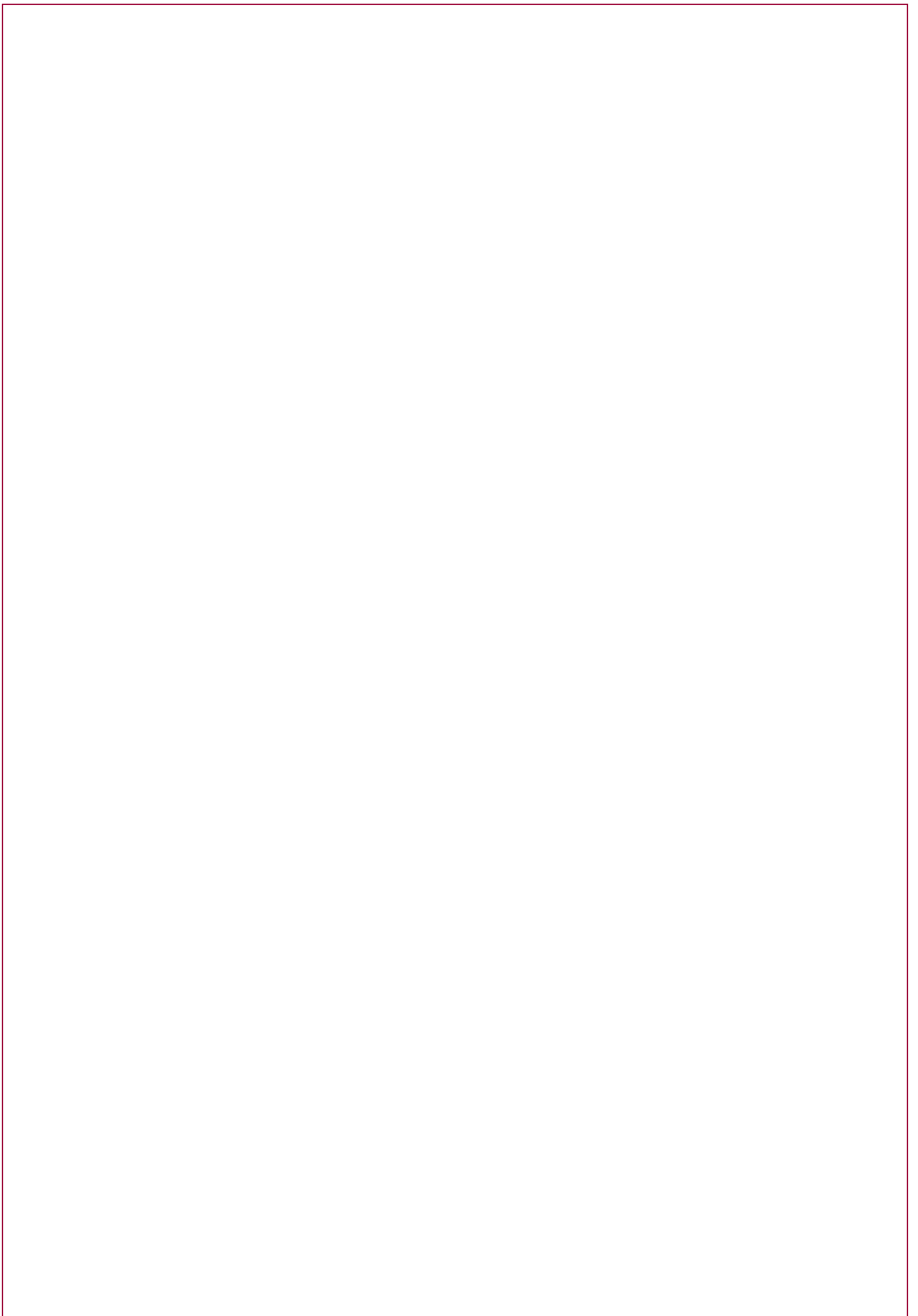


# **An EU Worth Defending - Beyond Austerity to Social Investment and Inclusive Growth**

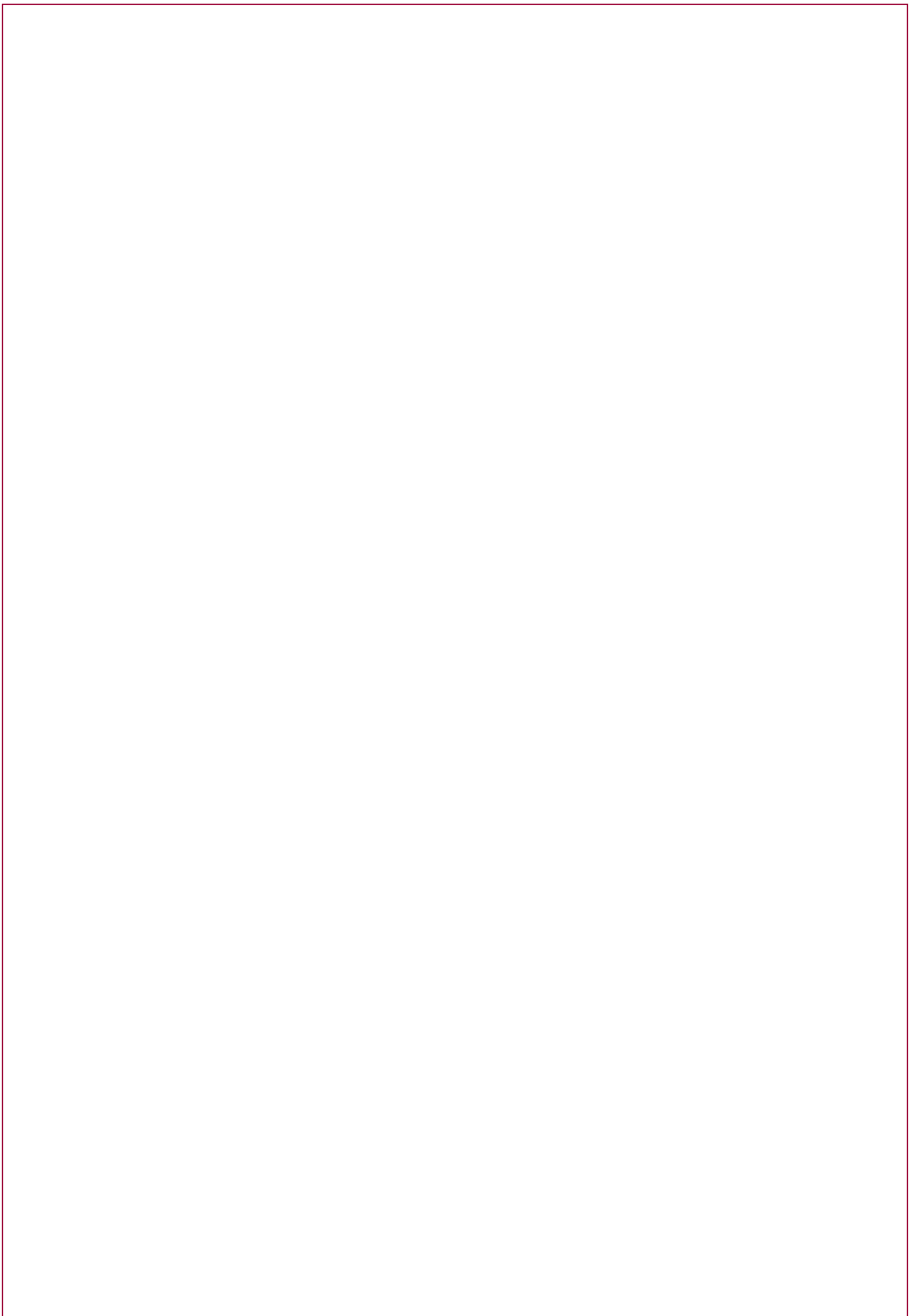
**EAPN analysis of the 2012  
National Reform Programmes (NRPs)  
and National Social Reports (NSRs)**

**July 2012**



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## Introduction and Acknowledgements

This EAPN report assesses the progress on delivery on poverty reduction, and on the other key social employment and education targets of Europe 2020, through the National Reform Programmes (NRPs) and National Social Reports (NSRs), in 2012. It is based on a questionnaire and scoreboard assessment, answered by EAPN members (National Networks and European Organisations) in May and June 2012, following a workshop on 4-5 May. Completed questionnaires on the NRPs were received from 18 EAPN networks - EU Member States Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Luxemburg, Netherlands, Poland, Slovenia, Spain, Sweden and UK (including a separate assessment of the Scottish NRP), as well as candidate country Iceland. Additional inputs were received from 3 European Organisations in membership of EAPN (Eurochild, FEANTSA and the AGE Platform). Countries operating under Troika<sup>1</sup> programme arrangements (Greece, Ireland, Latvia, Portugal, and Romania) were not expected to prepare NRPs, only letters outlining progress on the targets, despite EAPN's campaign requesting equal treatment<sup>2</sup>. However, Ireland decided to develop an NRP, and EAPN IE's assessment is incorporated in this report. For Romania, no letter was made publically available, but the NRP submitted last year covers the period 2011-2013.

At the time of drafting the report, very few of the National Social Reports were publically available on the website of the European Commission. EAPN inputs were received from 10 national networks: Czech Republic, Denmark, Finland, Luxemburg, the Netherlands, Portugal, Slovenia, Spain, Sweden, and the UK. This included one Troika country – Portugal. Some of these were based on the drafts available at the time (e.g. SI), so it has not been possible to do a full assessment at this point. This is obviously a key disappointment, when the National Social Reports were so needed to ensure strong social objectives and effective delivery on the poverty reduction and other social targets. We also received comparative input from Iceland, as a candidate country, on the basis of their assessment of their *Iceland 2020* Report.

The report has been drafted by the EAPN Secretariat: Sian Jones, Amana Ferro, Vincent Caron, and Tanya Basarab, with support on lay-out and publication from Leticia Gomez and Nellie Epinat. It was coordinated and edited by Sian Jones, EAPN Policy Coordinator.

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<sup>1</sup> Countries operating under programme arrangements from the ECB/IMF and European Commission to receive financial and economic support.

<sup>2</sup> EAPN (2012) Letter to President Barroso on Troika countries exclusion from NRPs.

## Executive Summary

2012 marks the 2<sup>nd</sup> year of Europe 2020 and the European Semester, in a worsening crisis context. Instead of progress on the poverty reduction target, the European Union is faced with an increase of 2 million people experiencing poverty, with Member States still failing to set sufficiently ambitious targets to reach the European objective, with a shortfall of 8 million people. The EU also faces a deepening political, as well as economic and social, crisis, as it grapples with decisions over economic governance, including the Fiscal Compact, the 'six-' and 'two-pack' etc. Such instruments raise serious questions over political legitimacy and accountability, as well as over the commitment to smart, sustainable and inclusive growth. Most of EAPN's members found a deterioration in stakeholder dialogue processes in Europe 2020, particularly at national level, in the National Reform Programmes and National Social Reports. There is a growing disillusionment with both the content and process of Europe 2020, which is failing to reduce poverty, and is seen as responsible for generating more poverty and inequality through its austerity approach. This is leading many of our members to question the relevance of engagement as stakeholders, or to trust the commitments of the EU to take seriously the delivery on the poverty target, and develop a more balanced social and economic approach, which truly sees the economy at the service of social cohesion and inclusion. Urgent action must be taken by the EU, if people are to be convinced that the Union is acting in their interests, and that a social vision, which upholds the EU social model, is a core priority and worth defending.

### EAPN Assessment 2011

Last year, EAPN produced an assessment of the first year's National Reform Programmes (NRPs), based on a questionnaire and social inclusion scoreboard.<sup>3</sup> Our Messages and Recommendations from 2011 highlighted the lack of policy coherence of the Europe 2020 Strategy, with macroeconomic policies already reinforcing demands for austerity cuts on benefits and services, undermining the poverty reduction target. We raised concerns about the lack of progress on the poverty target and evidence of cherry-picking of indicators. The policies were seen to lack comprehensive, rights-based approaches, which guaranteed adequate income, with lack of clarity about how to achieve inclusive labour markets, creating quality jobs and ensuring access for all, particularly through an active inclusion approach. Whilst welcoming the progress on the school-drop out target, we regretted that education was not being treated sufficiently as an investment, recognizing the differences in starting points. Structural Funds were seen to be falling short of their potential to deliver on social inclusion. Moreover, serious concerns were raised about weak stakeholder engagement in the NRP, seen as most members as a step backwards from the Social OMC. This year's report provides an update of this assessment, based on the contributions of our national and EU members, keen to see how far our messages and recommendations had been taken up.

### Europe 2020 in 2012 – a step forward?

In November 2011, the European Commission endorsed the 2012 Annual Growth Survey<sup>4</sup>, with 5 new priorities to drive the implementation of the 2012 National Reform Programmes (NRPs). EAPN welcomed the new 4<sup>th</sup> priority, *Tackling unemployment and the social*

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<sup>3</sup> EAPN (Nov 2011) Deliver Inclusive Growth: EAPN Assessment of the 2011 NRPs and Europe 2020.

<sup>4</sup> EC (Nov 2011) Annual Growth Survey 2012.

*consequences of the crisis*, and hoped to see this priority strongly reflected in the new NRPs. In February, the SPC published their 3<sup>rd</sup> report on the social impact of the crisis<sup>5</sup>, reinforcing the demand to ensure that austerity measures did not undermine social protection systems as automatic stabilizers. They also warned of the consequences of growing poverty and inequality. However, despite these positive developments, austerity policies have remained the overwhelming message, with new agreements pushed through economic governance to enforce zero deficits and debt management, introducing the potential of EU interference in the management of social security and protection systems, in the provisions of the six- and two-pack. Whilst the Commission has made some positive proposals, opening the door to growth stimulus and support to jobs and growth, particularly in the countries without major deficit problems, with new proposals including the Youth Opportunities Initiative, the Employment package and proposals for National Job Plans, the overwhelming focus has continued on austerity. EAPN adds its voice to the increasing range of economic and social actors rejecting austerity, as it directly increases poverty and inequality, fails to reduce deficits or re-start growth, and threatens social cohesion and solidarity, when EU desperately needs a new social heart and social vision.

### **EAPN Engagement in 2012**

This year, EAPN members attempted to improve their engagement in the NRPs and the National Social Reports, as stakeholders at the national level, then to assess the results. Only 12 networks managed to make input, with the majority finding the process very low quality. The members of the EAPN EU Inclusion Strategies Group came together to carry out an initial assessment of the NRPs, in a capacity building workshop on May 4-5. For the first time, EAPN members produced shadow Country-Specific Recommendations (CSRs), based on their evaluation of the NRPs. These were forwarded to the Commission and Member States, and were presented directly to Commissioner Rehn and Commissioner Andor on the 27 June in the European Parliament, in an event organized by the Greens/EFA group, as part of a civil society proposal for alternative Country-Specific Recommendations. EAPN members then completed a detailed questionnaire and scoreboard survey. This report is based on these inputs received.

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<sup>5</sup> SPC (Feb 2012), 3rd Report on the Social Impact of the Crisis.

## Key Messages on the 2012 NRP/NSR Assessments

### 1. Europe 2020 - Inclusive growth and poverty target increasingly irrelevant.

Economic governance requirements are the dominant force in the Economic Semester, in the NRPs and the Country-Specific Recommendations (CSR). This means little focus on smart, sustainable and inclusive growth or the targets, particularly the poverty target, despite increasing poverty. 5 CSRs focused on poverty: an improvement on 2011, but seriously deficient in response to rising poverty rates.

### 2. Austerity policies focused on cuts are generating increased poverty and undermining an inclusive recovery.

Macroeconomic policy is focused on rapid deficit reduction, with austerity strategies in most countries, regardless of the severity of deficits, prioritizing cuts to services, benefits and wages. These penalize the poor, generate new poverty risks, and increase inequality. More worryingly, members find evidence of systematic attacks on universal services and public service obligations, which are undermining Welfare States. Whilst welcoming some increase in taxation, the focus on growth-friendly tax, rather than inclusive growth undermines the redistributive potential, with many measures likely to increase inequality, particularly with the regressive focus on consumption which proportionately hits hardest the poor who rely on basic goods and services. Whilst more rhetoric is noticed on growth and jobs, there is little evidence of concrete delivery, and inclusive growth is largely absent. Fairer, inclusive recovery plans are not visible.

### 3. Poverty is not visible and not likely to be reduced with jobs-only approach.

Poverty is scantily addressed, despite the increase by 2 million people, and with an overwhelming focus on employment as the only solution. Of particular concern is Spain, where the poverty target was not mentioned. There is continuing difficulty over the calculation of the poverty target and the choice of indicators by Member States, often disguising the reality, favoring indicators which show least increases in poverty. The shortfall is still 8 million people on the EU target. Whilst quality job creation is vital, jobs alone can't reduce poverty, particularly with rising in-work poverty, and with the majority of poor families already working. It is the lack of coherent, integrated anti-poverty strategies, with integrated Active Inclusion for those of working age, and guarantees for access to rights, resources and services for all, that is most worrying. Austerity attacks to minimum income and services, without social impact assessment, are putting the welfare state at risk, despite the evidence that social protection reduces poverty by 40%. Failure to tackle discrimination or to set consistent sub-targets for key priority groups and integrated strategies beyond employment for key groups (eg child-poverty, Roma, migrants, long-term unemployed and homelessness) is also notable, despite the initiatives of the *European Platform against Poverty*.

### 4. Double punishment for Troika countries.

Countries under Troika (IMF-ECB-EC) bailout agreements are seen as being discriminated against by the EU, with an opt-out clause from presenting NRPs (who are only required to submit letters), with no requirements to carry out social impact assessments of Troika programme measures, particularly on poverty. This inflicts a double punishment on people facing poverty and social exclusion, exacerbating the loss of solidarity with regions facing difficulties, with no confirmation of the vital need to invest in social standards and strong welfare systems to underpin an inclusive recovery, as a pre-requisite for growth.

**5. Stronger focus on job creation, but unlikely to help the most disadvantaged.**

Whilst job creation gets higher priority, there is little focus on quality jobs, nor how these will be created in key sectors (i.e., green and white), or through social economy. Neither is there a clear analysis of how employment will contribute to poverty reduction. The lack of priority given to pathway approaches to quality jobs, as part of integrated Active Inclusion strategies, or a coherent strategy to fight in-work poverty, means the most disadvantaged are unlikely to benefit. Hardening activation conditionality and sanctions is still the main policy approach, increasing hardship and exclusion, rather than providing a sustainable route out of poverty for those who can work.

**6. Piecemeal approach to education fails to tackle structural causes.**

Despite progress on the school-drop out target in several countries, measures remain piecemeal. They generally fail to recognize specific barriers for different groups or the need for an integrated strategy developed in partnership with all key actors, nor to tackle the structural causes that can ensure an inclusive education and lifelong learning approach. Austerity measures are clearly undermining fair and affordable access to education, adequate public investment to ensure comprehensive, quality public services, as well as new approaches.

**7. Missed opportunity to promote social investment.**

Alternative approaches, which prioritize social investment in people and social systems, are disappointingly absent. Apart from little focus on quality jobs, the failure to ensure access to adequate minimum income, social protection and affordable access to quality services becomes a major weakness to delivering effective anti-poverty strategies, particularly in a time of rising unemployment. It also undermines the achievement of a vital social floor to operate as an automatic stabilizer and as a basis for inclusive recovery, likely to lead to rising social, health and economic costs. Some small signs of hope are seen in a few countries, which recognize the vital role of social investment in quality jobs, education, social protection and active inclusion to ensure an inclusive recovery and growth.

**8. Little signs of increase Structural Funds use for poverty reduction.**

Structural Funds are still falling short of their potential to deliver on poverty reduction, with priority given to growth-enhancing measures, employment and education targets over poverty reduction, and little coordination between ESF and ERDF in promoting integrated social inclusion projects. There's a missed opportunity to promote integrated Active Inclusion, and to support those furthest from the labour market. The partnership principle still remains theoretical for NGOs, especially small ones.

**9. A step back on stakeholder and democratic engagement in NRPs and NSRs.**

The already weak stakeholder engagement in 2011, suffered a further step back in both the NRPs and the new NSRs. Whilst 12 national networks had some engagement and managed an input (BE, BG, CY, CZ, DK, FR, LU, MT, NL, PL, SE, UK- Scotland), with 8 also making inputs into the NSRs (DK, BE, LU, FI, CY, CZ, BG, LT), only 4 felt that the engagement was meaningful. (Scotland, Cyprus, Denmark, France). Key concerns included: lack of timeliness, low commitment and quality of the engagement including lack of feedback or evidence that proposals were taken on board. Social NGO inputs were confined to the narrow poverty chapter, rather than an opportunity to comment on all policies, together with Social Ministries. People experiencing poverty were

generally absent even in the NSRs, which confirmed the disappointment with the NSRs offering no improvement on the NRPs in terms of quality engagement. The failure to actively involve national Parliaments further underlined the sense of loss of democratic accountability.

#### **10. A disappointing start for the NSRs.**

Few NSRs were presented on time (6), and were generally skimpy, and lacked clarity about their role in relation to the NRP, in ensuring a strong, more integrated strategy, covering the three OMC pillars, to fight poverty and exclusion and ensure social protection, based on the Common Objectives. Little opportunity was taken to mainstream social impact assessment of austerity measures, or to defend and highlight the benefits of effective social protection/security systems. Whilst more information was noted on 2 of the pillars (health and long-term care and pensions), the focus continued on fiscal consolidation, rather than increasing access and affordability. The NSRs remained reports, rather than strategies developed through a social process, failing to take advantage of their stronger base of stakeholder engagement through the Social OMC.

## EAPN Recommendations

### 1. Back Social Europe and restore balance to economic and social objectives in Europe 2020 and economic governance.

- Ensure all policies, including macro-economic, contribute to the reduction of poverty and other social targets, and reflect this balance in the Annual Growth Survey and Europe 2020 NRP guidelines.
- Take steps to integrate social objectives and proposals for stronger EU frameworks in social policy, to balance economic governance proposals for more EU.
- Require Country-Specific Recommendations on poverty reduction in all countries, as well as the other social objectives, with potential of sanctions.
- Include Social Ministries and DGs as equal partners in Europe 2020, and economic governance decisions, including in discussions with countries under Troika arrangements, and engage with national Parliaments and stakeholders.

### 2. Re-focus on the poverty target delivered through integrated strategies and prevent austerity increasing poverty.

- Insist on ambitious poverty targets from all Member States, which reflect all 3 indicators, and sub-targets for key at risk groups, including children, homeless, Roma.
- Set out detailed roadmaps for delivery on the poverty target by 2020, through an overarching integrated, multidimensional anti-poverty strategies, beyond employment, drawing on the Common Objectives of the Social OMC and the NSRs and specific national strategies for key target groups: eg Child Poverty (implementing the proposed Recommendation), homelessness and Roma Inclusion.
- Require MS to urgently carry out Social Impact Assessments of austerity measures, involving stakeholders, ensuring they do not increase poverty and measure short and long-term economic, health and social costs.
- Provide Commission Guidelines and Action Teams to advise on inclusive fiscal consolidation, and how to ensure adequate social protection and health services as key to inclusive growth, particularly in Troika countries.
- Red-line social protection and health systems, including minimum income schemes, including agreeing targets to defend adequate spending levels.
- Monitor delivery through NRPs, and provide Country Specific Recommendations on poverty reduction and failures to deliver on adequate social protection and health systems.

