, capacity building and awareness raising for civil society stakeholders. Ensure adequate financing for NGOs and prioritize their access to EU funds to deliver innovative and effective services to fight poverty.

6. Ensure macroeconomic policies promote social rights and sustainable development.

Rebalancing macroeconomic and social policies is essential to ensure progress on social rights. This means carrying out effective ex-ante social and distributional impact assessment of all policies, particularly macroeconomic, to ensure that they actively contribute to reducing poverty and inequality and do not undermine social rights. In the long term, we need a new social and sustainable development model which sees the economy as an instrument to promote prosperity and well-being for people and planet, not just economic growth that benefits the few. Key concrete EU recommendations include: converting the European Semester into a Social and Sustainable Development Semester, to implement the EPSR and SDGS goals, transforming the Stability and Growth Pact into a Stability and Well-being pact.

4. Annex

4.1 EAPN Poverty Watch 2018: summary table of national reports

National network	Summary	Full report
Belgium	Yes (EN)	Yes (NL)
Czech Republic		Yes (EN)
Finland		Yes (EN and FI)
France		Yes (EN and FR)
Germany		Yes (EN)
Ireland		Yes (EN)
Italy		Yes (EN)
Lithuania		Yes (<u>EN</u> and <u>LT</u>)
Netherlands		Yes (EN)
Poland	Yes (EN)	Yes (PL)
Portugal	Yes (EN)	Yes (PT)
Romania		Yes (EN)
Spain		Yes (EN and ES)
Sweden	Yes (EN)	Yes (SE)

Candidate country network	Summary	Full report
Serbia		Yes (EN)

European organisation	Summary	Full report
AGE Platform		Yes (EN)

4.2 Status of the document

This EAPN interim summary report was issued on behalf of the EU Inclusion Strategies Group which has delegated powers within EAPN to develop EAPN policy position papers and reports. This summary report provides a brief synthesis of findings from the Poverty Watch reports received in 2018 with key messages and recommendations drawn from the 16 poverty watch reports (Belgium, Czech Republic, Finland, France, Germany, Ireland, Italy, Lithuania, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Serbia and AGE-Platform). The Annex 1 provides the links to all Poverty Watches. The draft poverty watch reports were presented and discussed in the EU Inclusion Strategies Group in Vienna in September. The summary report was drafted in November by Sian Jones, EAPN Policy Coordinator with Chiara Fratelli (Policy Assistant) and circulated to EUISG members with 2 weeks for comments. All comments were integrated and the draft was finalized on the 20 December.

Diversity of opinion within civil society

Whilst EAPN members have a wide range of views on certain topics, all members are united in working to bring about a social Europe, free from poverty and social exclusion, with access to economic, social and cultural rights for all. Members are united by our vision and values, which can be found here.

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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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The views expressed by EAPN do not necessarily reflect the official position of the European Commission.

Photo: Gabija Vyšniauskaitė for <u>Nacionalinis skurdo mažinimo organizacijų tinklas</u> Graphics: Andreea Buzec: <u>andreeabuzec@icloud.com</u>