### 3. Launch a Social Investment Package to support Inclusive Growth.

Send a strong message that Austerity doesn't work, and support a Social Investment package to back investment in quality jobs, active inclusion, services and social protection, developed through consultation. Monitor delivery in Europe 2020, together with stakeholders and Parliaments:

- *Invest in quality jobs and inclusive labour markets for all:* stimulus packages to create quality jobs, with living wages, which build skills. Invest in sectors responding to social needs, as well as environmental sustainability, including through social economy. Tackle in-work poverty and reinforce security, not just flexibility.
- *Invest in Active Inclusion and expand the Youth Guarantee:* ensure access to quality jobs for all disadvantaged groups, and prioritize integrated, pathway approaches,

ensuring adequate minimum income and quality services. Expand the Youth Guarantee to add a quality dimension to training and employment opportunities, and reduce poverty through Active Inclusion.

- *Invest in Social Protection*: ensure universal coverage through the life cycle and right to adequate income, make progress on an EU Framework Directive to ensure adequate minimum income above the poverty threshold, designed through budget standards, with guidelines to increase take-up and counter stigmatisation.
- *Invest in Quality, inclusive services*: promote universal access to key public services, e.g. affordable, energy-efficient housing with explicit support for social housing, public health reducing inequalities, public transport, affordable quality child and other care services, personalized job support, debt support etc.
- *Invest in inclusive education and life-long learning*: ensure comprehensive quality education for all: quality early-learning, integrated/joined up support for youth with families, schools and communities; investing in community based informal and non-formal life-long learning.
- *Invest in equality and anti-discrimination*: give priority to tackling inequalities with anti-discrimination measures ensuring equal access to employment, other rights and services for all groups.
- *Use EU funds to deliver inclusion*: back the Commission's proposals for 25% for ESF and 20% for poverty reduction, with a strong partnership principle, including NGOs and other stakeholders on an equal basis (see below).
- *Finance through Tax Justice and Inclusive growth-friendly taxation, reducing the inequality gap in income and wealth*: agree guidelines for sustainable financing for social welfare and investment through Tax Justice, with higher focus on taxes on wealth, progressive income tax, property, capital, environmental and social risk. Assess the social impact of growth-friendly tax proposals. Increase EU coordination on tax evasion and avoidance including tax havens and the development of an effective Financial Transactions Tax.
- *Evaluate the benefits/costs of effective social investment and the costs of non-investment* in economic, social and health outcomes.

#### **4. Make Structural Funds a key instrument to deliver on poverty reduction and social dimension in Europe 2020.**

- Mainstream social inclusion and poverty reduction in all Europe 2020 targets, and prioritize delivery on the poverty reduction target through coordinated use of ESF and ERDF.
- Back the minimum shares for ESF (25%) and 20% for poverty reduction.
- Use Structural Funds to actively support integrated Active Inclusion, as a key means to reduce poverty, encompassing its 3 main strands (inclusive labour markets, access to quality services and support to adequate minimum income).
- Use Structural Funds to get ownership of Social Europe and Europe 2020 – by implementing the partnership principle, with a more NGO-friendly framework ensuring participative management and easier access to funds, as well as fund to provide NGO support.

#### **5. Re-launch Europe 2020 as a democratic, participative social as well as economic process.**

Make Europe 2020 a model for democratic, participative engagement:

- Insist on meaningful civil dialogue and stakeholder engagement in NRPs and NSRs, through a regular dialogue process in the design, delivery and evaluation of anti-poverty policies through all policy fields. Annex stakeholder contributions to the reports.
- Provide obligatory guidelines for participation – setting out who, how, when with successful criteria for engagement. Develop indicators and monitor delivery, promoting mutual learning and peer review on good practices.
- Build real partnership and structured participation with People experiencing Poverty and their associations, investing in public awareness-raising and providing EU and national financing to support engagement.
- Invest in participation – ensure regular meetings, sufficient time for dialogue and quality input and feedback and show respect for NGO and people in poverty’s input.
- Increase democratic accountability and ownership, involving National Parliaments, through regular hearings and contributions on different aspects of the NRPs, linking better national and EU strategies.

**6. Seize the opportunity of NSRs to re-launch a dynamic integrated strategy and process to fight poverty.**

- Move beyond a Social Report and develop an integrated Social Strategy to fight poverty, promote social inclusion and protection, based on the Common Objectives, to underpin and strengthening the social dimension in the NRPs.
- Restore the focus on the benefits and value of a rights’-based approach to universal services and integrated approaches, rather than blaming the individual.
- Co-produce the strategy with stakeholders as part of a regular, effective dialogue process, including NGOs and people experiencing poverty.
- Ensure impact in the NRP, through earlier timing, clearer guidelines, follow up and monitoring, higher visibility through stakeholder involvement and joint monitoring with the European Commission.



## NATIONAL REFORM PROGRAMMES: EAPN ASSESSMENT

### 1. Macro-economic policy still driving austerity rather than social investment and inclusive growth

#### Europe 2020 Integrated Guidelines

- 1: Ensuring the quality and sustainability of public finances
- 2: Addressing macro-economic imbalances
- 3: Reducing the imbalances in the euro area

In 2012, the primary focus of the NRPs continued to be reducing public deficits through fiscal consolidation. The main guidance came from the 3 Economic Guidelines and the first objective of the Annual Growth Survey 2012<sup>6</sup>, the Euro Plus Pact, and the commitments of the Fiscal Compact. However, there were some small signs of change, with the Commission and Spring European Council Conclusions effectively opening the door for potential stimulus programmes, in countries without severe deficit or debt problems. There was more rhetoric around a return to “Growth and Jobs”, although less clarity in the actions. Whilst many EAPN members welcomed a shift from austerity alone, a ‘growth and jobs alone’ policy, without integrating social inclusion objectives, was seen as reproducing the failures of the Lisbon Strategy to deliver on poverty reduction even in times of high growth and employment. EAPN networks welcomed the explicit commitment to implement Priority 4 of the Annual Growth Survey<sup>7</sup> to reduce unemployment and mitigate the social consequences of the crisis, including through macro-economic policy, as well as measures to “protect the vulnerable – through further improving the effectiveness of social protection systems and making sure that social automatic stabilisers can play their role as appropriate”<sup>8</sup>.

#### 1.1 Austerity continues to punish the poor, with limited social investment

MACROECONOMIC POLICY SCOREBOARD	SCORE: 1-10
1. How far do the macro-economic policies support <b>social inclusion</b> ? <i>I.e. do they increase investment in social protection/services and quality job creation? Do they limit austerity cuts on benefits and services?</i>	<b>3</b> out of 10

The majority of EAPN networks (AT, DK, EE, IT, NL, PL, SI, ES, SE, UK) highlighted that the macro-economic policies in the NRP continued to undermine social inclusion, with several scoring very low, seeing little sign of actions to reduce the social impact of the crisis, despite Priority 4 of the Annual Growth Survey 2012. The evidence for this was characterized by increasing austerity cuts on key public services, cuts in wages, jobs and social infrastructure, seen by members as generating increasing poverty and social exclusion, although with changes in methods and instruments. Whilst most responses highlighted increasing austerity measures in the NRP, some representatives show a small improvement in their scoring (PL, DK), or rated the policies a little higher (4+ for BE, CZ, SE, LU). This may reflect the different impact of the crisis, recent changes in Governments, or attempts by some

<sup>6</sup> 1) Pursuing growth-friendly fiscal consolidation.

<sup>7</sup> EC (Nov 2011), Annual Growth Survey objective 4: Tackle unemployment and the social consequences of the crisis.

<sup>8</sup> IBID p 12.

Governments to find better, less socially damaging solutions. The most positive exception was Finland (see end section).

### ***1.1.1 Small shift from austerity to growth, but not inclusive***

Several members highlight a changing rhetoric in the NRPs from 2011, with a new emphasis on economic growth, as well as austerity (AT, BE, IE, SI). However, the priority in reality is focussed on austerity measures and social expenditure cuts (AT, LU, IT, IE, ES). For example, in Austria to the tune of 13.6 billion, or in Luxemburg with new projected cuts in social expenditure of 110 million, with overall cuts reaching more than half a million. In Italy, the focus on fiscal consolidation is causing recession, impacting on the income of wages and pensioners.

**EAPN Ireland:** There is a welcoming in the update of the balancing of fiscal consolidation and budgetary discipline with measures to boost growth. The Irish Government sees itself as one of the States to bring about a shift away from an austerity only approach... However, it has still not identified how it will practically put resources into stimulating growth.

**EAPN Spain:** Austerity is the golden star – the Government’s rationale is if we do not keep on with austerity and deficit reduction to meet the EU requisites, we face the risk of an intervention in the hands of the Troika (written in May 2012).

**EAPN Czech Republic:** Focus on competition and economic growth with austerity cuts. NRP priorities in relation to challenges of social inclusion may not be adequate.

### ***1.1.2 Austerity pursued despite differences in social impact***

Whilst austerity continues to be the dominant macroeconomic objective in the NRPs in all countries reviewed, there is a significant difference in the severity and scope of the social impact, depending on the policy approach pursued. Although not all countries are suffering as deep economic or social impact (DK, SE, DE, AT, CZ and PL), it is noted that most Governments are nonetheless pursuing austerity measures, regardless of the state of their public debt and deficits. This underlines the growing perception by members that the crisis is being used as a pretext to introduce, by the back door, a drastic reduction in the welfare state, coupled with increased privatization of services.

**EAPN Denmark:** Whilst some improvements are noted in benefits to the poor, other general reductions increase inequality, and widen the gap between the 15-20% in poverty and the rest of society. Often it seems to be in the countries facing most difficulties that attempts are being made to restrict the social impact.

### ***1.1.3 Incoherent policy approaches, as benefit increases undermined by cuts***

Several countries are now directly reducing levels of benefits, particularly retirement pensions and disability benefits (AT, BE, EE, ES, IT, IE, UK). Even in countries that have made an explicit attempt to shore up benefit levels, these are often undermined by contradictory measures, e.g. Belgium, Denmark and Ireland. In many countries, there is an increased focus on restricting eligibility and coverage. In Ireland, the NRP directly recognizes the impact of austerity policies on rising poverty rates.

**EAPN Belgium:** There are positive measures, like the growth path for vocational training and the lowest benefits – i.e. lowest pension will be raised, but at the same time we have the reinforcement of digressivity of unemployment benefits and temporary cut of integration benefits.

**EAPN Ireland:** The increase in poverty is recognized as due to the impact of the crisis and the programme of fiscal consolidation. A commitment has been made to not cut the basic rate of benefits, however restrictions have been introduced in the terms and conditions affecting coverage and eligibility for example by withdrawal of index-linking. A further restriction is made through cuts to additional allowances to cover the costs of key services, e.g. fuel allowance or rent supplements. This is likely to have a particularly severe impact with rising energy and housing costs. A positive change is the increase in annual income levels for those who must pay the Universal Social Charge, from 4 000 to 10 036 euro per annum. However, this still means that people on very low income have to pay the universal social charge at 4% of their income.

#### ***1.1.4 Affordability and accessibility of public services under attack***

Increasing concern is voiced by networks in relation to cuts and restrictions on public services. This is reflected both in cuts in wages of public sector service workers (EE, IT), undermining the quality and sustainability of the sector, but also in restrictions in the accessibility and quality of services. Access and coverage are primarily being restricted through changes in eligibility rules, particularly affecting vulnerable groups like migrants (especially undocumented) and ethnic minorities, but also in the sharp increases in prices and out-of-pocket payments, particularly in health, education services and transport. Surprisingly, even employment and active labour market services are in the firing line, despite the explicit reference to the role of affordable social services as part of integrated Active Inclusion approaches, quoted in the AGS Priority 4: to prevent marginalization of vulnerable groups, by providing “access to services, supporting integration in the labour market and in society, including by ensuring access to a basic payment account, electricity supply to vulnerable customers and access to affordable housing”<sup>9</sup>.

**EAPN Portugal:** Positive measures are proposed, based on the National Health Plan, trying to make access easier, but at the same time they are raising prices, ie access to a general public hospital now costs 10-20 euro (quoted in National Social Report).

**EAPN Spain:** Cuts in jobs and salaries in the public sector, reduction of services and social benefits are staggering. The State budget for active employment services and for integration of migrants has almost been eliminated. Public funding for NGOs has been considerably reduced as well. Although healthcare is for the moment still universal, it’s only for Spanish citizens and foreign residents with permits. Now undocumented migrants are deprived by law from accessing health care, except for children and pregnant women. In some regions, eg Balearic Islands and Catalunya, hospitals and operating theatres are being closed, and waiting lists for surgery are increasing. The measures include a rise in co-payment of medicines, and now pensioners have to pay for their them, which in fact means a reduction of their net income in real terms. All services rates have been increased several times, including electricity, gas, transport, justice services, education (including university fees) above inflation, while salaries’ level are increasingly falling down. Income tax has increased by three percentage points.

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<sup>9</sup>IBID EC (Nov 2012) AGS 2012.

### 1.1.5 Increased pressure on NGOs to replace public sector

The majority of responses highlight an increased demand on NGO services, in particular housing, employment, homelessness, food and front-line social services, whilst at the same time public funds are reduced, along with declining donations, and limited capacity to pay by the users, stricken by unemployment and declining income support. In Portugal, a new Social Emergency programme is welcomed, but raises concerns about the reduction of social inclusion to emergency support measures only, rather than long-term solutions, particularly as many services are provided by voluntary sector who have increasing difficulties as families cannot afford the services (see Chapter 7 on National Social Reports).

**EAPN Spain:** Many social programmes' funding has been seriously cut, affecting even the people in worst situations, as the homeless people. The demand for social protection is increasing exponentially, as unemployment keeps striking. However, social assistance funds are decreasing, and derived to NGOs, as Caritas and the Red Cross. These NGOs alone served more than 2 million vulnerable people in 2011.

### 1.1.6 Little progress towards social investment

EAPN responses underlined their disappointment in the lack of references to a shift in macro-economic policy towards social investment, even in countries with little deficit or debt difficulties, as a crucial means to support an inclusive and sustainable recovery. Even in Nordic countries (SE and FI), where social investment in social protection systems and infrastructure has provided a firm foundation for their resilience in the crisis and restricted economic and social impact, the dominant market-first and austerity drive is undermining this approach.

**EAPN Sweden:** There is a defensive attitude to social investments and the overall aim is to maintain a budget in balance.

However, a small number of networks noted some more hopeful developments, although concrete measures were mostly lacking.

**EAPN Poland:** There is one general statement that investment policies in infrastructure are good for employment and fighting poverty goals of Europe 2020 – including social services infrastructure, which means health and long-term care, education, culture and tourism. In the context of education, there was a remark about the social function of schools and social services for children and youth. We consider that including investment in social services infrastructure is a step in a good direction.

## 1.2 Some progress on tax, but not reducing income and wealth gap

MACROECONOMIC POLICY SCOREBOARD	SCORE: 1-10
2. How far do they promote greater equality, fairer distribution and re-distribution of income and wealth? <i>I.e. do they reduce the gap on income, wages and taxes?</i>	2,2 out of 10

The overall average scoring from responses for fairer distribution policies was low (2.2 out of 10). Many responses still highlighted the failure to tackle rising inequalities, and promote a more balanced fiscal consolidation package through tax justice rather than expenditure

cuts (AT, DK, CZ, DE, EE, ES, IE, IT, NL, SE, UK). However, 5 responses highlighted steps forward on taxation policy (BE, FI, LU, PL and SI). These included proposals to reduce taxes on low incomes, the shift to property taxes and corporation tax, raising tax from new sources – Financial Transactions Tax (FTT) and environmental taxes, and the commitment to fight tax evasion and avoidance. However, with the focus only on “growth-friendly taxation”, the re-distributive function of taxation is not generally evident, and without a rigorous social impact assessment, most proposals result in the wealthy paying less and the ‘poor’ more. For most respondents, this undermines the opportunity to increase revenue and sustainably finance our welfare states through tax justice.

**EAPN Austria:** In the chapter about the macro-economic scenario and surveillance, greater equality, fairer distribution and redistribution of income and wealth is not mentioned.

**EAPN Estonia:** Greater equality yes – by making everybody equally poorer...!

**EAPN Italy:** Fiscal consolidation has hit the income of workers and pensioners, but not the yields deriving from the great patrimonies and of the bank foundations, who are exempted from the payment of the taxes.

**EAPN UK:** The 2012 budget included a cut in the top rate of tax for the richest from 50% to 45% and no action to close tax loopholes, so wealthy individuals pay as little as 1-5 % tax due to aggressive, ingenious, but legal tax avoidance schemes on which a raft of finance, accountancy and legal firms make fat profits.

### ***1.2.1 Reducing the tax burden on low-income families***

In some countries, positive measures have been taken to reduce taxation on the poor and to tackle in-work and transition-to-work poverty traps. For example, in Belgium, there is a reduction on taxation on low wages, and an increase in the basic exempted income for people with low wages (200 euro). In the UK, there is an increase in personal allowances that will help the lowest paid pay less or no tax, although this was undermined by benefit cuts and inflation rates above wage increases. However, many countries are reducing taxation by the same rate across the board, with a regressive impact on the poor. Increases in VAT and taxes on consumption also hit the poor disproportionately, as people on low incomes spend a higher portion of their income on basic goods and services.

**EAPN Estonia:** There’s a reduction for all of 1% from 2013. But this is not necessarily a very social gesture.

**EAPN UK:** The personal allowance increase does not help those too poor to pay tax anyway

### ***1.2.2 New taxes on property, environment and new sources (FTT)***

Several countries are introducing new taxes on property and attempting to raise taxes through new sources – particularly in taxing financial operations, in the stock market and exchange, and also environmental taxes (AT, SI, BE). However, few responses highlight a focus on progressive taxation with re-distributive impact – i.e., taxing the rich and super-rich as a direct transfer measure (FI, SI). In Slovenia’s case, members highlighted this was primarily due to pressure from social actors. Belgium and Slovenia were referenced as taking important steps to find new sources of funding by taxing financial operations or through Financial Transactions Tax (FTT). However, concerns were raised about the effectiveness of the actions and the contribution to fairer distribution and the reduction of inequality and poverty.

**EAPN Belgium:** A new system of taxes on income from property will be developed and an increase in taxes on stock exchange operations and stock options.

**EAPN Finland:** A new solidarity tax for the people with high income (see above) or high pension (over 100 000 euro/year) or over 1 million from inheritance.

**EAPN Slovenia:** A set of solidarity changes is included in the NRP, but it happens only because of serious pressure from the social partners (the trade unions). These include increased tax rates and new taxes. The main one is a financial transactions tax (the legal basis is provided by the draft European Directive) and additional tax on high-value real estate (a crisis tax on high value real estate, tax on vacant construction land) and additional tax on high-value movable property, an increased tax on capital income and the possible introduction of an additional tax bracket (between 45% and 50% for personal income tax for annual income of 70 000 to 100 000 euro). The existence of such measures is positive, but there are many serious considerations about their efficiency and contribution to fairer distribution and redistribution of income and wealth (the impact on these segments will probably be very low...).

### ***1.2.3 Improvements on tax evasion/avoidance, but will people on low incomes be penalized?***

Members welcomed small efforts to more effectively fight tax evasion and avoidance (BE, SI). However, concerns were raised about the lack of concrete measures, and the capacity of the administration to carry out effective implementation. In the UK, legal tax avoidance is a major issue, but no action has been taken to close tax loopholes. Serious concerns were also raised about whether this focus would be aimed at the easiest and most vulnerable targets, rather than the real culprits, ie. at the lower end of the income scale, with people on low incomes or on informal contracts in undeclared work, rather than at the super-rich, with enormous resources to invest in evasion and avoidance.

**EAPN Belgium:** The fight against social and fiscal fraud is positive, but it depends a lot on how it will be implemented. There is also a risk that people experiencing poverty will be punished for just trying to pursue a survival strategy.

## **1.3 Employment-only solutions undermining effective inclusion**

<b>MACROECONOMIC POLICY SCOREBOARD</b>	<b>SCORE: 1-10</b>
3. How far is there a <b>strong recognition of the need to deliver social inclusion</b> beyond employment and including through economic measures?	<b>2,1</b> out of 10

Most responses highlighted very low or no recognition of the need to deliver social inclusion beyond employment policies (AT, BE, CZ, DK, EE, ES, IE, IT, NL, PL, SI, SE, UK). Even Iceland, as candidate country, agreed. The overall average score in EU countries responding was 2.1 out of 10. In most cases, this issue was not addressed directly in the NRPs, reflecting the narrow assumptions underpinning the current Europe 2020 Strategy, with poverty reduction being primarily an issue of getting people into any job, with few jobs to go to and growing levels of in-work poverty. However, in Scotland and the other devolved governments in the UK, some more recognition of social inclusion beyond employment was noted.

**EAPN Belgium:** Too much faith is put into the capacity of economic growth to deliver employment, and employment to deliver social inclusion. The whole NRP breathes this strong belief that activation measures will get people into jobs, and make them work longer.

### **1.3.1 Trickle-down assumptions on delivery of growth on poverty**

Some responses (BE, PL, DE) highlighted the assumptions that growth and investment in innovation would automatically lead to poverty reduction. In the case of Germany, the members highlighted the importance of growth as a necessary, but not sufficient, precondition.

**EAPN Poland:** There is only a general statement that investment in infrastructure and innovation is good for poverty reduction, without any clear explanation why that is. Probably our Government believes that these are good for all, and also for the poor and excluded?

### **1.3.2 Small steps on social cohesion?**

Some countries highlighted attempts to take a broader approach, but still insufficient (FI, LU, IE). In the case of Ireland, the more positive rhetoric was not underpinned by concrete actions. In Finland's case, a welcome integrated approach was recognized particularly for youth.

**EAPN Ireland:** This issue is not covered in the NRP and has not in any policy terms been addressed by the State. This is despite the current programme for Government stating that they want Ireland to be seen as a more equitable and inclusive by the end of the term of Government.

**EAPN Luxemburg:** Social cohesion is always mentioned, some measures are announced, but generally speaking the recognition is not high enough.

## **1.4 A more inclusive approach to macro-economic policy**

The more positive ratings in overall macro-economic policy were put forward in the responses in Belgium, Finland and Luxemburg, although the level of ratings is very different (Belgium rating 4 on all questions and Finland scoring 8-9). The Finnish network felt that their Government's proposals answered well to the needs of the ambitious poverty-reduction, employment and education targets. For the Belgium response, the NRP included important measures on taxation, but not sufficiently ambitious or effective, whilst Luxemburg felt their macroeconomic policies were more or less balanced. Iceland, as a candidate country, also provided some strong good practice, demonstrating that positive choices for inclusive recovery are possible.

**EAPN Finland:** There are no cuts in social benefits except the freezing of the indexation of child allowance. There is a solidarity tax for the people with high income or high pension (over 100 000euro/year) or over 1 million inherited. The exclusion of a large group of youngsters has been recognized rather well and economic measures are going to be carried out (i.e. the state's guarantee for youngsters outside studies and jobs).

**EAPN Belgium:** There's a reduction on taxation on low wages and an increase in the basic exempted income for low wages (200 euro); the system of indexation of wages has not been deconstructed (as was asked in our country specific recommendation). There's a new system of taxes on income from property and increase of taxes on stock exchange operations and stock-options. These measures sound good, but are not very ambitious and effective. The burden on the smallest shoulders is still very heavy, and gets even worse. The biggest companies still don't pay reasonable taxes, some don't even pay taxes at all.

**EAPN Iceland:** We have more equality through the tax system, there has been a rise in the lowest wages, and the highest wages have been lowered/cut down. Child benefits and means-tested housing benefits, supporting people paying interest on housing loans.

## 1.5 What's needed

All responses received highlighted the need for a more coherent strategy, using macro-economic policies to promote inclusion, rather than increasing poverty through austerity measures and lack of social investment. Members' highlighted the need for:

- Growth was seen as necessary, but not sufficient on its own (DE).
- More intervention from the EU to reinforce social objectives is needed, and on how they are delivered through macro-economic means (ES).
- More Tax Justice and social investment (AT, BE, ES). Austria emphasized the need for wealth, as well as ecological taxes, reviewing priorities for spending on social investment.
- Quality job creation was needed (NL and IC). Iceland highlighted the need for part-time jobs. Netherlands underlined the need for public investment.
- Increase in social transfers and establishing a national minimum income (IT and IC).
- A broader approach to promoting a more social economy (PL), which invests in the public and social NGO sector, as well as the private sector.

**EAPN Austria:** A stronger focus on social and green investments is needed. EAPN Austria with other civil society actors has presented an alternative budget, including income from ecological and wealth taxes, and made proposals for social and green investment. These were not reflected in the NRP.

**EAPN Spain:** The Commission should also have a responsibility to press Member States' to promote a more equitable approach to their macro-economic and fiscal management, and to make a strong, supportive effort towards employment-creation in the countries with bigger unemployment rates. This should be a written agreement between the Commission and governments to avoid internal social dumping.

## SUMMARY OF KEY MESSAGES

1. **Macro-economic policies are undermining the poverty target** and increasing the social impact, through austerity cuts, threatening the welfare state, particularly in Troika countries.
2. **Some progress on increasing tax sources**, but growth-friendly only approaches are likely to increase inequalities and poverty.
3. **Narrow and ineffective employment-only focus** is dominant as main solution to poverty, at the expense of effective integrated approaches.
4. **Inclusive macro-economic approaches are possible** – some steps to restrict impact on social cohesion and promote social investment are highlighted, but not enough.

## RECOMMENDATIONS

1. **Ensure all policies, including macro-economic, contribute to social objectives**, such as the reduction of poverty and other social targets.
2. **Take urgent action to prevent austerity measures increasing poverty**, by red-lining social protection systems, poverty-proofing austerity proposals to limit social impact, and monitoring social/economic costs of austerity.
3. **Support social investment**, including quality job creation, active inclusion, adequate social protection systems and minimum income, and monitor long-term benefits.
4. **Promote inclusive-growth friendly taxation**, which can reduce inequalities in income and wealth, and sustainably finance social protection systems through tax justice.

## 2. Poverty target will not be met with current approach

**Guideline 10:** Promoting social inclusion and combating poverty, clearly supporting income security for vulnerable groups, social economy, social innovation, gender equality, and refers to the poverty headline target.

**Europe 2020 poverty target:**

“To achieve at least 20 million fewer people in or at risk of poverty and social exclusion, defined as at risk of poverty, severe material deprivation or low work intensity.”<sup>10</sup>

In this section, members were asked to assess how far progress has been made towards meeting the poverty reduction target, and the effectiveness of the policies proposed.

### 2.1 Little progress on national targets contribution to EU poverty target

The Europe 2020 Strategy established for the first time an EU target to reduce poverty and/or social exclusion by at least 20 million by 2020, based on three indicators. Last year, EAPN highlighted the lack of progress, with a large shortfall on the national targets, which the Commission assessment was unable to aggregate to produce a total, due the difficulties over the comparability of indicators used<sup>11</sup>. This year, the total of national targets is not even included in the table, although the Commission text refers to 12 million<sup>12</sup>. This represents again a shortfall of 8 million. Although all countries have now set targets, this lack of progress reflects the continuing difficulty presented by the poverty target as a complex combination of 3 different indicators (at risk of poverty, severe material deprivation and low work intensity), with Member States left free to pick and choose their own poverty indicator (all 3, 1 of the three, or in some cases their own national indicator)<sup>13</sup>. This fact continues to undermine the possibility of achieving robust, comparative data to underpin a credible target. EAPN members expected to see the target taken seriously, and treated equally to the other targets, with transparent monitoring across all 3 indicators, but were largely disappointed.

#### 2.1.1 Lack of ambition for poverty targets compared to economic

The poverty targets continue to lack ambition (DK, LU). This is particularly criticized by members in wealthier countries, where poverty eradication is seen as an easier task, with the right policy. In Denmark, the target is only 20 000 out of 350 000 before 2020, whilst in Luxemburg, the response comments that it should have been four times higher. There is also concern of unequal treatment of the poverty targets compared to the others, particularly economic. In Italy, for example, there is just one long-term target of reduction

<sup>10</sup> The 3 indicators are: at risk of poverty, severe material deprivation and people living in households with very low work intensity.

<sup>11</sup> EC (Nov 2011) Progress Report on Europe 2020.

<sup>12</sup> EC (30.5.2012) Communication: Action for Stability, Growth and Jobs.

<sup>13</sup> Risk of poverty is defined as the percentage of people with an equivalised disposable income below 60% of the national equivalised median income. People are severely materially deprived if they experience 4 out of 9 deprivations - cannot afford to: i) pay their rent or utility bills, ii) keep their home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or equivalent protein twice a week v) enjoy a holiday away from home once a year vi) have a car, vii) have a washing machine viii) have a colour TV ix) have a telephone. People living in households of very low work intensity are people aged 0-59 living in households where they work less than 20% of their total work-time potential during the previous 12 months.

by 2 200 000 people, with no medium term objective due to the crisis. This tends to confirm the view that the poverty targets are not considered equally important to economic ones.

**EAPN Poland:** In the NRP update, the poverty reduction goal was described differently from the economic indicators, i.e. we have economic indicators for every year until 2020, but for poverty reduction we have just one figure of 1.5 million less poor and excluded people by 2020. It is clear that the thinking about economic development is disconnected from poverty reduction, or there is a conviction that achieving economic goals will be sufficient, with no need for forecasts on path setting on poverty.

### **2.1.2 Choice of indicators disguising reality of poverty**

In AT, DK, FR, DE, IE, SI, UK, the responses highlighted concerns over the choice of indicators, as not accurately reflecting the reality of poverty or tracking real trends. In Austria, the target itself improved by 160 000, but it failed to mention the growth of people in extreme poverty, which is over 1 million for the first time. In Denmark, neither at risk of poverty nor severe material deprivation are used as measurements by the Government, however some improvements are taking place. In France, the use of the relative poverty indicator fixed at a moment in time artificially keeps the number in poverty low. In Germany, the reduction on the indicator for long-term unemployment shows a false poverty reality, as there is no measurement of adequacy of wages or duration of contracts. In Slovenia, two of the indicators are connected with the number of social benefit receivers and amount of money delivered through social benefits, whilst the indicator on severe material deprivation is not seen as totally reliable. In Ireland, the Government has changed the scope of the indicator, because of difficulties in reaching the target. The UK Government does not refer to the AROPE indicators and refers only to the child poverty, which the UK is not on course to meet.

**EAPN Ireland:** In Ireland, the new poverty target has already incorporated the impact of some of the negative impact of policy on poverty levels up to 2010, and is now taken as the new baseline for the target instead of 2008. There is no longer a commitment to eliminate consistent poverty (those who are at risk of poverty who also experience material deprivation), but to reduce it to at least 2% or less by 2020, from the 2010 baseline rate of 6.2%, which will lift at least 200.0000 out of risk of poverty and exclusion between 2012 and 2020.

**EAPN Denmark:** The social minister has started an expert group, which for the first time will aim to define an official Danish poverty line, and make measurements from 2013.

**EAPN France:** There is an objective to reduce poverty in 5 years, but it is very unlikely it will be achieved, on the contrary, poverty increased since 2008 according to the indication that anti-poverty NGOs recognize as the most pertinent. The indicator used by the government leads to an automatic and artificial reduction of poverty.

### **2.1.3 Increasing levels of poverty in many Member States**

For most of the responses, not only had there not been progress on the setting of the targets, but the number of people in poverty has actually increased (BE, DK, EE, FR, IE, NL, PL, SE, SI, UK). Only Finland rated the target as adequate with a score of 8. In Belgium, there was an increase of 110 000, when the target was 380 000. In Ireland, the target was set to eliminate consistent poverty by 2016, and lift 186 000 out of poverty, but the rate of consistent poverty has increased from 4.2% in 2008 to 6.2% or 277 000 in 2010. In Poland,

poverty has increased on 2 or the 3 indicators. In the UK poverty, has risen on a fixed standard, although relative poverty declined.

**EAPN UK:** The most recent figure show that relative poverty rates fell, however this was as a result of falling median incomes rather than increases in incomes at the bottom.  
**EAPN Poland:** Unfortunately the recent data on three indicators is from 2010, and it is clear that good trends from the past years are reversed. Two of three indicators are worsened between 2009 and 2010. But there is no any evidence in updated NRP that this knowledge is known for the government.

## 2.2 Will the policies proposed achieve the target?

POVERTY AND SOCIAL EXCLUSION POLICY SCOREBOARD	SCORE: 1-10
4. How <b>adequate is the target</b> and the <b>policies proposed</b> ? (Have there been improvements on the poverty target proposed i.e. to reduce by relevant % all 3 indicators? Do the policies seem effective?)	<b>2,4</b> out of 10

Members assessed how far the proposed policies were adequate. The starting point for EAPN is the base of the Common Objectives of the Open Method of Coordination, the commitment to an overarching strategy to fight poverty and social exclusion, ensuring access to rights, resources and services for all groups. An integrated Active Inclusion approach<sup>14</sup> is seen as a strong foundation, as long as it ensures high quality social protection, health and other services, support into quality jobs and adequate minimum income for those who cannot work or find a decent job. Strategies for specific groups facing risk of poverty were also assessed, with particular concern for children and youth, older people, but also families, particularly single parents, the homeless, long-term unemployed, those facing sickness or disability, migrants, including undocumented and ethnic minorities e.g. Roma.

The overall average score was low (2,4). The majority of responses evaluated the policies proposed as very inadequate (DK, EE, ES, FR, IE, IT, LU, NL, PL, SI, SE, UK), with only Finland making a positive assessment (8-9). The main shortfalls were considered to be:

- Overwhelming focus on only employment and education, or without measures to ensure sustainable employment with adequate income or guarantee adequate minimum income and access to services and rights: e.g. Austria, UK.
- Missing groups: e.g. Austria highlights missing n homeless and undocumented migrants.
- Austerity measures against vulnerable groups, despite stated commitments: e.g. Ireland.
- Failure to develop an integrated approach on all the targets: e.g. Ireland.
- Increasing conditionality undermining take up and effectiveness of poverty reduction measures: e.g. Slovenia, Belgium, Ireland.

## 2.3 Adequacy and coverage of minimum income and pensions under attack

POVERTY AND SOCIAL EXCLUSION POLICY SCOREBOARD	SCORE: 1-10
5. How far are measures taken to ensure an <b>adequate minimum income and social protection</b> ? <i>I.e. are minimum income/benefits increased/improving take up and coverage/reducing conditionality?</i>	<b>2,9</b> out of 10

<sup>14</sup> EC (2008) Commission Recommendation on Active Inclusion of people furthest from the labour market.

A large number of networks highlighted a very low priority in the NRP to ensuring adequate minimum income and social protection (DK, EE, ES, FR, IE, IT, LU, PL, SI, ES, SE, UK). The average score was just 2,9 out of 10. Belgium assessed the policies as still insufficient, with the lowest scores coming from Poland (0). However three responses rate more positively: Austria (5), with strongest validation from Finland and Netherlands (8). In the case of countries with higher spending on social protection (eg BE, DK, FR, LU, SE), who have generally fared better in the crisis, the responses are critical over the continuing inadequacy of the levels of minimum income, or worrying trends of new planned reforms (LU). Others are concerned with low take up of benefits (FR, SI), or with the failure to provide comprehensive coverage (FR). In Poland, no information is given about adequacy or take-up of benefits, with only a remark concerning higher levels of pensions after raising retirement ages for women (60-67). In Italy, there are no plans to provide a national minimum income, despite the current difficulties, but there is some consideration of the partial and low efficacy of social transfers (i.e. In Italy, poverty is reduced by social transfers from 23,3% to 18,2%, compared to the EU average - from 25,9% to 16,4%). In the UK, all working age minimum incomes are below the poverty threshold, although in Scotland the government has emphasized the importance of mitigating impact on those on low incomes. Even in Iceland, otherwise providing a strong positive social benchmark as a candidate country to the EU, the Government has cut indexation of benefits.

**EAPN France:** The capacity of the unemployment benefit system to provide adequate coverage for long-term unemployment and partial or recurring unemployment is not the concern of the State. Once benefits are the responsibility of the unemployment insurance schemes, the state is not concerned. It is regrettable that this is not mentioned in the NRP, given the importance of unemployment benefits in preventing poverty.... the affirmation that the Revenu de Solidarité Active (RSA) is globally effective in the fight against poverty needs examining. There is a high rate of non-take up, and no actions proposed for these 400 000 people, neither is there a revaluing of RSA, by 25% in 5 years, as NGOs have demanded.

### ***2.3.1 Increasing conditionality-increasing poverty***

Several responses highlight an increasing focus on punitive conditionality, that is increasing pressure on the most vulnerable groups, under threat of sanctions and cuts in benefits, without real opportunities to access quality jobs (BE, DE, IE, SI, UK).

**EAPN Belgium:** Although benefits have been slightly increased, minimum income is still under the poverty threshold and there is no concrete plan to increase this. Meanwhile conditionality is very much increased. In the countries hit worst by the crisis, the negative trend of austerity cuts is very noticeable.

**EAPN Germany:** Basic social support covers an amount of 374 euro plus rent. This entitlement can be shortened however by the job centres in form of sanctions.

**EAPN Slovenia:** New social legislation is increasing activation and making conditionality more stringent for some groups – for example, recipients of cash social assistance must give their property to the state or their children must pay the benefits paid to the parents. This particularly affects pensioners on very low income and long-term recipients of minimum income, who do not want to lose their property or burden their children. Many people choose not to accept any help, although they are entitled to it.

**EAPN UK:** The emphasis on poverty strategy is moving away from income transfers. The emphasis is on increasing conditionality and establishing a benefits “cap” (a limit on the maximum amount any family is entitled to, regardless of need).

### **2.3.2. Divided Europe: countries with worst impact suffer deepest attacks on social protection**

For the countries facing the worst impact of the crisis, or under Troika programme arrangements, the attacks on social protection and minimum income systems are explicit and shocking (ES, IE, PT). However, as Troika countries are not required to develop NRPs, only update letters, EAPN and other stakeholders are deprived of the opportunity of using the information to assess the impact. The information provided here is drawn from other sources, in order to chart the impact of current austerity policy on different groups (in the case of PT, from the National Social Report<sup>15</sup>). In some cases, there are direct reductions of benefit and pension levels (ES), more usually there are cuts in additional payments (housing, child benefits, fuel benefits), and changes in conditions and eligibility for particular groups, for example immigrants in Spain, as well as hardening of conditionality for people who do not get jobs or go into training (IE, ES, PT). The increase in demands to pay or pay more for services impacts negatively on the adequacy of benefit levels (ES). In Portugal, the response recognizes Government attempts to mitigate the impact, but underlines the direct negative impact of the Troika programmes in generating poverty.

**EAPN Ireland:** The Budget 2012 did not reduce social welfare rates, they had already been reduced by 10% in previous budgets, but there has been a tightening of qualification criteria and in conditionality, particularly for lone parents and people with disabilities. This includes further cuts to child benefits. The removal of double payments for people with disabilities and many lone parents on Community Employment programmes makes participation unviable... The Social Welfare Act in 2012 will further reduce supports for lone parents returning to work, as it moves lone parents from one parent family allowance to jobseekers allowance once their youngest child is 7, compared to 14 currently. It has also tried to cut welfare payments for people with disabilities under 25, as has been done for other young unemployed, but had to reverse this proposal following strong lobbying and opposition. Fuel allowance of 20 EU p/w has been reduced to 26 weeks per year, which for the other 26 weeks leaves people's income, 20 euro short of the poverty threshold (207.57 EU). Job Seekers Allowance for those under 25 is 88 or 44 euro lower than full payment, unless the young person is in education/training or has a family.

**EAPN Spain:** Pensions have been updated, but in most cases means a cut, taking into account the increase in direct income tax. Pensioners now pay for medicines, when they were free last year. Many elderly people are the only bread-winners for their extended families that returned to live with them, consisting of their unemployed offspring, their unemployed spouses and their grand-children – all living off the pensions. The requisites for accessing minimum income are getting tougher. In the case of Navarre, minimum income which was a proud example of fair social protection has been transformed and no longer covers the same profiles, immigrants are mostly excluded.

**EAPN Portugal:** (Drawn from NSR) the overall proposals are made to try and reduce the impact of the crisis but not to solve the origin. The value of the smallest pensions is raised (already done). All the other proposals are being developed to accomplish the demands of the Troika, and this does not go in the direction of adequate pensions and benefits.

#### **Some more positive steps**

Of the 3 responses with positive ratings (AT, NL and FI), only Austria has introduced a new scheme. However, doubts are raised about the unequal impact in different regions. In Sweden although benefits are raised, the overall trend is towards restrictions.

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<sup>15</sup> See Chapter 1.

**EAPN Austria:** Bedarfsorientierte Mindestsicherung (minimum income scheme) was introduced in October 2011. However, EAPN Austria made a full survey in May 2012, and found that in many regions the minimum income scheme meant a decrease in social security, for example when it comes to housing benefits.

**EAPN Sweden:** The minimum income social benefit is raised 3 % and some extra for households with many children. Generally the access to other minimum income systems has become more restricted. There is a debate going on about the need for a more generous access to the system.

## 2.4 Widening gap on access to quality services

POVERTY AND SOCIAL EXCLUSION POLICY SCOREBOARD	SCORE: 1-10
6. How far is <b>access to affordable, quality services prioritised?</b> <i>i.e. is focus given to ensuring affordable access to housing, child and other care services, health, education and training, counseling, as well as tackling energy poverty?</i>	<b>3,4</b> out of 10

Although the overall average score was consistently low (3,4) this sense of divided Europe was again reflected in the large variation of responses on access to services, from countries giving very low scores (EE, ES IE, IT, SI) to those who saw them as still insufficient (AT, BE, DK, FR, LU, PL, UK) to those who gave a positive rating: Finland, Netherlands (8) and candidate country Iceland (7 or 8).

All responses highlight that the question of access to affordable services is not a priority in most NRPs, despite the guidance in Priority 4 in the Annual Growth Survey. This is particularly worrying, given the crucial role of public social and other services in preventing as well as alleviating poverty, crucial in a time of crisis. The services most highlighted by members, in the NRP are those related to children and early learning (BE, EE, LU, PL); care (AT, IT); energy (FR, DE, IE); housing (DE, ES, LU, PL); social services, particularly disability support (PL) and attention to youth at risk (PL).

### 2.4.1. Austerity threatening universal services, particularly in Troika countries

In countries suffering the greatest social impact, including Troika countries, members raise alarm bells about a concerted attack on public services, as in the case of social transfers. For many, this increases the fears that the European Social Model is under direct attack.

**EAPN Spain:** All services' prices, including transport, have increased by several points above inflation, while salaries go down. Many social programmes have been seriously cut, affecting people in the worst situation, such as homeless. The demand for social protection increases. But social assistance funds are decreasing, and NGOs are expected to pick up the pieces. These NGOs serviced more than 2 million vulnerable people in 2011. Justice services fees have been raised and free services now have to be paid for. This is called "reorganisation of justice".

**EAPN Portugal:** In the NSR, a large chapter is devoted to health and long-term care, based on the National Health Plan. The measures proposed are quite positive. But the reality is quite different. On the one side trying to make access to health easier and better, and on the other hand raising prices (for instance, to access a general public hospital you have to pay 10-20 euro). Reductions are provided for the most disadvantaged, but it becomes clear that the gains from the past are in danger. Also civil society organisations responsible for delivering long-term care are facing strong difficulties, as families are unable to pay for services.

Iceland provides a useful benchmark for accessible services, rated 8 out of 10 by our network. However, even here, EAPN highlights that effectiveness can still be improved by more coordinated and integrated approaches. It does provide, however, a disturbing reminder of how little such concerns are present in the discussion on provision of quality services and their role in tackling poverty, within the NRPs and Europe 2020.

### **Some more positive steps**

Ironically, a more positive assessment comes from Portugal, a country under Troika arrangements, with information drawn from the National Social Report (see NSR chapter), as well as from Iceland, appraising the national *Iceland 2020* Strategy.

**EAPN Iceland:** We need a one door to the system (one stop shop). Now there are perhaps several different actors helping the same family, who don't get the information from each other and so people have to go to many different places to get help. We need a one stop shop that takes care of all the needs of those who are worst off.

### **2.4.2 Crisis in affordable housing**

The growth of a housing crisis is more apparent in the 2012 NRPs. The responses evaluate the effectiveness of the different solutions. Where austerity is the dominant driver, serious attacks are taking place on rights to housing. For examples, in Spain, there is a new plan to promote rented housing, as an alternative to home ownership, because of the collapse of the housing credit bubble. However, the measures are limited and ineffective. The NRP does not consider the implications for homelessness, rising indebtedness or poverty. In Germany, even though the country is not facing a serious debt or deficit crisis, social housing is being strongly reduced, and housing benefits limited. In the countries in the periphery and Troika countries, the risks are much greater. In the UK, access to housing was one of the Country-Specific Recommendations, especially concerning house price fluctuations and affordability. The NRP recognizes that 'housing completions are at an historic low', but measures taken are piecemeal and ineffective, whilst new housing benefit caps will radically increase poverty.

**EAPN Germany:** Social Housing programmes are strongly reduced. As social security benefits are becoming limited, people are forced to move. Cheap dwellings in large cities are only affordable in quarters where many vulnerable and excluded people live. This has a ghettoizing effect. A concept does not exist - the market is the only force.

**EAPN Spain:** Hundreds of evictions happen everyday, throwing families into homelessness. There is a general plea for a change in the mortgage law. People are asking to give their homes back to the banks, if they cannot pay. This is impossible under Spanish law. Evicted people are made homeless and still remain indebted for the rest of their life. EAPN is taking part in a popular legislative initiative to change this law, which has collected 200,000 signatures by May 2012 – but this is not mentioned in the NRP...

**EAPN UK:** The housing shortage has continued for many years, especially new starts of affordable homes. Home ownership has dropped from 80 to 60%, and is likely to fall further as the banks require deposits few young people can afford. We envisage a return of more widespread slum dwellings as people are crowded into poor quality private rented property. Local municipalities have been able to build very little social housing, although the NRP says there will be financial incentives. But the discount for social housing tenants to buy their council home will lead to reducing the available housing stock. Meanwhile housing associations providing social housing must now provide 80% of market rents, which makes them

unaffordable for low income people who are forced into the private sector, where a greater proportion do not meet decent homes thresholds. The Housing Benefit caps and cuts (affecting mainly London), will take effect. There is also a 'bedroom tax' where any family having an extra bedroom will have their benefit cut... there is an increased risk of family indebtedness, or hunger as people cut back on food to pay rent, or of eviction/homelessness and search for poorer quality housing.

### **Some positive steps**

Some new policies are being developed to try to improve access to housing for poorer groups, but often the measures are limited and affordability not considered. In Luxemburg, there will be a new housing rent subsidy scheme, but with restricted access for vulnerable groups, which risk promoting "poor policies for poor people". In Poland, there is a traditional focus on affordable housing, especially for social and communal housing, including sheltered housing for the homeless, but without ensuring adequate income policies.

#### **2.4.3. Energy poverty higher on agenda, but lacking coherent strategies**

As highlighted above, the AGS Priority 4 gave a specific emphasis to energy poverty. Even more significantly, many Member States have not yet transposed the key provisions of the 3<sup>rd</sup> Energy Package, adopted by Member States in June 2009, relating to energy poverty, by the deadline fixed (March 2011)<sup>16</sup>. For some EAPN members, increasing energy prices are a major concern (DE, FR,) compounded by increased housing prices, and reduced income. Whilst some Member States are taking actions, the lack of a coherent integrated strategy, that tackles adequate income, prices and energy efficiency, undermines effectiveness. The shift to more environmental goals, which involves raising household rates in order to limit fuel consumption, can also increase risk of energy poverty, if care is not taken. In Germany, the decision to withdraw from nuclear power is seen as increasing the risk of energy poverty for vulnerable groups. Ireland, for example, has published a new energy poverty strategy in 2012, looking at the alignment of income supports to domestic energy efficiency. However, this positive approach is undermined by cuts in the number of weeks poor families can get Fuel Allowance.

**EAPN Germany:** At present energy poverty/power cuts is another problem in regard to global warming and the withdrawal of nuclear power. Solutions are being explored. Here, the change of behaviour of consumers is being asked, and not fundamental solutions like raising social benefits, building energy efficient housing, or developing social housing with this concept.

<sup>16</sup> Member States to take appropriate **measures to protect vulnerable consumers**, ensure rights and obligations linked to vulnerable consumers are applied (includes prohibition of disconnection of electricity in critical times); to define the concept of vulnerable customers; to formulate **national energy action plans**, providing benefits in social security systems to ensure the necessary electricity supply to vulnerable customers, or providing for support for energy efficiency improvements, to address energy poverty where identified, including in the broader context of poverty.

### Some positive steps

In France, a major step forward has been the automatic implementation of social energy tariffs.

**EAPN France:** There is now automatic access to social tariffs for energy. This is a real advance, because before it wasn't automatic, it was necessary to make an application, so a lot of the people concerned did not do this, as they lacked information, so the non-take up rate was high.

#### 2.4.4 Investing in long-term care services and ensuring access

New developments were highlighted in care services in Austria, where a nursing/care fund was introduced (1 335 billion euro, from 2011 to 2016), also in Italy, with a focus on work/life balance, with some concerns about affordable access. However, on the whole there was little detail, compared to information provided in the National Social Reports (see NSR Chapter).

**EAPN Italy:** The only measure indicated in the PNR is the promotion on reconciliation between work and care, through the rationalization and strengthening of health and social interventions to support the frail elderly. For ensuring an affordable access, the Government study the regulation of conditions of access.

### 2.5 Increased focus on child poverty, but lacking integrated strategies

POVERTY AND SOCIAL EXCLUSION POLICY SCOREBOARD	SCORE: 1-10
7. How far are effective policies put in place to tackle child poverty? <i>i.e. integrated approaches ensuring adequate family income, access to quality services, including early –learning, and children’s rights and voice?</i>	2,5 out of 10

The EPSCO Council Conclusion in 2011 already agreed a three-pillared approach focused on adequate family income, access to services, particularly quality childcare and early-learning, and children’s rights to be heard and participate. The SPC’s opinion, developed through an adhoc group, carried out a detailed consultation with stakeholders<sup>17</sup>, and their report will underpin the Commission’s Recommendation on Child Poverty, which is due to be published before the end of 2012. The Council’s endorsement of the Recommendation is, however, scheduled only under the Irish Presidency next year. EAPN members assessed the measures proposed in the NRPs against how far Member States are already implementing this integrated, rights-based approach.

#### 2.5.1. Child poverty still not visible as priority for all countries

According to Eurochild’s analysis of the 2012 NRPs and NSRs<sup>18</sup>, only a minority of Member States (AT, BE, BG, CY, DK, FI, HU, UK) identify child poverty and social exclusion at least to some extent as an important issue in their NRPs. The overall rating from EAPN national responses was also low, but higher than last year (2.5). Again, significant differences were seen in the scoring of different country responses. Whilst most scored very low (DK, EE, IE,

<sup>17</sup> SPC (27.06.12) Opinion on tackling and preventing child poverty and promoting child well-being.

<sup>18</sup> Eurochild’s (forthcoming) Analysis of the 2012 National Reform Programmes and National Social Reports from a child poverty and well-being perspective. Draft version attached. To be launched in July.

IT, NL, PL, SL, ES, SE, UK), more members appraised positively the NRP proposals (AT, FI, FR and LU). In those scoring negatively, members highlighted that child poverty was not visible, or there were no positive changes (DK, EE, NL, PL, SL, ES). In some cases, this is due to the fact that the Governments do not consider children as a major risk group (NL, DK). In Denmark, there are no specific policies, only a few programmes and voluntary projects. However, there is a commitment to strive for better protection of children's rights. In other cases, members considered that countries already have in place an effective strategy. In Poland, children are not a direct target group, but foster care and childcare are mentioned as part of a coherent system of family and child support. Where sub-targets are mentioned (IE, BE), the responses are seen to be lacking an overarching, integrated strategy, embedded in children's rights, and providing wrap-around support to families. In the UK, the approach is about life chances for individual children, rather than lifting a generation of children and their families above the poverty line.

**EAPN Netherlands:** Child poverty is not seen as a real threat. Firstly, it is a small percentage of the population, secondly, research showed –so it is said – that poor children will not be poor any longer once they are adults.

**Eurochild:** According to Eurochild's analysis, Austria names child poverty to be one of the priorities in the field of social inclusion. Denmark does in general terms through a focus on the limitation of inequality, through giving special priority the reduction of poverty and disadvantaged children. In Greece, despite the fact that child poverty is not highlighted in the NRP, social exclusion of children is quite taken into consideration. In the UK social exclusion chapter of the NRP acknowledges that child poverty is a priority, however the rest of the NRP makes no reference to child poverty and only passing reference to social exclusion.

Some of the countries which provide evidence that child poverty and social exclusion is a significant challenge (FI, FR, IE, PT, UK) in practice give very little in-depth attention of the issue in their NRP. For example, in the French NRP, figures are given highlighting the high level of relative poverty. In the Irish NRP children are listed as a 'vulnerable group' and it is noted that improving the position of these 'vulnerable groups' will be critical to the achievement of the national poverty target and the reform of child incomes supports. However, the level of emphasis on children in this section of the NRP does not suggest that child poverty is a priority issue. Many other countries (CZ, DE, EE, EL, ES, IT, LT, NL, PL, RO, SE, SI, SK) also fail to give a specific focus to child poverty.

### ***2.5.2. Increased focus on childcare and early-learning, but less on affordability and quality***

The main measure proposed by NRPs related to child poverty policies is increased provision of childcare. Whilst these measures are welcomed by EAPN members, the focus on childcare almost exclusively as an instrument to get women into any job is regretted, missing greater emphasis on quality and affordable early-learning, integrated family support, and support into quality jobs for mothers (BE). Three responses specifically highlighted a welcome increase in childcare places (BE, IT, LU). In Italy, an action plan for cohesion is expected to support the creation of 18 000 new nursery places by 2015. However, in other countries, affordability was highlighted as a major concern (AT, LU, IE). In Ireland, the under-development of childcare continues to be a major issue, and the reforms to specific lone parent payments and related activation measures are likely to have a negative impact. EAPN points out that most of the extra supports were in recognition of the lack of affordable childcare, so reducing these supports is likely to create further poverty traps. In some countries, concrete measures are missing, e.g. Estonia.

**EAPN Austria:** Kindergarten is mandatory, but not in every region is kindergarten paid for fully and for the whole-day.

**EAPN Estonia:** It is said that quality pre-school education (childcare services) is important, but no mention is made of how this will be achieved. The lack of day care possibilities for children prevents parents returning to employment, alternative day care facilities are not affordable, whilst day care of disabled children are almost non-existent. In 2013 a new and better child protection law will be implemented. EAPN Estonia was a partner to the Chancellor of Justice in this. We have reason to hope also that in the next NRP there will be a sub-target on child poverty.

**EAPN Luxemburg:** Child care services will be further developed and quality enhanced, *but they are not free of charge*. Instead of lowering the prices step by step (in accordance with the Government's own declaration that childcare should be free), there is an increase in fees announced for those having a revenue higher than 3.5 times the minimum wage.

### **2.5.3. Appropriateness of measures**

According to Eurochild, many Member States (AT, BE, BG, CY, DE, EE, ES, FR, HU, IE, IT, NL, PT, SE, UK) highlight specific education measures in the NRP and/or NSR, which contribute to reducing educational disadvantage. There are also often specific measures on early childhood care and education, however the measures are not always appropriate, and in others concrete measures are lacking.

**Eurochild:** For instance, in the Austrian NRP, the main focus for tackling child poverty is on reducing the social 'inheritance' of educational opportunities. Also early childhood education and care is possibly the most important field through which the NRP states child poverty will be tackled. In the Netherlands there is more money available for municipalities for pre-school education. In Sweden, the Government has a strong focus on new educational measures. It is important is to include all children in these measures and be sure that also vulnerable groups and children in disadvantaged housing areas will be reached by this.

However, in some NRPs (CZ, DK, FI, PL, RO, SI) there is a lack of concrete measures focusing on educational disadvantage, for instance in Poland, education measures are just considered as measures to modernize labour market. In Romania the measures are formulated very generally (e.g. "to reduce the child educational disadvantage") and there are some ideas put forward but the real plan or the real measures are missing.

### **2.5.4. Universal approach undermined, shifting blame to poor parents**

For many national members, the lack of attention to the first Active Inclusion pillar, stipulating the provision of adequate minimum income, is crucial, particularly in the current context of rising unemployment. In Ireland, the universal child benefit has been cut in each budget, and new plans to implement a single working age welfare payment, regardless of family situation, are seen as likely to prejudice families, particularly lone parents (see above section). In other countries, universalism is undermined with increased targeting, eg in Slovenia. In other countries, like France, whilst family allowances are well established, the levels are seen as insufficient to take families out of poverty. They are also badly distributed, with the number of children being the deciding factor, more than income. In the UK, the shift away from universal services is matched by an increased focus on parental failings as causes or drivers of child poverty, rather than tackling adequacy of family income and other structural causes.

**EAPN Slovenia:** In the field of child poverty and family policy there are no positive changes to achieve better and more quality services or support for quality jobs and adequate family income – on the contrary, in order to achieve fiscal stability there are additional temporary cuts predicted in those areas. Certain social rights are already restricted (e.g. reduction of the amount of child allowance benefit granted to beneficiaries who are not among the socially disadvantaged) and certain other rights will be subjected according to the financial situation of the recipients or beneficiaries (including the right to childbirth allowance gifts, large family allowance, child care subsidies for the nursery care of a second child, and subsidies for meals in primary and secondary schools).

**EAPN UK:** The focus is on parental employment and behavior modification. It assumes that poverty is caused (not ameliorated or prevented) by welfare. The argument is used that this produces ‘dependency’ which is ‘costly’ and morally a bad thing. This is a return to a 19<sup>th</sup> century principle of ‘less eligibility’ to punish the moral degeneracy of the poor.

### **2.5.5. Little recognition of contribution of child-poverty reduction to Europe 2020 goals**

Eurochild highlights that the contribution played by measures to tackle poverty and social exclusion – and child poverty in particular – to achieving other Europe 2020 headline targets is very rarely acknowledged. Most countries (BE, BG, CY, EL, ES, FR, NL, PL, PT, SI, UK) do not explicitly acknowledge this.

**Eurochild:** There are some Member States (e.g. HU, IE, IT, LT, UK) that do, at least to some extent, make a link with the other Europe 2020 targets. For instance, the Irish NRP mentions such a link a number of times, however with reference to poverty in general rather than child poverty in particular. Likewise, the Italian NRP makes a link between tackling poverty and social exclusion and achieving other Europe 2020 targets but also does not refer to child poverty. The Lithuanian NRP suggests that the implementation of measures to tackle poverty and social exclusion of all residents – without any specific focus on child poverty – will contribute to achieving of the priorities of the Europe 2020 strategy. The Scottish NRP has specific sections outlining how a range of early years, childcare and educational activities and strategies contribute to the Scottish Government’s performance objectives. Though individually they are not specifically linked to the Europe 2020 targets the document makes clear that all actions described in the NRP are intended to contribute to these targets.

### **Some positive steps**

In some countries, apart from increased childcare services, improvements on child and family income support are made. These are notably those countries who already have strong social protection systems. In Sweden, there’s an increase in child benefit, but a general tendency to make more people work, including families, regardless of the impact on poverty or on the welfare of the family and the child. In Belgium, family benefits are a legal right, with a strong focus on children’s rights, but less focus on supporting parents.

**EAPN Belgium:** Family allowance will be written in the constitution. Most measures to tackle child poverty are focused on the children, eg. children seduction, care, ...But in the framework of tackling child poverty, there is not so much attention on supporting parents into quality jobs or support them in general.

## 2.6 Disappointing progress on integrated Active Inclusion

POVERTY AND SOCIAL EXCLUSION POLICY SCOREBOARD	SCORE: 1-10
8. How far are integrated active inclusion processes promoted? <i>I.e. adequate minimum income, inclusive labour market and access to quality services, through personalized approaches?</i>	2,9 out of 10

EAPN has strongly backed the Commission's Recommendation<sup>19</sup> on integrated Active Inclusion approaches (encompassing adequate minimum income, inclusive labour markets and access to quality services). However, in our assessments of the NRP last year<sup>20</sup>, EAPN was already concerned about the failure to mainstream the approach through employment and other policies at EU level and national level. Members were keen to see whether progress would have been made in 2012, with Active Inclusion used as a key strategy to reduce poverty in the crisis.

However, in this year's assessment, members gave 2,9 compared to 2,72 in 2011, with most responses grading very low (AT, DK, EE, FR, IE, IT, LU, PL, SI, ES, SE) or insufficient (BE and NL, UK). Only Finland gave a positive assessment, and Iceland as a Nordic benchmarking example, currently a candidate country (8).

### 2.6.1. Activation - not integrated approaches with personalized pathways to quality jobs

The concept of Active Inclusion itself is rarely referred to in the NRP. Most members highlight the lack of an integrated approach (AT, BE, DK, EE, ES, FR, IT, LU, PL, PT, SI, SE). Even where Active Inclusion is mentioned (AT, DE, PT – from the National Social Report, UK), EAPN responses highlight that, in reality, the focus is primarily on activation only for people on minimum income. The main aim is to reduce the number of people on benefits, and to 'motivate' them to get any job, despite the lack of quality jobs available or accessible to them. For example, in Spain, only employment activation is highlighted but no mention of quality jobs and decent wages. In the UK, although integrated approaches are proposed, they use the 3 elements to drive harsher conditionality. Some responses underline pre-requisites for an integrated approach that goes beyond mere coordination of services at an institutional level. The integration must come together as a personalized pathway that can effectively support each person in need (AT). In some cases, the lack of integrated strategies is seen as part of a more general weakness in the anti-poverty approach (PL and FR). In the case of France, an integrated strategy to combat poverty and social exclusion, with Active Inclusion as a key instrument, is lacking, although this has been explicitly demanded by EAPN and other NGOs in their submissions to the NRP/NSR.

**EAPN Austria:** From our point of view, the measures taken don't really follow an inclusive approach as reflected in the NRP. The measures are not combined to make a personal pathway for people experiencing poverty and exclusion.

**EAPN Poland:** Integrated approaches are absent for most services – This is probably to do with symbolic system thinking – i.e. thinking in terms of a system of social services or family services, but not integrated from the view of the individual.

<sup>19</sup> EC (2008) Recommendation on Active Inclusion.

<sup>20</sup> See EAPN (2012) Deliver Inclusive Growth: EAPN Assessment of the 2011 NRPs and EAPN (2011) Making it happen – implementing Active Inclusion booklet.

**EAPN Slovenia:** Integrated Active Inclusion is not present in any NRP policy or strategy – we could not find any measures - none to guarantee access to quality jobs (although there are job creation and employment policies), while adequate minimum income is provided only under very restricted conditions, which are not acceptable for many people in poverty.

**EAPN UK:** the government considers their Work Programme to be an integrated strategy, but the three elements are brought to bear in a negative incentive structure with sanctions to drive activation, that is not effective or fair.

### 2.6.2. Initial progress undermined by austerity

Several responses highlighted some initial steps towards integrated approaches, made by countries with stronger economies, that were now being undermined by austerity measures (AT, DE, ES, IE). In a few cases, these were explicitly named as Active Inclusion (AT, DE) or in others implied (IE). In general, austerity was impacting (as highlighted in other sections) through reductions in employment/job advice support, as well as access to other key services, and often drastic reductions in income support.

**EAPN Germany:** Drastic fiscal cuts combined with legislative changes (that came into force on 1 April 2012) in labour market policies are destroying initial approaches to active inclusion.

**EAPN Ireland:** The NRP update states that the policy approach outlined in the Irish National Action Plan for Social Inclusion 2007-16 would continue on 3 interconnected themes of income support, activation and services, which reflect an Active Inclusion approach. While the statement is welcome, it is clear that the actual policy does not match it, with cuts to income support and services, and much more conditional approach to activation which dominates the discussion as the only route out of poverty, despite lack of jobs and growing barriers.

### Some positive steps

In the Flanders (Belgium), some integrated approaches are being trialed, with more structured coordination.

**EAPN Belgium:** Active Inclusion is not mentioned explicitly, but some experimental projects in Flanders are trying to work via integrated approaches. There is progress in trying to promote more structural cooperation between the Departments Work and Social Economy on the one hand, and Well-Being, on the other hand.

The most positive rating came from candidate country Iceland, in their *Iceland 2020* strategy, highlighting an increase of quality jobs since 2010, with better access to services, although a legal minimum income is still an issue.

## 2.7 Some progress on homelessness, but more needed to meet growing needs

POVERTY AND SOCIAL EXCLUSION POLICY SCOREBOARD	SCORE: 1-10
9. How far are policies promoted to tackle <b>homelessness and housing exclusion</b> ? <i>i.e. access to appropriate housing and support services, ensuring adequate income?</i>	<b>3</b> out of 10

In the context of the crisis, the growth of homelessness is a key concern for all EAPN networks. In May 2012, the European People Against Poverty Meeting, organized by the

Danish Presidency and the European Commission<sup>21</sup>, and coordinated by EAPN with FEANTSA, focused specifically on this topic. The urgency of the problems demands immediate and effective responses.

In the 2012 assessment of the NRPs, national members gave a slightly higher rating than last year (3 compared to 2.3), but there was still strong concern about the policies promoted. There were, however, more significant differences between member state responses, reflecting the different policy approaches adopted. Whilst the majority of responses rated as very inadequate the policies proposed (AT, DK, EE, IE, IT, NL, SI, ES, SE, UK), several rated more highly but still insufficient (BE, PL), whilst 3 countries 'passed the assessment' (FR, LU and FI), with France and Luxemburg rated with 5, and Finland with 9. Iceland also rated positively (7).

FEANTSA's more positive assessment emphasizes that in a context where homelessness is on the rise and vulnerability to homelessness is also increasing (see [Annual Growth Survey 2012](#), FEANTSA 2011 [paper](#) on the impact of the crisis), more than half the national governments of the EU did decide to respond to this phenomenon with targeted measures in their 2012 NRP which they argue should contribute to achieving the EU poverty target. These countries include: Belgium, Bulgaria, Czech Republic, Finland, France, Greece, Hungary, Ireland, Lithuania, Luxemburg, Malta, the Netherlands, Poland, Romania, Slovenia, Spain, Sweden, and the UK. These countries focus mainly on people suffering from severe exclusion, but also increasingly on young people, well-educated people, families and migrants facing homelessness. These "new" homeless place additional pressure on existing services, and countries have sent a clear message through the 2012 NRPs that they are now investing in strengthening responsiveness to these new needs. This trend is reflected in the [Resolution](#) adopted by the European Parliament in September 2011 calling for an EU strategy on homelessness.

FEANTSA's assessment underlines that twelve countries explicitly highlight specific measures to tackle homelessness in their 2012 National Reform Programme (Belgium, Bulgaria, Czech Republic, France, Finland, Hungary, Greece, Luxemburg, Poland, Slovenia, Sweden, UK). Other countries do not explicitly mention homelessness, but highlight measures that have an impact on homelessness such as housing or urban policies which aim to provide access to housing for all (Lithuania, Malta, Romania, Spain), measures to tackle exclusion of vulnerable groups (Denmark, Ireland), measures to improve quality of social services (Czech Republic, Romania, Slovakia), and measures to tackle long-term unemployment (Austria, Estonia, Germany). Finally, there are a number of countries which do not explicitly mention homelessness and housing exclusion in their NRP, but which we in FEANTSA know do actively tackle the phenomenon of homelessness or are taking important steps to tackle the phenomenon (Denmark, Ireland, Italy, The Netherlands, and Portugal).<sup>22</sup> Moreover, these countries are actively involved in European exchanges on various aspects of homelessness policies (research and data, definitions, target groups, social policy experimentation, funding).

### **2.7.1 Strong differences in country responses**

In several NRPs, homelessness was not mentioned at all, according to national EAPN members' responses (AT, EE, IE, NL, ES). In others, responses highlighted that, although a focus on homelessness was given (BE, DK, FI, FR, IT, LU, PL), there was insufficient detail of concrete measures. In other cases, the details were known, but doubts raised about the

<sup>21</sup> Coordinated with EAPN, and FEANTSA/ATD.

<sup>22</sup> See more here : <http://www.feantsa.org/code/en/pg.asp?Page=1169>

effectiveness of the policies proposed (BE, DK, FR, IT, PL). The main concerns were the lack of integrated, strategic approaches, providing personalized support, ensuring access to affordable housing, and adequate income, as well as other support services (see section above on Housing). In Poland, for example, there is a traditional approach to providing shelters, and social housing, but the issue of affordability is not addressed. In Slovenia, EAPN is concerned that the approach is primarily focused on activation, rather than access to affordable housing, and adequate income. In Italy, the response highlights frustration with the lack of concrete actions, but an inquiry will be launched with the support of FIOPS – the Italian network of FEANTSA. In the UK, some measures are highlighted in the NRP and NSR, but broader approaches to austerity are seen as likely to increase homelessness.

**EAPN Slovenia:** In the NRP, there are only social activation programmes and social enterprises mentioned (as a way to activate homeless people into employment), and no special housing policy is predicted. Also, with the new social legislation, social benefits are subject to a more stringent calculation – so homeless people who do not have a permanent address could be left completely out of the social welfare service.

**EAPN UK:** Homelessness is rising. In the NRP the only reference is to the contribution that empty houses being brought back into use can make. On the other hand the governments housing benefit changes are likely to increase homelessness, explicit and ‘hidden’. Most recently the PM and Housing Ministers have proposed removing housing benefits altogether from those under 25 on benefits.

For FEANTSA, the variations in country responses reflects the different challenges and solutions facing the wide range of people facing homelessness and housing exclusion.

**FEANTSA:** Countries have outlined different approaches to homelessness, covering the full spectrum of homelessness and housing exclusion - a complex, dynamic and differentiated process with different routes and exits, or “pathways”, for different individuals and groups. The ETHOS typology classifies homeless people according to four main living situations of rooflessness; houselessness; living in insecure housing; and living in inadequate housing (see FEANTSA [website](#)). Generally four different approaches to the issue in the NRPs can be highlighted:

- In terms of rooflessness and houselessness, some NRPs refer to steps taken to develop an integrated homelessness strategy.

- Some measures in the NRPs address the neo-homeless population suffering from different forms of housing exclusion (such as migrants, young people, families) by preventing evictions and facilitating access to housing.

- Employment of groups furthest from the labour market, including homeless people, is logically present in a number of NRPs given the Europe2020 focus on increasing employment, providing different options (training, specialist support, social economy options, developing social entrepreneurship). However, activating homeless people on the labour market only partly solve the problem. Evidence shows that to reach a stable living situation, housing is a crucial factor.

Developing access to quality support services for vulnerable groups, which is a fundamental pillar of Active Inclusion strategies. Such measures are key to empowering homeless people to be active in society, as stated very clearly in the 2008 European Commission [recommendation](#) on active inclusion of people excluded from the labour market. In general, social and health services have a crucial role to play, and have been highlighted in the recently published [Employment Package](#) (April 2012) as a sector with great potential for job creation.

However, only few countries have outlined clear targets on homelessness – more targets could be put forward in future NRPs such as phasing out shelter accommodation and replacing it with

long-term housing solutions, providing suitable support interventions for homeless people, ensuring no one has to stay in emergency accommodation for more than 6 months, reducing the number of evictions and ensuring no stay in temporary housing for more than 3 months. We call on all Member States to integrate such achievable targets in future National Reform Programmes, in order to make measurable progress to reduce poverty and adequately reflect the multi-dimensional nature of poverty.

### **2.7.2 Austerity measures exacerbating homelessness**

In several countries, (ES, DE, PT and IE) austerity measures are seen as contributing to increased homelessness and housing exclusion. In the case of those affected by Troika arrangements (IE, PT,) as they lack a full NRP, or NSR, a detailed assessment is particularly difficult to make. Whilst Troika countries are particularly under threat, other countries (DE) that are choosing to prioritize austerity are producing similar results. For example, in Germany, housing benefits are being reduced and this is leading to forced moves to families, and ghettoization (see Housing section above).

**EAPN Ireland:** The issue of homelessness and housing exclusion is not addressed in the NRP update, but it is clear that commitments made 5 years ago to eliminate street homelessness have not been achieved, as numbers grow. Also many people who are in private housing are in debt and unable to afford to pay their mortgages and other bills. The Government has reduced Rent Allowances to those on social benefits who rent in the private sector. Most of these tenants are not in a position to negotiate a reduction in the private sector, and so have to cover a greater proportion of their rent from their benefit, meaning less money for other essentials.

FEANTSA highlights that, in the current political context of restrictive economic policies in Greece, social policy is not a priority, so there is a real paradox linked to the increasing need for social protection policies (with more demand on homelessness services), coupled with decreasing spending for social protection policies. The absence of a basic safety net is leading to a rapid decline in living standards and increasing vulnerability to social exclusion, which prompts the question: is this socially affordable for Greek society? For the first time therefore, Greece is trying to better coordinate its homelessness services, attempting to give them a clear public policy framework to function in. A first step has been to agree on a common definition of homelessness, and to set up a committee to draft a homelessness action plan for Greece.

#### **Some positive steps**

The responses highlight some progress, particularly at the strategic level, with new initiatives to develop national strategies to fight homelessness and in some cases to promote housing first. (BE, LU, FR, FI). However, some concerns are raised about implementation, particularly in relation to commitments to social investment in social housing, and ensuring that homeless people benefit from integrated support.

**EAPN Belgium:** An agreement of cooperation will be signed between different entities of our federal system, to work together to tackle homelessness. This is good and necessary. The effectiveness will depend on the content and the engagement at all levels. Some measures for support services and appropriate housing are being taken, but too little, too late. The waiting lists for social housing are very long and the cost of rents on the private market too high.

**EAPN Luxembourg:** A working group was created last year and it prepared a national strategy against homelessness, now it needs to be implemented. But on housing, there is not enough being done by the Government.

**EAPN France:** The specific conditions related to the new reforms of “Logement d’abord” (Housing First) are not sufficiently developed in the NRP – for example how social housing will be mobilized, the annual production of 150 000 housing units, or how the offer of housing will be organized to ensure access for homeless or people facing housing exclusion. On the other hand the humanization of the CHRS service and the agreement to set in place an Integrated Service for Support and orientation is positive.

## 2.8 Discrimination on the rise, yet low priority in the NRPs

POVERTY AND SOCIAL EXCLUSION POLICY SCOREBOARD	SCORE: 1-10
10. How far are policies promoted to promote gender equality and fight discrimination, particularly against migrants (including undocumented migrants and ethnic minorities - Roma)? <i>I.e. actions taken to ensure equal access to rights, resources and services.</i>	2,1 out of 10

Last year, the EAPN assessment noted a very low priority for anti-discrimination measures, or pro-active policies to support specific groups. This year, the overall rating was even lower at 2,1 compared to 2,77 last year. The low or very low assessments were made by AT, BE, FR, IE, IT, LU, NL, PL, SI, ES and SE, UK. The only break in this pattern was Finland. Most responses highlighted a glaring absence of mention or focus on gender equality or discrimination against key groups (BE, EE, IE, IT, LU, NL, PL, SI, UK).

### 2.8.1 Focus on migrants in the labour market, not rights

Where migrants were mentioned, it was generally not in relation to poverty concerns, but in relation to the labour market (AT, UK). In Poland, migrants are a priority, and their professional and social integration, but without any focus on antidiscrimination. In Denmark some improvements have been made, but not for irregular migrants. Discrimination is most noticeable in terms of access and levels of social assistance (DE, IE). In Germany, there is reduced basic social assistance for asylum seekers. Again, in the Troika countries, the backlash against migrants and minorities seems to be more severe, under pressure from Austerity measures. For example, in Ireland, no mention is made of discrimination in the NRP or update, but new measures increase powers of social welfare inspectors, which could increase racism against migrants. In other countries suffering from high social impact like Spain, the migrants are explicitly discriminated against particularly in relation to access to health care (see section on Services), although often indirectly.

**EAPN Spain:** Migrants are now discriminated against, particularly those in irregular situations. This is also happening to many migrants who were very well integrated, had a regular job and home, and now suffer a chain of losses: they are sacked, they cannot pay their housing (mortgage or rent), as they do not have extended social and family networks, they become homeless, they cannot get another job, they cannot renew their work permits...and they become...“illegal”. Thousands of migrants (and their offspring) are returning to their home countries since the beginning of the crisis, and this is contributing to the severe ageing of the Spanish population.

**EAPN Ireland:** The recently adopted Social Protection and Pensions bill gives additional powers to Social Welfare inspectors to stop people coming into Ireland whom they suspect are claiming social welfare support here but live elsewhere. The arbitrary nature of the implantation has the potential to increase racism at points of entry.

### **2.8.2 Roma Integration strategies disappointingly absent**

Member States had until the end of December last year to submit their national Roma Integration strategies. In the Commission's Report (21 May 2012) *National Roma Integration Strategies: a first step in the implementation of the EU Framework*, the "lack of concrete measures, explicit targets, earmarked funding and sound monitoring and evaluation" was deplored. EAPN responses confirmed this assessment. Most responses found no explicit mention of Roma, despite the EU requirement to develop integrated Roma Inclusion Strategies (DE). In Slovenia, Roma were mentioned in the NRP, and steps will be taken to improve their status through a special law, and current measures to improve their living conditions will be updated, but no other concrete actions are mentioned. In Sweden, a strategy for Roma Inclusion has been adopted, but piecemeal measures are proposed.

**EAPN France:** The current policies lead too often to the stigmatization of certain minorities like Roma, as well as migrants, through the conditions applied in respect to the principle of unconditional integration in the Social integration or Emergency Housing Centres.

**EAPN Sweden:** The problems are recognized as a problem and that is an important goal. A special strategy for inclusion of Roma people has been adopted. However, the measures are more like projects than tackling the structures that create discrimination.

### **2.8.3 Increased conditionality on people with disabilities**

Little focus was noted on people with disabilities, and again only in relation to their access to the labour market (AT, DK, PL, S,) rather than an integrated, rights-based approach, tackling discrimination in all areas. In the UK, the focus is on increasing restrictions to accessing to disability benefit. In Denmark, it was noted that in the current context discrimination was growing, but that Denmark continued to have lower levels of exclusion than other countries.

**EAPN Slovenia:** The only policy that is intended to improve the situation of people with disabilities is employment policy (social activation programmes, social enterprises programmes); also the new law about personal assistance is mentioned (for disabled persons).

**EAPN UK:** The only mention of disability concerns proposed changes to make it easier for carers to also do other paid work and changes to the Disability Living Allowance to restrict eligibility.

## **2.9. What's needed**

Members highlighted several areas vital to improve effective delivery on the poverty target:

- An overarching, coherent national strategy to fight poverty and social exclusion – encompassing macroeconomic, income support, access to services, with clear targets, measures, budgets, and engagement to reach objective (BE, PL and IE).
- Stronger anti-discrimination legislation and pro-active measures to put into practice, move from assimilation policies to human rights (BE, IE, PL).
- Implementing a fully integrated Active Inclusion approach, particularly attention to guaranteeing access to minimum income and improving affordable access to social services, housing and health care, rather than activation alone (DE, IE); ensure personalized support through integrated services through one-stop shop (IC).
- Ensuring that pensions/minimum income levels are adequate and index-linked (IC).

- Introduce obligatory Poverty Impact Assessments, and mainstream them across all areas in the NRP. (IE)
- Prevent cuts to community organisations, with loss of vital services as well as a loss of voice for excluded people (IE).
- Take urgent actions to tackle growing inequality (IE).
- Take priority action on homelessness (IE), developing national integrated strategies, which enable access to housing, particularly concerns for youth and access for Travelers. Increasing interest in homelessness which would justify a more active EU policy on the issue. (FEANTSA)
- The EU must intervene to reinforce social chapters of Europe 2020, with more pressure on the poverty goals (ES).

## SUMMARY OF KEY MESSAGES

1. **Poverty target is not being taken seriously**, with little progress on setting or delivering on ambitious targets, with rising poverty in many countries, often as a result of austerity measures.
2. **Lack of coherent anti-poverty strategy beyond employment**, which would ensure access to rights, resources and services, with Active Inclusion still reduced mainly to activation with increasing conditionality.
3. **Austerity measures reducing access to minimum income and to services**, particularly in Troika countries, without any social or poverty impact assessments, are putting the welfare state at risk.
4. **Some progress on homelessness strategies and child poverty**, but insufficient concrete actions and integrated strategies. Affordable housing is in crisis.
5. **Anti-discrimination is dangerously absent**, with attacks against migrants and Roma increasing, and serious threats to fundamental rights.

## RECOMMENDATIONS

1. **Re-focus Europe the 2020 Strategy on the poverty target**, as a pre-requisite for an inclusive recovery, with ambitious national targets and sub-targets for key priority groups, including children, with a percentage reduction of all 3 indicators and Country-Specific Recommendations on poverty reduction, including potential sanctions.
2. **Set up an explicit EU and national integrated strategy and social process, based on the Social OMC to fight and prevent poverty, exclusion and growing inequality for all groups**, which harnesses macro-economic as well as social and employment policies, with explicit objectives, measures, indicators and monitoring mechanisms, to feed into the NRP.
3. **Don't blame the poor - Re-focus commitment to solving structural causes of poverty, exclusion and closing inequality gap**, rather than reduction to individual responsibility.
4. **Clear road map for implementation for integrated Active Inclusion**, backed by ESF support, utilizing the 20% ring-fencing for poverty reduction. Progress on EU framework for an adequate minimum income, with common definition of adequacy.
5. **Specific EU and national strategies for Homelessness and Housing Exclusion**, and implementation of Child Poverty Recommendation based on the 3 pillars – adequate income, quality services and children's rights and empowerment.

### 3. The long road towards inclusive labour markets

#### Europe 2020 Integrated Guidelines

Guideline 7: Increasing labour market participation and reducing structural unemployment.

Guideline 8: Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning.

Inclusive labour markets, as defined by the European Commission Recommendation on the Active Inclusion of People Furthest from the Labour Market (2008), do not just mean a numbers' game. It is not about diminishing unemployment statistics, but about implementing supportive pathway approaches to inclusion in the labour market and society, especially for those who have the hardest time reaching it. EAPN believes that the 75% employment target of the Europe 2020 Strategy cannot be achieved without an inclusive vision on employment, underpinned by a commitment to invest in quality and sustainable jobs, in personalised, integrated services, and in fighting discrimination inside and outside the labour market, ensuring access for those who are excluded through Active Inclusion.

Priority 4 of the Annual Growth Survey 2012 (*Tackling Unemployment and the Social Consequences of the Crisis*) urges Member States to invest in job creation (including green and white jobs), support social economy initiatives, tackle inadequate wages, provide better access to employment, and give specific priority to the issue of youth employment (p. 10-11). These recommendations have been strongly supported and reinforced by the European Commission's *Joint Employment Report*, as well as the *Employment Package* (2012), which both emphasize the need for public investment, the importance of quality employment, the need to fight in-work poverty and labour market segmentation, and the importance of tailored support to ensure access and adequate safety nets for excluded groups. Despite this strong encouragement, in line also with the provisions of Employment Guidelines 7 and 8, Member States still lag behind in fully implementing these recommendations in national policies, as reflected by the EAPN members' assessment of the National Reform Programmes for 2012 below.

#### 3.1. Incomplete target, insufficient measures

EMPLOYMENT POLICIES SCOREBOARD	SCORE: 1-10
11. How <b>effective</b> are the <b>policies</b> towards reaching the employment target/ <b>reducing unemployment</b> and ensuring access for all?	<b>4</b> out of 10

##### 3.1.1. A strictly numerical goal

The *Europe 2020 Progress Report* (released as an Annex to the Annual Growth Survey 2012) points out that the national employment targets put together would still fall short of the 75% EU target<sup>23</sup>. The Report proceeds to state that "The challenge remains to bring an additional 17.6 million people into employment between now and 2020" (p. 3). The consideration is purely a numerical one: getting people off the unemployment lists and into any job, and it continues to be treated as such in the chapter dedicated to the Flagship Initiative *An Agenda for New Skills and Jobs* (p. 13). This lack of commitment and support at

<sup>23</sup> The UK did not adopt a national employment target.

the EU level for a qualitative, as well as quantitative, target is seriously undermining any efforts to integrate people into sustainable, quality jobs, which constitute a real route out of poverty. Eurostat's measure for unemployment is already inadequate<sup>24</sup>, focused on quick results, achieved artificially through increasingly insecure jobs. The further absence of the quality dimension of employment created and proposed will only increase in-work poverty and risk of poverty overall, contradicting the poverty-reduction objective of Europe 2020.

This is a blatant contradiction with the provision of Guidelines 7 and 8, which speak explicitly of combating labour market segmentation and precarious employment, fighting low wages and promoting job quality. The *Employment Package* also makes a strong case for quality and sustainability in employment. However, national Governments seem to be more focused on reaching the numerical objective, than in implementing broader, durable reforms for better quality of work and quality of life.

In our members' analysis of the NRPs regarding proposed labour market measures, while there are some encouraging steps, a clear strategic approach to inclusive, decent employment is still missing. This year's score (4 out of 10) also reflects a great diversity in grading, with 11 countries giving ratings of 5 and lower, and only Estonia (7), Finland (8) and Austria (9) standing out with more positive ratings. Comprehensive, integrated Active Inclusion approaches, combining adequate income support with access to quality service and supported pathways towards decent employment, are still lacking in most countries. Little progress seems to have been achieved compared to last year, particularly in a worsening context, marred by savage budget cuts and harsh austerity measures. In the case of countries who have accepted bail-out funds co-managed by the IMF, the European Central Bank, and the European Commission (the so-called Troika), the Memorandums of Understanding (MoUs) signed on this occasion contain strict limitations on social spending, and foresee a number of important cuts, affecting much needed services and benefits, which further undermines inclusive approaches (see also previous chapters on Macroeconomic policies and Poverty reduction).

**EAPN Slovenia:** We found the proposed/predicted policies as insufficient, as they are focused only on the employment goal – in the whole NRP we could not find the Active Inclusion approach in a way to consider quality jobs with decent salaries, security and with strict regard to labour rights.

**EAPN Ireland:** Need to stop and reverse the recent proposed reforms to the welfare system. [...] This will only result in greater poverty levels. [...] Need for a holistic approach, not one implemented within an austerity context, to reduce welfare bill.

### **3.1.2. Piecemeal policies**

EAPN members see the policies proposed in the NRP to reach the employment target as insufficient (FR, LU, IT, SI, UK), lacking in effectiveness (BE, SE, UK), and not likely to reach those furthest from the labour market (DK, DE). Activation first seems to be the main approach of Governments, with the emphasis still placed on the supply side and increased flexibility for employers (SE, UK). The specific situation of some key groups, such as, for

<sup>24</sup> For Eurostat data collecting purposes, "Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent" - according to Eurostat definitions (20.06.2012) - [http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/dataset?p\\_product\\_code=T2020\\_10](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=T2020_10)

instance, migrants and ethnic minorities (e.g. the Roma), single parents, people with disabilities, the low-skilled, the long-term unemployed, the homeless, the socially excluded and others is not adequately taken into account by policies. Pursuing activation at all costs means forcing people, through sanctions and conditionality, to accept any kind of jobs, at the expense of a holistic vision, which promotes inclusive labour market, quality jobs, and personalized pathways to employment, for those who can work.

**EAPN Sweden:** [Policies] are only making it easier to hire people by tax reductions for employers, economic contributions to employers and forcing people to accept jobs to any salary and terms.

**EAPN Belgium:** Most attention goes to activation, and pushing people into work, or at least out of the unemployment benefits system.

**EAPN UK:** Stimulating labour market participation is based on individual sanctions and incentives and does not recognise demand side lack of jobs, especially outside the South East of England, or structural labour market barriers such as lack of affordable childcare and discrimination.

Some hope is reported from Ireland and Poland (and EU candidate country Iceland in its *Iceland 2020* programme), where a number of measures have been put in place, but it is too early to assess their real impact, or whether they would be enough to reach those in most need.

**EAPN Poland:** Proposed policies are very broad: lifelong learning, reforms of general and occupational education for better adjustment to the preferences of employers, improvement in active labour market programs, preventive and rehabilitative services, activation of local communities in rural areas. Measures [...] are sufficient to cover some major problems with access to labour market, but for the most vulnerable there should be undertaken other and special measures.

### **3.1.3. Cherry-picked target groups**

A number of countries have selected specific target groups to focus their efforts, but without a clear analysis of those most at risk of unemployment, and of poverty and social exclusion. For instance, **female employment** is prioritized in some countries (AT, IT, PL) and supported through some incentives, including a better balance between professional and private life. Conversely, in the UK, affordable access to childcare has been reduced through cuts in child tax credits and other family benefits.

**Older workers** constitute another important group for some countries (AT, PL, EE, NL), most of them focusing on raising the retirement age and keeping them for longer on the labour market (AT, EE, NL).

Except for Austria, **migrants and ethnic minorities** are not mentioned by our members, neither is any mention made of fighting discrimination and ensuring more cohesive and inclusive labour market and societies. Regarding **people with disabilities**, the UK reports harmful policies and discrimination:

**EAPN UK:** Disability organisations are distressed at the discrimination facing those disabled people, who have been found fit for work under a flawed work capability assessment, and put on much lower “job seekers allowance”, without any strengthening of anti-discrimination legislation to assist them to access the labour market.

Our networks express concerns that employment policies are not designed from the perspective of ensuring pathways to inclusion, but, rather, to serve economic needs and reduce spending on benefits at all costs. Activation is not seen, primarily, as a means to counter poverty and social exclusion, but as a tool to ensure labor supply. Hence, the focus is on those categories whose economic potential can be used, while the others are left behind.

**EAPN Netherlands:** So people who are unemployed, have a partial disability, have part time jobs (women) should be brought to the labour market to either start working or to work more hours. Additionally, pension age will be brought to 67 years, so people can work longer.  
**EAPN Poland:** Older and young people, women and men with family responsibilities, people suffering sickness or disability were mentioned, but there are many other vulnerable groups...

### 3.1.4. Some financial backing...

On a more positive note, a few of our members report increases in Government spending on employment policies, especially with the support of European money. However, if these funds are spent on inefficient or piecemeal policies, the investment will be lost.

**EAPN Austria:** Over 750 million euro shall be made available for the Labour Market in addition to the normal budget (1 billion euro) in the next four years 2012 to 2016.  
**EAPN Estonia:** [...] employment is supported by most concrete measures by a National Action Plan and national budget. Structural Funds money is used to create more vacancies.  
**EAPN Germany:** ESF funds are used for national purposes, while the national funds for Active Inclusion are being cut drastically.

## 3.2. Where are the jobs?

EMPLOYMENT POLICIES SCOREBOARD	SCORE: 1-10
12. How much priority is given to <b>creating quality jobs</b> , which excluded groups could access?	2 out of 10

*I.e. investment in job creation, particularly green/social jobs? Are they quality?*

Any activation effort is surely pointless in a context where jobs are lacking, which is the framework that Governments are now operating within. The term “jobless recovery” has been used consistently in the political discourse to describe present times. The Annual Growth Survey and its Annex, the *Europe 2020 Progress Report*, both mention stalling employment rates and a dire increase in the share of long-term unemployed. Investment in new job places is repeatedly underlined as a priority for growth, while the European Commission’s *Employment Package* has as main element a Communication entitled precisely *Towards a Job-Rich Recovery*, and dedicates additional communications to the job creation potential of different sectors, in accordance with Guideline 7, which clearly states “Member States should also [...] support job creation in areas including green employment and care”. The *Joint Employment Report* addresses a clear recommendation: “Job creation capacity has to be stepped up to ensure a job-intense recovery” (p. 15).

Most NRPs reviewed by our networks indicate that Member States have initiated some kind of job creation efforts, with some notable reported exception (SE, ES, IT, NL). However, according to our members’ assessment, and echoing similar findings from last year’s

analysis, most jobs created do not reflect any preoccupation with their quantity, quality (including wages), sustainability (including duration of contracts), or accessibility to key groups (BE, DK, FR, DE, IE, LU, SI, UK). This explains why this year's score (2,46) is even lower than the one of last year's analysis (2,77). Except for Luxemburg (6) and Finland (8), all of our networks scored 5 and under.

**EAPN Denmark:** There might come more jobs [...] for excluded groups, but below conditions on the ordinary labour market, where we have collective agreements, more like activation and work for benefits.  
**EAPN France:** The emphasis is placed on short-term contracts, interim contracts and part-time [...] and much more on quantity than on quality.  
**EAPN Germany:** The Government tries to create jobs by the liberalization of the labour market. This doesn't mean the creation of quality jobs, but low income jobs that do not allow a normal living standard. This produces more poverty of old people and women.

Only very few of our members (BE, DK, IE) mention references to green jobs in the NRPs, while none speak of the so-called "white" jobs (in health and care). The role of social economy, and especially Work Integration Social Enterprises (WISEs) is not acknowledged in any way. The specific conditionality attached to countries under a Troika bailout agreement and its impact on job creation is also flagged up by some of our networks:

**EAPN Ireland:** However there is no extra investment to be provided in this area and there is a restriction on doing so within the Troika programme. The Government is trying to get agreement from the Troika to using some of the money released from the sale of state assets for investment in job creation. This has not yet been approved.

### 3.3 Quality is not an issue

EMPLOYMENT POLICIES SCOREBOARD	SCORE: 1-10
13. How far are strategies proposed to <b>increase job quality</b> and tackle <b>in-work poverty</b> ?	<b>2,6</b> out of 10

*I.e. raising wages, improving access to quality jobs, job security, employment rights and conditions, reducing precariousness.*

Once again, national policies, as reflected by the NRPs reviewed by our members, do not seem to follow EU Guidelines (7&8) and other European documents, arguing in favour of reducing precariousness and in-work poverty and supporting living wages and sustainable employment. In most NRPs (DK, IE, EE, IE, LU, SI, SE, UK), the quality aspect is not taken into account at all. The very low scoreboard result (2,6) is identical to last year's, indicating that no progress has been made overall. With the notable exception of three networks scoring over 6 (AT, FI, FR), most countries have given extremely low scores, with many scoring 1 (EE, SI, ES, SE, UK) or 0 (IT, NL, PL).

Members report that minimum wages are below the poverty line in a number of countries (EE, SI), while flexible contracts and hiring arrangements are still favoured (BE, FR, IE, SI, and also Iceland) - another sadly, recurring theme in comparison to our previous analysis of last year's NRPs. Some measures, while well-intended, have the opposite results – for instance, tax cuts for low wages or subsidies to employers only perpetuate a low-wage culture in hiring (BE, DE, EE, UK). Spain is also expressing concerns over reduced reconciliation

measures, such as the questioning of breast-feeding leave and reduced wages for public sector employees on sick leave.

**EAPN Belgium:** Very little attention for job quality, on the contrary, the 'flexible' aspect of flexicurity is strengthened.  
**EAPN Estonia:** Nobody knows what "quality job" means. Nobody talks about it.  
**EAPN Poland:** In-work poverty and job quality are invisible for labour market part of Polish NRP. Quality concerning jobs in general or for particular groups are included in any part of NRP update. Words like quality or decent are totally absent.

Limited success is reported only in two cases:

**EAPN Austria:** Quality of labour is mentioned - since May 2011 there is a law combating wage and social security dumping (LSDB-G).  
**EAPN Luxembourg:** The government has resisted the employers' pressure to reduce minimum wage (it will be raised in January 2013) and to flexibilise working conditions.

### 3.4 The forgotten social economy

EMPLOYMENT POLICIES SCOREBOARD	SCORE: 1-10
14. Are <b>social economy and social innovation promoted, including through appropriate legislation, tools, as well as funding</b> and can NGOs easily access this funding?	<b>2</b> out of 10

Despite the recent EC Communication Social Business Initiative and renewed EU impetus in the direction of supporting social economy and social innovation, including in the Joint Employment Report (p. 15), several EAPN networks (AT, CZ, IT, EE, LU, UK) refer that social economy is simply absent from the NRP. Most countries contain references in passing (BE, DK, FR, DE, IE, NL, SI, ES, SE), but concrete support measures are lacking, or have not yet been implemented, and often these initiatives are not accessible to civil society organisations. The score of only 2 out of 10 reflects this sad reality, which seems to have worsened since last year (2,35), despite having received European prominence and support. Except for Finland (8) and France (5), all other countries have rated this item 3 or lower. Our Polish network reports that, although social economy is mentioned under the fight against poverty and social exclusion in the NRP, its potential for creating sustainable employment remains unacknowledged.

**EAPN Austria:** There is no mentioning of social enterprises or social economy whatsoever. Innovation in the field of employment policies is not to be found.  
**EAPN France:** The social economy sector remains significantly undervalued, especially Work Integration Social Enterprises (WISEs).  
**EAPN Slovenia:** Calls for proposal from the field of social entrepreneurship are suitable just for bigger NGOs or other non-for-profit organisations who already have substantial amounts of money; the participation of smaller NGOs is, because of specific call conditions, very limited or just impossible (which is a shame because smaller NGOs are usually closer to those who experience poverty and social exclusion, and therefore can create quality programs in accordance with their needs).

### 3.5 Positive activation at odds with punitive measures

EMPLOYMENT POLICIES SCOREBOARD	SCORE: 1-10
15. How far is <b>access to work</b> for excluded groups prioritised through <b>personalized pathways</b> ?	<b>3,5</b> out of 10

*I.e. positive activation - individualised support to access work, without hardening sanctions and increasing conditionality?*

Guideline 7 specifically calls for “adequate social security systems to secure professional transitions”, yet a number of Member States (BE, FR, DE, SI, IE, NL, UK) are reported by our members to continue to enforce harsh conditionality and sanctions on benefits, which penalize especially those who were already excluded, while not favouring in any way their professional and social inclusion. This is in flagrant contradiction with the Annual Growth Survey 2012, which explicitly urges Member States to “avoid precipitate withdrawals of past extensions of coverage and eligibility until jobs growth substantially resume” (p. 12).

The report of our members, however, paints a completely different picture. Personalised, supportive pathways to work have been rated by our networks at a score of 3,46 out of 10, only marginally higher than last year’s 3,26. Finland is, again the odd positive example, leading the scoreboard with 8, followed by 6 (IT, BE) and lower. However, only the Netherlands rated 0. Policies put pressure on jobseekers to accept the first job (FR), any job proposed, even if this means pushing people into poverty. Support for the unemployed in these countries is reduced, and does not feature a personalized approach (DE). Tailored pathways for the recently unemployed are under pressure from staff cuts and increased unemployment (UK). Another concern is the lowering of unemployment benefits, as well as reduction in the duration of coverage (SI). In the Netherlands, protected jobs in social enterprises will be reduced and the access to them rendered much more difficult. As highlighted in the Active Inclusion section above (see Section 2.6. in the Poverty chapter above), personalized approaches, starting from the unique situation of each individual, and providing comprehensive support to ensure inclusion are missing from Government strategies.

In Ireland, although a number of measures are deemed as positive (such as the launch of ‘Pathways to Work’, the Government’s Policy Statement on Activation), there is a persistent concern among many community organisations that there will be an over emphasis on compulsory engagement and the powers to impose sanctions, which is highlighted as a core measure in the implementation of the plan.

**EAPN Belgium:** Some progress in general, but still too much in the framework of sanctions and conditionality.

**EAPN Germany:** At the moment, there are efforts to improve the transition from school to the labour market, but sanctions and pressure are a capital aspect of it.

A number of networks (AT, IT, LU, PL, ES, SE) report a slight increase in more support-based strategies, trying to reach some excluded groups and to take some positive measures. However, these efforts are often not coordinated and missing a real strategy (AT), or only cover one target group (IT, LU), or are good ideas in principle, but not implemented in the right fashion or at the right time. The impact of these initiatives is still to be seen.

**EAPN Sweden:** There is an awareness of the need of personalized pathways and also many measures, but the outcome are not encouraging or efficient as the number of unemployed is growing. If there are no jobs, “personal coaches” are not going to help.

True good practices of holistic support and pathway approaches towards inclusion through employment, as part of integrated Active Inclusion strategies, are difficult to find in our networks’ analysis, and they come with shortcomings.

**EAPN Denmark:** Access is probably good, compared to other Member States, but compared to the need it is far from acceptable.

**EAPN Slovenia:** There are some active employment policies (e.g. public works – intended to employ long-term unemployed, Roma people, older workers, and first time job seekers) and especially programmes for social activation and social enterprises programmes.

**EAPN Iceland:** The government supports the jobs of some people with disabilities by paying a certain part of the wages.

Access to jobs, especially by groups already facing hardship, multiple disadvantages, poverty, discrimination and exclusion, remains a poorly-tackled challenge still.

### 3.6 The missing Youth Guarantee

EMPLOYMENT POLICIES SCOREBOARD	SCORE: 1-10
16. Is <b>Youth Unemployment and Exclusion</b> effectively tackled?	4 out of 10

*i.e. is there a Youth Guarantee of a quality job/training, quality frameworks for internships/apprenticeships/work experience; personalized support through Active Inclusion, support for NEETS?*

Most EAPN networks (BE, DK, EE, IT, SI, NL, SE, LU, PL, UK) deem that insufficient efforts and a lack of integrated strategies characterise most Governments’ actions to ensure better integration of young people in the labour market and in society. Whilst several countries give some priority to youth unemployment, EAPN responses highlight ineffective or insufficient measures, scoring 4 out of 10. However, there is great diversity between countries, according to our members’ assessment. The poorest score comes from the Netherlands (0), whilst the most positive rating is given by Austria (10/10).

**EAPN Belgium:** Tackling youth unemployment is called a priority, but the proposed measures are either insufficient or even counter-productive.

**EAPN Italy:** Youth unemployment is very marginal in the Italian NPR. Measures are short-sighted and not an accurate political reading of the situation and the drama of youth unemployment and exclusion.

The Youth Guarantee, a concept proposed by the Youth Opportunities Initiative of the European Commission, calls on Member States to ensure that young people are either in a job, education or (re-)training within four months of leaving school<sup>25</sup>. EAPN members, however, report that the concept is either lacking, or named without taking into account the quality of the training and/or employment options proposed. A comprehensive,

<sup>25</sup> Youth Opportunities Initiative, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0933:FIN:EN:PDF>, 20 December 2011.

supportive Active Inclusion approach concerning young people is direly missing in the view of our members, a concerned strongly voiced also about the 2011 round of NRPs, with many young people finding difficulties to access social security, particularly when they have not had stable employment. Instead, benefit restrictions are reported (DK, FR, IE).

**EAPN UK:** Access to the labour market for young people has largely been by offering them at a lower minimum wage or through various forms of work that avoid the minimum wage. A large element of the expansion of apprenticeships is in short training, leading to lower qualifications, rather than the traditional apprenticeship.

Some EAPN networks report that their Governments have decided to dedicate particular attention to the growing issue of youth unemployment (AT, BE, DE, NL, PL, UK and also Iceland) while, paradoxically, these are not amongst the countries facing the biggest challenges in this respect. Schemes in these and other countries include access to training and job coaching (AT, DE, LU), investing in internships and work experience (BE, FR, IT, UK), a Government programme to fight early school leaving (NL).

**EAPN Poland:** Youth is a priority group for labour market policy in NRP update. Inside that priority there is a point on NEETs.

### 3.7 What's needed

EAPN members would like to see:

- Increased efforts and investment in quality job creation, especially jobs which would be accessible to the low-skilled, the long-term unemployed and other excluded groups (BE, IE).
- Quality of jobs and employment needs to be reaffirmed, with coherent strategies to fight in-work poverty (DE), addressing poverty traps and reducing insecure contracts (IE).
- What is missing are integrated Active Inclusion approaches, ensuring adequate minimum income, access to quality services, and pathways approaches to inclusive labour markets, a rights-based approach that will lift people out of poverty (IT).
- Austerity measures need to not endanger these initiatives, as the result will be greater poverty and social exclusion levels in our societies (IE, NL).

Some networks highlight positive steps, but these reported practices are individual projects, rather than comprehensive policies, coordinated in a strategic approach.

**EAPN Belgium:** Some good coaching examples, egg. Integral pathway project, that combine employment and social inclusion strategies (W2).

**EAPN Estonia:** There is a program called KUTSE (it has a double meaning in Estonian: vocation and invitation), meant for adults at any educational level below higher education, who can continue their studies for free.

**EAPN Ireland:** A positive element is the JobBridge internship programme, where participants receive an additional €50 on top of their jobseekers payment to cover the real costs of participation on the programme. The current Government also reversed some of the negative decisions made by the previous administration.

## SUMMARY OF KEY MESSAGES

1. **Job creation is not prioritised enough**, neither is investment in key sectors such as the green and white sector, as well as supporting social economy initiatives. Decent and sustainable employment options need to be accessible to excluded groups, and build on community needs.
2. **Quality is still the forgotten dimension** – concerning both newly-created as well as existing jobs – and there is little effort by Governments to support decent wages and secure contracts, and to fight in-work poverty and labour market segmentation.
3. **Little priority to personalized pathways to quality jobs**, as part of Active Inclusion strategies. Especially people experiencing poverty and social exclusion are missing the access to enough resources and adequate services, which only pushes them further from the labour market and increases their marginalisation.

## RECOMMENDATIONS

1. **No employment for the sake of employment!** Invest urgently in the creation and promotion of sustainable, quality jobs, with decent wages and which build skills. Support social economy initiatives to ensure that these jobs are accessible to those excluded from the labour market.
2. **Give priority to supporting all excluded groups.** Set up integrated active labour market policies, underpinned by an Active Inclusion approach, combining the provision of adequate minimum income with quality services and inclusive employment.
3. **Ensure security, not just flexibility**, through reinforcing social protection systems, in order to support those who are unable to find decent employment, especially in the current.
4. **Expand the youth guarantee!** Add a quality dimension to the training and employment opportunities proposed to young people. Include measures, addressing the risk of poverty and social exclusion that exists already at alarming rates.
5. **Don't let austerity undermine decent employment, especially in Troika countries**, where constant attacks on and cuts in wage levels are carried out to comply with harsh conditionality imposed by IMF, ECB & EC agreements.

## 4. No Inclusive Education and Training policy

### Europe 2020 Integrated Guidelines

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

Guideline 9 of the Integrated Guidelines underpinning the delivery of the Europe 2020 objectives, as well as the NRPs, speaks of “improving access to quality education and training for all”, with a focus on facilitating access to lifelong learning and the prevention of early school-leaving. As flagged up in our previous report regarding the 2011 NRPs, targets set by Member States to achieve this objective have been heterogeneous, as are the starting points of different countries. The Europe 2020 Progress Report, an Annex of the Annual Growth Survey, indicates that the aggregate national targets<sup>26</sup> on both tertiary education outcomes and early school-leaving are falling short of the European objective. The European Commission has issued a strong recommendation to Governments in the Annual Growth Survey 2012, regarding the public financing of education: “The Commission considers that Member States should give particular attention to [...] prioritising growth-friendly expenditure, such as education...” (p. 4).

EAPN members’ assessment of the 2012 NRPs regarding the inclusiveness of education and training is far from encouraging. Wrap-around support for children, young people and families is missing, as well as a holistic view of structural barriers to exclusion, and a will to initiate systemic changes that would lead to more social cohesion and equal opportunities in accessing and progressing in education. This requires joined-up thinking, and coordinated approaches involving schools, families, young people, children and local communities, if progress is to be made. There is also a lack of recognition that tailored and targeted approaches are needed for children and adults with special needs or in special circumstances, including an emphasis on informal methods. Access to lifelong learning continues to be a challenge, especially for excluded groups. There is also a growing concern that education is increasingly perceived as a labour market tool, overlooking its dimension of personal development, contributing to better social inclusion. Despite the strong encouragement from the European level to invest in skills, budget cuts are still hitting education services in the Member States. Universal access to education al lifelong learning, as a guaranteed right, is not pursued in national policies.

### 4.1 Early school-leavers left behind

EDUCATION AND TRAINING SCOREBOARD	SCORE: 1-10
17. How effective are the policies to tackle <b>early school leaving</b> and how far are comprehensive supportive measures proposed?	<b>3,92</b> out of 10

*I.e. personalized support, wrap-around support for families, comprehensive and coordinated approach to recuperation mechanisms, 2<sup>nd</sup> chance, informal or non-formal training through community approaches.*

EAPN members report generally that early school-leavers do not occupy a prominent spot in their countries’ NRPs. This is accurately reflected in the Scoreboard, where the rating of 3,92 reflects only a very slight increase from last year (3,68). The highest score comes from Finland (8), while only a few other countries (AT, NL) gave ratings over 5.

<sup>26</sup> The UK did not adopt national education targets.

In the rare cases when they are considered a priority (DK), or there is awareness about the problem (SE, UK), concrete measures to tackle it are lacking or are insufficient. In Austria, despite some support measures for individuals, there is no will to focus on the structural reasons behind difficult situations, or to render the system more inclusive. These reflections sadly echo the analysis that EAPN performed of last year's NRPs. Issues such as child poverty, or the important role early-learning, are not part of the analysis (see Section 2.5. in the Poverty chapter above). In Estonia, proactive families may find support with services, but there is no outreach to ensure that programmes reach those who most need them. In Germany, good education remains the privilege of those who can afford it, with increasing segregation, and streaming undermining a commitment to a comprehensive educational system, offering equal opportunities to all. In Ireland, a country currently under a Troika agreement, our members express worries over cuts in funding, affecting especially key groups such as Travellers, children with special needs, and those for whom English is not their main language. Some members (DE, IE) expressed concerns that education is only seen from the narrow perspective of labour markets, while others are concerned about damaging cuts undermining potentially positive initiatives (IE, UK).

**EAPN Poland:** Early school leavers are invisible for updated NRP.

**EAPN Ireland:** Cuts took place early in the crisis and need to be reversed. Otherwise, many of the most vulnerable children will have even less opportunities to be equal citizens.

On a more positive note, a few EAPN networks report encouraging schooling reforms (BE, LU), education support and personalised pathways (FR), 2<sup>nd</sup> chance schools (DE, FR, LU), the Action Plan for Cohesion, with a specific action to combat early school-leaving (IT) and specific programmes run by the regional schools for middle education – ROC (NL). In Spain, an Organic Law of Quality of Education Improvement will seek to ensure that drop-out rates and school failure are brought closer to the EU average. However, the real impact of these measures is to be seen in time. Particular positive measures are highlighted for Ireland:

**EAPN Ireland:** The Government continues to implement some important programmes aimed at addressing educational disadvantage and early school leaving. This includes the 'Delivering Equality of Opportunity in Schools' (DEIS) and School Completion Programme. A new national literacy strategy for children and young people was also launched in 2011. These programmes are having a positive impact. The reform of the further education system in Ireland and the creation of SOLAS is an important opportunity to ensure that sufficient programmes and supports are put in place to ensure all adults can have literacy and numeracy levels which enable them to participate fully in society and access the labour market. However, how SOLAS is implemented will be key.

## 4.2 Limited lifelong learning for key groups

EDUCATION AND TRAINING SCOREBOARD	SCORE: 1-10
18. How far is <b>effective lifelong learning backed</b> , with support to informal/non-formal methods?	<b>4,21</b> out of 10

*I.e. support for education/training throughout the life cycle, supporting professional, personal and community development ensuring access to education to excluded groups, 2<sup>nd</sup> chance schools etc.*

In our members' assessment, lifelong learning does not have a high-profile in the NRPs. When mentioned, it lacks an integrated pro-development approach, beyond vocational objectives, across the life-cycle, tackling gaps for different ages and groups, and investing in

informal and non-formal methods as well as formal. The rating given by our members (4,21) is slightly higher than that of last year (3, 31). However, only Estonia (9) and Finland (8) gave significant high scores, while all other countries involved in the assessment scored 5 and lower, and Austria rating 6.

But although some encouraging positive measures seem to have been put in place at the national level (AT, BE, DK, EE, FR, LU, IT), EAPN networks worry, however, that these provisions will not reach those most in need, the low-income, the low-skilled, and the long-term unemployed (BE, FR, LU, SE). In Germany, lack of follow-up and financial support prevents good initiatives from continuing. In Poland and the Netherlands, although lifelong learning is mentioned as a priority in the updated NRP, no measures are described to implement it. Equally, there is concern over lack of adequate funding and cuts in already existing financing for such initiatives (FR, DE, SE, IT). Similar worries were outlined in our members' assessment of last year's NRPs.

**EAPN UK:** Life-long learning is not mentioned in the UK NRP 2012.

**EAPN Belgium:** Most of the initiatives of life-long learning only benefit the already high skilled people.

**EAPN Sweden:** There are methods, but not enough economic support to participate for everyone.

Better news comes from EU candidate country Iceland, in the framework of its *Iceland 2020* programme.

**EAPN Iceland:** There's now easier access to both the secondary schools and the universities for the young unemployed. [...] People can get student loans, no matter the age. The loans are connected to income. The Government supports the education for those who have been out of jobs/school because of illness or injuries. There is a need to increase vocational training.

### 4.3. What's needed

EAPN would like to see:

- The recognition that some groups face more difficulties than others, and there are structural obstacles that need to be studied and overturned in order to guarantee equal access to and progress in the educational system, as well as in broader life-long learning support, especially for these excluded groups (AT, IE, NL).
- Comprehensive needs and situation assessments carried out involving the beneficiaries, and personalised pathways set in place. This needs to be concretised by concrete and transparent action plans, with sub-targets dedicated to these groups, and backed by adequate public investment (IE, DE).
- More focus on tackling the causes and systemic problems, tackling discrimination, segregation, stigma and other such barriers, which prevent equal opportunities and outcomes in education and training, and life-long learning, for all groups. A major concern is the step backwards from universal, public comprehensive education systems.
- Outreach support and services needs to be set up to really make a difference on the ground, and ensure that reducing school-leaving and improving access to tertiary education is not a mere statistical exercise, and is developed in partnership with all the key actors.

**EAPN Estonia:** Schools and social workers should take more initiative to support families. And because it is extra work, some regulation is needed.

**EAPN Poland:** There should be clear policies for prevention of early school leaving, especially for children with disabilities.

## SUMMARY OF KEY MESSAGES

1. Most **national policies**, even when well-intended, are short-sighted, **do not challenge structural causes**, and are not aimed at rendering the system more inclusive, through a universal public education guarantee.
2. The road is not equally smooth for all – **more outreach, support and equal opportunities** measures are needed **for key excluded groups**, developed in partnership with all stakeholders.
3. Despite European Commission recommendations, **austerity measures are undermining** fair and affordable access to educational, as well as **adequate public investment** to ensure comprehensive and quality public services, as well as new initiatives.

## RECOMMENDATIONS

1. **The real change starts with the system!** Back equal opportunities to education and life-long learning for all, by ensuring universal and inclusive public education services. Look behind each child and adult to understand and challenge a complex reality of poverty, hardship, discrimination and exclusion.
2. **Stop the cuts to education systems**, and reductions in accessibility and coverage, and invest in inclusive education systems, which don't leave anyone behind.
3. **Connect early-learning and early-school leaving, and take action on child poverty.** Lack of educational opportunities can seriously deprive children of equal chances to an access a decent life and a sustainable integration in society, including in the labour market. Clearer links need to be made between giving all children access to quality early-learning and preventive, as well as curative, measures for early-school leaving.
4. **Equal access for key groups! Personalised**, wrap-around support and integrated approaches are needed to ensure that key groups, including migrants, ethnic minorities and the Roma, have true equal opportunities to access quality education.

## 5. Little Structural Funds support for poverty reduction

As stated in the Fifth Cohesion Report, cohesion policy has a major role to play in contributing to the achievement of the social targets of Europe 2020, by ensuring in all Structural Funds a proper mainstreaming of poverty and social inclusion, a meaningful partnership principle involving NGOs in the decision-making process of Structural Funds, as well as an easier access to Structural Funds for NGOs, especially the small ones.

EAPN, in its response, warmly welcomed the Commission's proposals on the Cohesion Policy legislative package for 2014-2020, including social inclusion and poverty reduction as one of the common SF thematic priorities, as well as an increased and secured budget for the ESF within the Cohesion Policy budget (at least 25%), and at least 20% of the ESF earmarked for social inclusion and poverty reduction.

The EC Communication on Europe 2020 and in the Fifth Cohesion Report both clearly mention Cohesion Policy and Structural Funds as crucial support for achieving the Europe 2020 headline targets. Nevertheless, EAPN members' assessment strongly stresses the absence of any reference to the poverty reduction target in the National Reform Programmes. Our national networks underlined the skimpiness or the blatant lack of details on the existing or planned social inclusion related-measures, supported through Structural Funds. Unfortunately, such a state of play is supported by the Annual Growth Survey 2012 itself, which gives an important focus to boosting growth-enhancing priorities (competitiveness, transport, energy...), overshadowing the role of EU funds for delivering on the poverty reduction target (apart from tackling youth unemployment via ESF, and energy efficiency investments programmes for households via ERDF).

### 5.1. A very fragmented use of Structural Funds for delivering on the Europe 2020 social targets

STRUCTURAL FUNDS SCOREBOARD	SCORE: 1-10
19. How far are Structural Funds in the NRP used to support delivery on the poverty target? Other social targets? <i>I.e. employment/ education?</i>	2,36 out of 10

The rather negative picture drawn in EAPN's assessment of the 2011 NRPs about the use of Structural Funds for promoting social inclusion is unfortunately still more than valid in 2012. As reflected in the scoreboard above, with an average score of 2,36 out of 10, EAPN members almost unanimously stressed how poorly the Europe 2020 social targets are reflected in their NRPs. Apart from 2 members (AT, IE), all the others gave a very low rating (0-3) -EE, IT, LU, NL, PL, SI, ES and UK.

Structural Funds are still primarily perceived as tools to foster growth, hard infrastructures (such as highways) and R&D infrastructures (PL), and renewable energies (LU) funded through the ERDF. When it comes to the delivery on the social targets, there is a very clear prominence given to ESF-funded activities. However, the role of ESF is very unbalanced with the main priority given to employment (via support mainly to activation policies), to a lesser extent to education. The poverty reduction target, and how these funding policies can contribute, is patently overlooked.

ERDF support plays a very marginal role. It is to be hoped that the new cohesion policy regulatory framework for the next programming period will facilitate a greater and easier combined use of Structural Funds (and especially ESF ERDF), to deliver in a more integrated fashion on the social targets of Europe 2020.

#### **5.1.1 Limited use for the poverty reduction target**

According to EAPN members, Structural Funds still fall short of their potential to deliver on the poverty reduction target. Almost unanimously, EAPN networks pointed out the striking absence of any mention of the poverty reduction target (AT, EE, IT, LU, NL, PL, SI, ES and UK). When poverty and social exclusion are mentioned, it is done in a very fragmented way, jeopardizing any possible integrated strategy to combat poverty and social exclusion supported by Structural Funds. Most often, no consideration is given to integrated pathways approaches towards employment and participation, with the necessary flanking services. In Germany, the fight against poverty is listed as one of the 3 priorities of the ESF, but without giving any detailed measures on how this will be implemented.

According to EAPN Members, austerity measures undertaken by Member States have led to re-prioritizing the use of Structural Funds for maintaining employment for those who are closest to the labour market, or to ensure their adaptability to the changing needs of the labour market, often at the expense of broader and more integrated approaches aiming at ensuring the social inclusion of those who are the furthest from the labour market.

This trend is cross-cutting and makes no distinction between Troika and non-Troika countries. The lack of focus on social inclusion-related measures is also encouraged by the Commission itself, inviting, in the 2012 Annual Growth Survey, Member States receiving financial arrangement programmes to “increase the co-financing rates, in order to make the necessary investments for growth and competitiveness”.

**EAPN Ireland:** In the poverty target section, the Disability Activation Programme is mentioned which is partly funded by the European Social Fund. There is no reference to Structural Funds more broadly in their contribution to poverty reduction.

**EAPN France:** The ESF OP “Competitiveness and Employment 2007-2013” is used to fund the joint Fund for securing professional pathways.

This phenomenon is aggravated by the increasing difficulties that small NGOs are encountering in accessing Structural Funds money due to shrinking national resources (see section 5.3 below).

It is really to be hoped that the Commission’s proposal to have 20% of the ESF earmarked for social inclusion and poverty reduction will be safeguarded, as it is currently under threat due to the rejection of the proposal by almost all EU Member States. More efforts must be made to improve significantly the contribution of the ESF to the poverty reduction target, ensuring an even level of contribution of the ESF to the fight against poverty between all Member States.

### 5.1.2. A clear focus on employment-oriented approaches

EAPN members highlighted the prominence given to the employment target (AT, EE, FR, DE, IE, LU, NL, SI, SE), i.e. getting people off the unemployment lists and into any job. But the approach adopted by the vast majority of Member States is far from being comprehensive, or promoting integrated Active Inclusion approaches. As outlined in the Employment chapter above, Structural Funds supports first and foremost activation programmes (BE, EE, IE, LU, SI), by placing an emphasis on the supply side, and not inclusive labour markets, as one of the 3 strands of Active Inclusion (as defined by the European Commission in its Communication of October 2008), with tailor-made pathways and quality social services.

**EAPN Luxembourg:** Under the employment target, there are two proposals mentioned to be funded by the ESF: an observatory for the labour market, and “fit4job” – a series of programmes to help unemployed to get into work.

#### A rather exclusive choice of target groups

The cherry-picking of target groups is another clear element that emerges from members’ inputs. Target groups listed are youth (AT, IT, NL), elderly (BE), and people with disabilities (IE), families (UK), leaving aside all the others (women, migrants, ethnic minorities, homeless...) This selection doesn’t reflect all priority groups facing unemployment, and especially those who are the furthest from the labour market, and makes no reference to the main groups at risk of poverty, corroborating the current tendency of Member States to use Structural Funds to support to those closest to the labour market.

**Youth unemployment** is an issue that is rather widely picked up by Member States (AT, IT, NL), reflecting the Commission’s guidance in the 2012 Annual Growth Survey (“support to apprenticeships for young people”), but usually without the adequate funding required to really have a decisive impact, or proposals of integrated strategies, which would aim at tackling youth exclusion more broadly.

**EAPN Austria:** There are some innovative projects for young unemployed people, but the places offered are far below the numbers needed.

**EAPN Netherlands:** The Government seems to be working on a programme funded by the ESF to attack youth unemployment that will start in October/ November 2012.

Outreach strategies targeting **long-term unemployed** are mentioned by some EAPN networks (AT, DE, IE, SE). Apart from 2 countries (AT and DE), in which long-term unemployment is one of the main points in the ESF programmes, this theme is scarcely addressed. When the issue of long-term unemployment is mentioned, few detailed measures are listed.

**Older people and people with disabilities**, are mentioned, but only from the activation perspective, without consideration of the support measures needed including services, or a broader approach to social inclusion.

**Support to families** has been picked up by only one EAPN member (UK). £448 million from Government and current ESF has been allocated to a new ‘Troubled Families Programme’, for 120 000 families with complex problems, in order to raise their employment rate. This

programme does not seem to promote any holistic, nor intergenerational approach, that would have a real positive impact on their situation of social exclusion and poverty.

**EAPN UK:** Whether intervening in an attempt to raise employment in this group is the priority for these families is questionable. Also it may interfere with other ongoing family interventions focused on child safety and development. Some local municipalities have had difficulties identifying anywhere near the suggested number of families in their towns and cities, especially as the families have to be “workless” and some of the most challenging families have employed members.

### **Other missing key elements for supporting inclusive labour markets**

According to EAPN members, other crucial aspects of inclusive labour markets like quality jobs, job creation or social economy are significantly undervalued in the NRPs. Despite the emphasis mainly placed on boosting job opportunities, it is to be expected that the new Employment Package will help Members States to make steps forward in that regard. Two positive examples are nonetheless noted by members. In Estonia, Structural Funds help to create new jobs through apprenticeships. In Slovenia, social enterprises programmes are supported also by Structural Funds.

### **Some positive steps**

An improvement on the targeted use of Structural Funds for combating long-term unemployment has been highlighted both in Ireland and Sweden, even though in Sweden it is seen as too premature to make a thorough evaluation of the effects and results.

**EAPN Ireland:** The NRP update makes reference to Structural Funds in relation to European Social Fund co-financed Labour Market Activation Fund for the long-term unemployed.

**EAPN Sweden:** The Structural Funds have a more important role in the text in this NRP than earlier years. The NRP describes the use of Structural Funds as an important resource to combat unemployment (especially long term unemployment) and exclusion. For example, have the programmes under this period 2007-2013 until now lead to 22 400 new jobs and 9 000 new enterprises, and the goal they think will be realised is 33 300 jobs and 12 800 new enterprises. In the Social Fund programmes, there have been about 60 000 long-term unemployed people involved. Training for people who have a job is about 175 000 participants.

### **5.1.3. No support given to inclusive and training approaches**

The use of Structural Funds for the education target is rather weakly reflected in NRPs, as assessed by our members. As outlined in the Education chapter above, there is almost no focus given to inclusive education and training policies, throughout the life-cycle, tailored for people who are the furthest from the labour market and society.

The supply side of the labour market tends to determine the education programmes in some countries, which is reflected by the content of the ESF-funded measures. In Wallonia (Belgium), the focus is put on language, ICT, green jobs, and skills needed by the labour market. In the view of several EAPN members (BE, SI), Structural Funds promote an approach that makes the education target an indispensable complement of the employment one, without making the link with the poverty reduction one.

As regards training and life-long learning policies, beyond the scant mentions to the role of Structural Funds in this field (BE, FR, SI), the main issue that is underlined by EAPN members is their suitability to the needs of people who are the furthest from the labour market. The picture that can be drawn from our assessment is very varied. EAPN Belgium listed training and coaching programs for people distant from the labour market as one of the priorities of the ESF Operational Programme in Wallonia. But, more worryingly, in some countries like UK and France, a clear trend of creaming the target groups who can benefit from ESF support is reported. In UK, ESF is more and more used for training programmes for those who are closest to the labour market. In France, ESF is not directed toward public employment services to facilitate collective and personalised access to vocational training for long-term unemployment.

**EAPN UK:** ESF is increasingly used to support training of near-market clients, but there are some interesting small schemes.  
**EAPN France:** The ESF OP “Competitiveness and Employment 2007-2013” is used to fund the joint Fund for securing professional pathways and, thus, at the expenses if any financial support given to training of long-term unemployed.

## 5.2. No support for integrated approaches to Active Inclusion through Structural Funds

STRUCTURAL FUNDS SCOREBOARD	SCORE: 1-10
20. How far do the Structural Funds in the NRP support <b>integrated approaches to social inclusion?</b> <i>I.e. integrated active inclusion approaches.</i>	<b>1,18</b> out of 10

Building on the 3 strands of Active Inclusion (access to adequate minimum income, inclusive labour markets and quality services), Structural Funds have a particular role to play in putting into practice integrated strategies on the ground: “Guarantee the relevant resources and benefits under the social protection arrangements; use the provisions and resources of the Structural Funds, in particular the European Social Fund, to support Active Inclusion measures” (EC Recommendation on Active Inclusion, Oct 2008). The Commission went even further in its ESF Regulation proposal, by listing Active Inclusion as a component of the third investment priority, *Promoting social inclusion and combating poverty*.

But, according to EAPN members’ assessment, the concept of integrated Active Inclusion approaches is almost unanimously not implemented at all (BE, DE, EE, FR, DE, LU, NL, PL, SI, ES, SE). Only one EAPN member (AT) put forward an example of integrated Active Inclusion approach, although not effectively implemented, with a combination of no more than 2 of the 3 strands (employment-oriented measures with minimum incomes schemes).

**EAPN Austria:** There is a priority 3b “People most excluded from the labour market”. It is about employment measures for people with a means-tested minimum income. These measures are very useful, but it is unclear whether these are continued to be funded in the next ESF period.

The strong emphasis placed on employment at all cost and training-related measures is highlighted by some national networks as the illustration of non-implementation of integrated Active Inclusion approaches (DE, SI, UK), despite the under-exploited potential of innovative integrated approaches which have been promoted by grass-root NGOs (UK).

**EAPN Germany:** Since the integration of long-term unemployed person into the labour market is the only priority, the concept of social inclusion is not fully pursued.

**EAPN Slovenia:** All programmes within the NRP that are using Structural Funds for social inclusion approaches are focused just on employment goal. Therefore no quality work, adequate minimum income, learning, and access to quality services are mentioned in connection with integrated active social inclusion approaches.

**EAPN UK:** Structural Funds are mainly seen by governments as training funds for employment opportunities, although niche providers on the ground provide an integrated approach (...) There is a Social Inclusion Strand in the current programme, but a small empirical survey for Third Sector European Network (Duffy and Kiernan 2011) found little evidence of innovative or integrated approaches that included income as well as services, although it found well established effective approaches to employment integration of the labour market disadvantaged.

The role of Structural Funds to support the delivery of quality services is almost totally overlooked, despite the wide range of activities that the current Regulations enables Member States to fund, e.g. for the ESF: childcare, care services for dependent persons, education, other social services; for ERDF: capacity-building for social NGOs providing social services infrastructures (in particular in convergence areas), neighbourhood services, health, social and local infrastructure, community development (also in convergence areas). In the new Commission's proposals on the ESF regulation, a clear heading within the investment priority *Promoting social inclusion and combating poverty* is dedicated to "Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest". Of our members, only Italy mentions Structural Funds investment in specific social services (i.e. care services for children and the self-sufficient elderly).

### **5.3 Weak implementation of the partnership principal towards NGOs**

#### **5.3.1. Top-down management of Structural Funds**

EAPN Members reported the fact that, without a more participative and more open management system, it is very unlikely that small NGOs will get more funding opportunities to deliver socially integrated projects. In fact, according to some EAPN networks, the management of Structural Funds is still very centralised, with a low level of implementation of global grants (AT), and technical assistance and capacity-building money still captured by public authorities.

**EAPN Austria:** ESF Funds are only distributed via the ministries (...). Global grants are not implemented.

#### **5.3.2. Problematic access to Structural Funds for NGOs**

Despite the promising provisions contained in the Flagship Initiative *European Platform Against Poverty*, aiming at ensuring an easier and simplified access to Structural Funds for small NGOs through "tailor-made grant schemes", this still remains a major concern and even more so at a time of shrinking public subsidies from national Governments, as part of austerity measures. This situation seems to get worse, because of a trend to exclude small grass-root organisations to favour big private companies, which leads to a creaming phenomenon of the targets groups and, thus, to the further exclusion of those "hardest-to-

reach". This also impacts negatively on the inclusiveness and quality of the projects developed (UK).

**EAPN UK:** These organizations (small grass-root niche providers) have increasingly limited access to apply for Structural Funds due to "massification" and rely on referrals from large providers often in contracts that restrict the range and quality of services that can be provided at the price.

Nevertheless, a positive development with regard to the support given to NGO development is to be noted in Sweden, where social NGOs could get Structural Funds money to implement social inclusion activities, targeting the most excluded groups.

**EAPN Sweden:** Under 2010-2012 there has been special activities which got support from the Social Fund, where EAPN Sweden have had a central role. It has been mostly opinion building activities, but even member organizations in EAPN have got resources for building up local meeting places and support for excluded and vulnerable people. The scope of these projects/activities is, however, not so big if you look at the programmes as a whole. There have also been a lot of transnational projects.

## 5.4 What's needed

EAPN networks put forward three main proposals to ensure that in the future Structural Funds will better support the delivery on Europe 2020 social targets:

- Structural Funds should be explicitly considered as a tool for implementing the Europe 2020 Strategy and, especially, its social part (PL).
- In the context of economic crisis, and both for Troika countries and the others, to re-orientate Structural Funds towards integrated approaches to fight against poverty (IE) with a greater support given to integrated pathways to social inclusion and employment (DE).
- Facilitating the access to Structural Funds for NGOs, by making available Global Grants for them (AT) and by creating more possibilities for NGOs to get real access to the ESF (NL).

Some EAPN members express both expectations and concerns about the next programming period of Structural Funds, with regard to the role that cohesion policy will play in the delivery on the poverty reduction target (AT). In that regard, the Commission's proposals to have minimum shares in ESF (both the minimum budget for ESF of at least 25% of cohesion policy budget, and 20% of ESF earmarked for social inclusion and poverty reduction) are warmly welcomed by EAPN networks.

## SUMMARY OF KEY MESSAGES

### 1. Structural Funds still fall short of their potential to deliver on the Europe 2020 social targets, due to:

- the priority given to growth-enhancing expenditures,
- an unbalanced share of Structural Funds between the poverty, the employment and the education targets at the expenses of the poverty one,

- a patent lack of mainstreaming of social inclusion and poverty reduction in all the 5 Europe 2020 headline targets and
  - an absence of coordinated use of ESF and ERDF promoting integrated social inclusion projects.
- 2. Integrated Active Inclusion approaches are most of the time not implemented or in a very incomplete manner**, with a major focus on employment only measures.
  - 3. Employment focus is restricted to small number of groups** and insufficient attention is given to those who are furthest from the labour market, and how to adequately support them into quality jobs.
  - 4. The partnership principle in Structural Funds still remains theoretical for NGOs, and especially for small ones**, which encounter increasing difficulties in getting involved in the management of Structural Funds and in accessing them.

## **RECOMMENDATIONS**

- 1. Mainstream social inclusion and poverty reduction in all the Europe 2020 headline targets**, and re-prioritise the delivery of the poverty reduction target through a targeted and coordinated use of ESF and ERDF.
- 2. Use Structural Funds to genuinely support integrated Active Inclusion approaches**, encompassing its 3 main strands: inclusive labour markets, access to quality and affordable services and support to adequate minimum incomes schemes.
- 3. Implement outreach strategies, targeting those who are the furthest from the labour market**, enabling them to get access to quality and decent jobs through personalised integrated pathways.
- 4. Member States should make Structural Funds a key instrument for implementing the social dimension of Europe 2020**, with a more NGO-friendly framework, ensuring a more participative management and easier access to Structural Funds and use of funds to provide NGO support.

## 6. Towards a more Democratic Europe 2020 Strategy: Governance and Participation of Stakeholders in the NRPs and NSRs

By adopting the Europe 2020 Strategy, the European Union has committed to bold objectives and targets, including on lifting at least 20 million people out of poverty and social exclusion by 2020. The Strategy also insisted that implementation should be done through good governance practices, in a partnership approach, involving stakeholders, including NGOs, to increase ownership and effectiveness of the Strategy. The *Europe 2020 Strategy Communication* of the European Commission calls on all parties and stakeholders to actively contribute to its implementation<sup>27</sup>. The Integrated Guidelines agreed by the European Council endorse this partnership principle, by including stakeholder involvement in all stages of the NRP cycle, as expressed in Recital 16.

### **Recital 16 of the Europe 2020 Integrated Guidelines:**

*When designing and implementing their National Reform Programmes taking account of these guidelines, Member States should ensure effective governance of employment policy. While these guidelines are addressed to Member States, the Europe 2020 strategy should, as appropriate, be implemented, monitored and evaluated in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society, who shall contribute to the elaboration of National Reform Programmes, to their implementation and to the overall communication of the strategy.*<sup>28</sup>

Stakeholder engagement in EU social policy-making has been built over the past decades block by block, particularly through their engagement in the development of National Action Plans and National Strategic Reports on Social Protection and Social Inclusion, in the framework of the Social Open Method of Coordination (OMC). As a result, there has been increasing recognition of the positive impact of participation of people experiencing poverty and the NGOs that represent them in the development and implementation of antipoverty policies<sup>29</sup>. Last year, building on this acknowledgement by EU decision-makers, EAPN members highlighted in their assessment of the NRPs serious difficulties in achieving any kind of meaningful engagement in the NRP<sup>30</sup>. In 2012, EAPN has been actively advocating for the re-launch of a meaningful civil dialogue and structured stakeholder engagement in the NRP and NSR process<sup>31</sup>.

The 2011 NRP assessment by most EAPN members pointed to limited, low quality involvement from stakeholders with the NRP, with little impact, with two main exceptions (BE and ES). There was low priority given to governance and participation, anti-poverty NGOs felt side-lined, and those that had opportunities to participate in meetings stated that their contribution had little impact<sup>32</sup>. This process, set in the general context of decision-

<sup>27</sup> EC Communication (March 2010): Europe 2020: A strategy for smart, sustainable and inclusive growth.

<sup>28</sup> European Council (2010) Recital 16, Employment Guidelines (October 2010).

<sup>29</sup> EAPN (January 2012): Breaking Barriers – Driving Change, case studies of building participation of people experiencing poverty and EAPN.

<sup>30</sup> EAPN (2011) Deliver Inclusive Growth – Put the Heart back into Europe (EAPN analysis of the 2011 NRPs), EAPN Workshop on building dynamic engagement of national, regional and local stakeholders in Europe 2020 (Annual Convention workshop, October 2011).

<sup>31</sup> EAPN (2012): Anti Poverty Mag no 136: The Crisis of Democracy, anti-poverty organisations respond.

<sup>32</sup> EAPN (2011): Deliver Inclusive Growth – Put the heart back in Europe! EAPN analysis of the 2011 National Reform Programmes, Europe 2020.

making behind closed doors on the key questions of Economic Governance and the future of the Eurozone, and where citizens all over the EU have taken their disapproval to the streets, increasingly question the worsening of EU governance and growing distances between decision-makers and citizens, who feel less ownership of the overall course of the EU.

Responding to calls by civil society actors, particularly EAPN, the European Commission has updated the internal Guidance note for the 2012 NRPs and produced more explicit stakeholder engagement guidance for the NRPs and NSRs. The *Guidance for National Reform Programmes 2012 Update* calls on Member States to consult social partners and civil society in the preparation and follow-up of the NRPs, while the *Guidance for the preparation of the 2012 National Social Reports (NSRs)*<sup>33</sup> invites Member States to improve the involvement of social partners and NGOs, in order to strengthen the ownership and effectiveness of the policies in the context of the Social OMC<sup>34</sup>. Only the latter, however, was made public.

<b>PARTICIPATION SCOREBOARD</b>	<b>SCORE: 1-10</b>
21. How far were <b>stakeholders including EAPN/anti poverty NGOs involved</b> in the preparation of the NRP?	<b>1,8</b> out of 10
22. How far was the dialogue/consultation meaningful?	<b>1,6</b> out of 10
23. How far was it an improvement on last year?	<b>1,8</b> out of 10

## 6.1. Overall stakeholder engagement worse than last year

As highlighted in EAPN's letter to Commissioner Andor<sup>35</sup>, in EAPN's initial assessment session on the NRPs and NSRs, 12 National Networks reported some engagement in the NRP and made an input (BE, BG, CY, CZ, DK, FR, LU, MT, NL, PL, SE, UK (Scotland)), while 8 also made inputs in the NSRs (DK, BE, LU, FI, CY, CZ, BG, LT). However, only 4 felt that the engagement was meaningful in any way (Scotland, Cyprus, Denmark and France).

Although there was a wide range of participation models (information, formal consultation, part of broad stakeholder group, written submission before the preparation of the draft, after the draft or as reaction to already published report), the majority of EAPN members stated that stakeholder engagement in the NRPs 2012 was worse than in 2011.

In some countries, the process was limited to a Governmental exercise, and there was no stakeholder engagement (CZ, IT, ES, EE), with main decision lying within the Finance Ministry or the Prime Minister's office. Most countries did not organize information or consultation meetings, and EAPN members submitted written proposals on their own initiative, without being able to see the result (MT, NL, IE). EAPN Austria mentioned that they were interviewed for a stakeholder engagement study, but there was no actual stakeholder engagement organised for the NRP.

<sup>33</sup> European Commission (2012) *Guidance for National Reform Programmes 2012 Update*.

<sup>34</sup> European Commission (2012) *Guidance for the preparation of the 2012 National Social Reports (NSRs)*.

<sup>35</sup> EAPN (17<sup>th</sup> May 2012) Letter to Commissioner Andor: initial messages on NRPs and proposals for country-specific Recommendations.

**EAPN Czech Republic:** We were not involved...Rather closed process of Governmental office. Even Ministry of Labour and Social Affairs was rather badly informed, it was rather connected to the Prime Minister's office and Government policy statement strategists.

**EAPN Austria:** We were not involved in the draft of the NRP. The Ministry, however, conducted a study on the involvement and participation of NGOs. We were involved as "experts" (interviews) but we don't know anything about the outcomes of this study and wondered why there is money for a study but no money to involve the stakeholders directly.

**EAPN Netherlands:** The consultation process is a farce. They invite the trade union and church related organisation and EAPN Netherlands is asked to react on a single sheet. Nothing of what we brought forward is mentioned, not even as a thought from EAPN Netherlands. But in the last paragraph they mention that EAPN is consulted.

## 6.2 Structures emerging for broader coordination on NRP consultation

Some countries (DK, LU, PL, FR, BG, BE, SE, CY) were part of more structured dialogue groups, under the Prime Minister's Office or specific Ministries, most usually the Social Ministry (BE), which involved a broad group of stakeholders, including social partners and NGOs, in the NRP consultation process. In the case of Belgium, a specific national Platform Against Poverty was established, and a series of meetings carried out, building on the well-established structured dialogue processes, involving people experiencing poverty and their associations, related to the Report on poverty, and the previous engagement under the Social OMC. However, the results were very limited, with too short deadlines, and with no key proposals taken on board. Key to this failure was the limited role of the Social Ministries, in terms of the final decisions over the NRP report, normally managed by the economic and finance Ministries. In other cases, new structures were established, but with initially very limited numbers of meetings and impact.

Much effort needs to be made for these multi-stakeholder groups to develop meaningful dialogue processes, beyond the information function, and where stakeholders can have an impact. The hope is that these structures would allow for more meaningful input in the future and would consider NGO contributions.

**EAPN Denmark:** Stakeholders are included in the hearing process, i.e. meetings, answers etc. The Danish Government has a contact committee with approximately 25 members, representing the civil society and including representatives from relevant ministries.

**EAPN Luxemburg:** NGOs were included in late 2011 on the poverty target. Some working groups were created on thematic issues: homelessness, minimum income, child poverty...but they still have to deliver. It seems that there is a greater will to cooperate than in the past.

**EAPN Bulgaria:** We were consulted quite intensely along with NGOs, social partners, think tanks... EAPN Bulgaria made extensive proposals accepted by social ministries, but the ministry of finance did not accept any in the final document.

## 6.3 Low or no impact of input so far: short timeframe, little feedback, few comments taken on board

Similarly, other EAPN networks (DE, SE, PL, BE, IE) saw their involvement in consultation as symbolic, without their input being taken on board, with a very short timeframe. Members qualify their input meaningless, pro-forma, symbolic, or state that their contribution was not considered. The degree of involvement varied, but the result disappointingly similar.

Some networks were able to submit contributions (IE), comment on drafts, some were involved with one-off information meetings (DE, PL, SE), some in more regular meetings (BE), but most networks felt their input was not meaningfully taken on board, their contributions were not taken into account, with little specific feedback.

**EAPN Poland:** Prime Minister established an official task group with representatives of Ministries, different levels of public authorities, economic and social NGOs, EAPN Poland included. The main responsibility of that body is to consult on implementation of Europe 2020 strategy in Poland. There was one meeting before adopting NRP update by Government. Voices of social partners and NGOs were ignored. We submit proposals of amending NRP and they were ignored, not even notified in an official list of similar proposals made by ministries.

**EAPN Germany:** The NGOs were invited to an information meeting to the revision of the NRPs. Due to a very short statement deadline, the participation of the civil society organisations in the socio-political part of the NRP was only pro forma. In 2011 civil social organisations were invited to the information meeting and asked for statement, at least, even if these were then not considered.

**EAPN Sweden:** A forum of stakeholders has been developed for social partners. Participation of NGOs and other stakeholders has decreased. One information meeting was held, where the possibility to influence the NRP was more or less non-existent. The numbers of stakeholders was also less. This happened in spite of the fact that the Swedish NGOs wrote to the Commission last year, complaining about the lack of consultation.

**EAPN Ireland:** EAPN Ireland initially wrote a letter to the Taoiseach (Prime Minister) urging Government to produce a full NRP. Also once there was an invitation to the Community and voluntary Pillar for a submission, the EAPN Ireland Europe 2020 Working Group submitted a contribution. It is not clear what elements of the submissions were incorporated as EAPN Ireland's submission was critical of many areas, particularly in relation to the poverty target, and this was not incorporated into the update. EAPN Ireland also participated very actively in the review of the poverty target. Its view is not reflected in the new headline target contained in the NRP. This year's consultation process on the NRP was even worse than the minimal approach on the 2011 NRP.

#### **6.4 Almost complete lack of National Parliament involvement**

Although Recital 16 specifically calls for National Parliaments to be involved in the NRP process, along with other stakeholders, only EAPN Luxemburg and EAPN Italy mentioned the involvement of their Parliaments. Where Parliaments were involved, the engagement appears purely formal after the finalisation of the report, with no opportunities to amend it.

**EAPN Luxemburg:** The National Parliament had a debate on March 29.

**EAPN Italy:** The draft has been sent to the National Parliament. There has been no discussion so far.

#### **6.5. Some positive signs of engaging people with direct experience of poverty, through anti-poverty NGOs**

EAPN France, EAPN Belgium and EAPN UK (Scotland) are the only members that mention the involvement of people with direct experience of poverty in the national consultative structures on the NRP and NSR. This is particularly disappointing in the National Social

Reports, which are underpinned by the Common Objectives<sup>36</sup>, with a specific objective in the pillar on social inclusion, of mobilizing all stakeholders, including people experiencing poverty and their NGOs.

In the case of France and Belgium, the process of engagement of people experiencing poverty is a long-standing element of civil dialogue processes around anti-poverty strategies which evolved during the period of the Open Method of Coordination on social inclusion, and particularly the National Action Plans on Inclusion. However, the assessment was relatively low for all the engagements. Although the quality and impact of engagement is quite low, it is important to highlight this positive aspect of governance, which should be built upon in more countries in the future rounds of the NRPs and NSR, building on the wealth of experience in the Social OMC and other participative dialogue processes.

**EAPN France:** The National Council for the Fight Against Exclusions, which brings together NGOs, social partners, persons experiencing poverty organised the consultation.

**EAPN Belgium:** There is a consultative body on the NRP – the Belgian Platform Against Poverty, in which EAPN is involved, supporting people experiencing poverty. We also have preparation meetings. This builds on the dialogue we had with the National Action Plans and old NRPs. We make recommendations but there is limited impact. Structured dialogue is in place, but largely symbolic and limited to the poverty sections, even our comments on employment were not really taken on board. The process is dominated by the economic/financial ministries. People experiencing poverty are involved but it's very difficult to engage as it's very administrative. BAPN raised concern about the limited number of poverty indicators, and went with a joint proposal with the trade unions, but these were not taken on board, and things have even got worse, with the main focus on employment.

**EAPN UK (Scotland):** There was no genuine dialogue around the development of the NRP and NSR. However, as has been noted elsewhere, there has been regular dialogue between NGOs and people experiencing poverty with civil servants responsible for the development of anti-poverty policy in Scotland through the Tackling Poverty Stakeholder Forum (TPSF). This was highlighted in the case study in the Scottish NRP. Interestingly the UK NRP also highlighted this example of good practice in relation to stakeholder dialogue, despite the absence of such approaches at the UK level.

## 6.6 Mixed experiences of stakeholder engagement in some candidate countries

Although candidate countries do not directly participate in the NRP process, Iceland follows its similar *Iceland 2020* programme. One of the most important factors that allowed Iceland to protect the welfare system and the people living in poverty after the crisis has been the establishment and good functioning of the Welfare Watch, which was established by the Government to follow up and monitor the impact of the crisis with a special focus on those who are worst off and were poor before the crisis hit. It includes all stakeholders, (including representatives of ministries, academics, welfare services anti-poverty NGOs, EAPN Iceland among them). The Welfare Watch has been instrumental in safeguarding and strengthening Iceland's welfare system during and after the crisis. EAPN Iceland has given highest scores to participation and stakeholder involvement questions (average 7.5 out of 10). Anti-poverty networks in Serbia and FYROM found it extremely hard to engage with their

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<sup>36</sup> EC (2008) Common Objectives of the OMC on social protection and social inclusion.

government on a comprehensive national anti-poverty strategy, and have rather carried own initiatives to continue to draw attention of decision-makers to poverty and social exclusion.

**EAPN Iceland:** Overall NGOs are active in commenting on legislation and they have an impact. EAPN Iceland is coming with new input on broader aspects to solving poverty. The Welfare Watch was established by the Government to follow up and monitor the impact of the crisis with a special focus on those who are worst off and were poor before the crisis. It includes NGOs ministries, employers, labour unions and local councils. The work of NGOs who work for and with the poor is much more respected and listened to since the crisis. What we need to ensure is to follow through on the different reports produced by working groups as part of the Welfare Watch. For more information on Iceland's Welfare Watch, please visit <http://eng.velferdarraduneyti.is/Reports/nr/20394>.

**EAPN FYROM:** The Government is not producing an NRP nor an NSR. The Macedonian network has submitted a shadow social report to the Government in 2011 and intends to do the same in 2012. The Ministry claims lack of resources for actions on combating poverty and social exclusion.

**EAPN Serbia:** Serbia has been in an election year and that means that many institutions function to the minimum, until the results of the elections are clear, however, the Government is pursuing a liberalization agenda which increases poverty and inequalities (geographic, gender etc).

## 6.7 Disappointing involvement with National Social Report

*For more details on engagement with the National Social Report, see chapter 7 below.*

EAPN welcomed the Social Protection Committee decision to back a revitalised Social OMC and produce the National Social Reports (NSRs), which had the potential to strengthen a more systematic and deeper exchange on integrated, multidimensional, and more rights-based strategies to fight poverty and promote social inclusion, as well as detailed assessments on pensions, health and long-term care. Unfortunately, only 6 NSRs were presented on time, at the same time as the NRP. However, several of our members were able to see drafts. This was a disappointing start to the NSRs, and represents a missed opportunity to influence and underpin a much-needed more coherent social approach in the NRP. EAPN France were given very tight deadlines for input. EAPN Spain were informed that they would not be able to input also due to tight deadlines. EAPN Poland were told that since the NSR is a list of Government initiatives, with their own consultation processes, they would not need to comment. Germany will publish the NSR report in the autumn, and no consultation process has happened so far (see fuller report in Chapter 7 below). The two countries with better governance around the NRP also have included more access to the NSRs (DK and LU).

## 6.8 Overall on governance and stakeholder engagement, a big step backwards in most Member States

Only France, Luxemburg and Denmark found that stakeholder engagement has slightly improved in the NRP. EAPN France contributed to the opinion of the National Council for Fighting Exclusion, which is engaged in a structured dialogue with the government over poverty policy, and this opinion has been annexed to the NRP report, which they consider a step forward.

**EAPN France:** We can consider that there has been an improvement in the sense that the opinion of the National Council of fighting Exclusions, where EAPN France contributed, will be entirely attached to the NRP which will be sent by the General Secretariat for European Affairs to the European Commission. Thus, all our demands clearly appear in this opinion. It remains to be seen what will be taken into account from this annex, but we can still consider it a step forward.

**EAPN Luxemburg:** There was certain improvement, but most of the announced working groups did not meet until now.

**EAPN Denmark:** It is a little more meaningful in 2012 compared to 2011.

## 6.9 What's needed

Our members demand:

- Real and meaningful consultation, based on a structured dialogue, where input is reflected in the content and in the implementation (DE, IE, PT).
- The active participation of people experiencing poverty and their associations needs to be a key feature of engagement (BE).
- The process needs to ensure equality of treatment and respect for the voice of social NGOs, on equal terms with other experts and government ministries (PL).
- More transparency and visibility, including through annexing NGO statements to the report. (SI)

## SUMMARY OF KEY MESSAGES

1. **A step backwards on stakeholder engagement in the NRP from 2011**, with limited and low quality, lip-service engagement for the majority.
2. **Social NGOs confined to input on narrow poverty chapters**, rather than the opportunity to comment on all policies, together with Social Ministries.
3. **People experiencing poverty were generally absent** in consultations on the NRPs and NSRs, except in a few cases, despite Common Objectives.
4. **Democratic deficit**, with minimal engagement of national Parliaments.
5. **No noticeable difference in NSR and NRP engagement**, although the former builds more on existing civil dialogue partnerships forged through the Social OMC, but with more limited process.

## KEY RECOMMENDATIONS

EAPN Members call on the EU to Make the Europe 2020 Governance Work by:

1. **Insist on meaningful civil dialogue and stakeholder engagement in the NRPs and NSRs, through a regular dialogue process**, in the design, development and implementation of anti-poverty policies, through all policy field, with better information, consultation and dialogue with all types of stakeholders.
2. **Provide obligatory Guidelines for stakeholder participation, setting out who, how, when, with criteria for successful engagement**. Develop concrete indicators, and monitor effective delivery through the NRP and NSR, with potential for Country-Specific Recommendations on participation. Encourage peer review and exchange of good

practice. Require Member States to annex the views of stakeholders to the NRPs (as in the case of France).

3. **Build real partnership and structured participation with people experiencing poverty and their associations**, by investing in awareness-raising and public debate programmes, to build ownership. Provide EU and national financing to support their engagement.
4. **Invest in participation** – ensure regular meetings, sufficient time for dialogue and quality input, analysis of all proposals and feedback on those taken and those not taken on board. Don't hide behind tight deadlines or procedural arguments!
5. **Show respect** - treat inputs of anti poverty NGOs (and people experiencing poverty that they represent) as seriously as the inputs of Government structures or other stakeholders.
6. **Increase democratic accountability and ownership**: Involve National Parliaments, through regular hearings and contributions, on different aspects of NRPs, linking better national to EU strategies.
7. **Make the Europe 2020 process more visible and democratic**, and democratic accountability a main priority!



## NATIONAL SOCIAL REPORTS (NSRs)

### 7. EAPN initial NSR assessment – a disappointing start!

A major concern for EAPN has been the role of the Social Open Method of Coordination (OMC) in the new Europe 2020 Strategy. EAPN pressed for the strengthening of the OMC, and the deepening of the national reporting on social protection and social inclusion strategies, with meaningful, regular stakeholder engagement and dialogue. We hoped the OMC would enable a focus on stronger integrated, multidimensional strategies to prevent, as well as alleviate, poverty and exclusion for all groups. We expected that the greater experience with systematic engagement with national stakeholders on the reports and follow up would provide a dynamic social strategy, involving NGOs and people experiencing poverty, which could help to drive forward more effective policies on poverty, built on the Common Objectives of the Social OMC. EAPN therefore strongly welcomed the SPC opinion to back the Social OMC, and the endorsement from the EPSCO in 2011 to continue with the National Social Reporting process, to underpin the NRPs. However, as only 6 NSRs were presented at the same time as the NRPs as planned, we were not able to carry out a full assessment, which was clearly disappointing, at a time of deepening crisis, when the foundations of the Welfare State seem threatened in many countries. In this section we provide a synthesis of members' inputs received from 10 countries, some in draft version (CZ, DK, FI, LU, NL, PL, PT, SI, SE, UK) and an assessment from Iceland on their equivalent report, as a benchmarking exercise.

#### 7.1 Little sign of integrated, rights-focused strategies

NATIONAL SOCIAL REPORT SCOREBOARD	SCORE: 1-10
1. How far does the NSR propose an <b>integrated strategy to fight poverty and social exclusion</b> with effective policies, ensuring access to rights, resources and services for all?	<b>2,3</b> out of 10

The added value of the NSR was expected to be a broader, more integrated strategic approach, based on the Common Objectives of the Social OMC and founded in rights. However, this expectation was not realized for the majority, with an average score of 2,3 and only Finland rating positively (with a 9). Most responses (CZ, NL, PT, SI, SE) highlighted the lack of a strategic or rights-based approach, with the main focus on austerity (CZ, NL, UK). In Slovenia, a limited approach was evident, focused only on activation, as in the NRP. In Portugal, the NSR took on more importance because of the lack of an NRP. Here a commitment was noted to try to reduce the impact of austerity and measures on poverty but not through an integrated strategy to fight poverty. In Denmark, some positive steps were seen in the right direction but in the context of general cuts. In the UK, the approach is multidimensional but focused on individual failure and responsibility, rather than tackling structural causes.

**EAPN Netherlands:** The integrated strategy is based on austerity: getting people out of social systems, out of protected jobs, particularly for persons with disabilities, young people up to 27 years have no right to social security, cuts in care systems, etc.

**EAPN UK:** From EAPN UK's perspective the UK Government's approach to combating poverty is wrongly focused. The ideology assumes that poverty is caused by individual lacks and

misbehavior. While EAPN agrees that poverty is not just about money, the evidence indicates a strong correlation between income inequality, poor health and poor life chances. The Social Justice Strategy (March 2012) lists the causes of poverty as: worklessness, family breakdown, low educational attainment, drug and alcohol dependency, debt and crime...welfare dependency is seen as a consequence of individual failings rather than structural problems with the labour market or welfare system. What is more fundamental is that the strategy is not founded on rights nor dignity nor well-founded in evidence. Principles of universality, equity and local democratic accountability have been downgraded.

**EAPN Denmark:** The NSR mentions some smaller, positive steps in the right direction, ie setting an official poverty line, for the first time, the removal of the lowest benefits, but this is undermined by general cuts. It is expected that poor people on benefits should choose a job instead... There are plans for more education and jobs, but no integrated strategy to fight poverty.

Finland gave a more positive rating, primarily valuing the explicit attempts to mitigate the impact of the crisis, through indexing some social allowances and raising basic unemployment benefits.

## 7.2 Lack of coherence in choice of priorities and target groups

NATIONAL SOCIAL REPORT SCOREBOARD	SCORE: 1-10
2. Are the <b>OMC key priorities</b> adequately and effectively followed up? I.e. child poverty, active inclusion, homelessness, ethnic minorities including Roma, migrants?	3,1 out of 10

The NSR offers the potential to provide more detailed and systematic information on effective policies to promote core priorities and key target groups facing poverty and exclusion, as developed through the Social OMC. However, EAPN members were surprised with the lack of consistent and coherent analysis of the full list of groups (eg child poverty, Roma, migrants), or adequate follow up on agreed priorities, like integrated Active Inclusion approaches, or homeless strategies. Even with the few NSRs examined, there was a large variation. In Luxemburg, none of the core OMC priorities were named. The NSRs in Slovenia and Portugal mention some of the priorities. In Slovenia, the focus remains on fiscal consolidation, with new social legislation, cuts in family allowances and pension reform in 2013. Roma are mentioned, with the updating of measures, as referred to in the NRP. In Portugal, the main focus is Active Inclusion, but primarily activation, with no direct mention of child poverty, homelessness or Roma, although a reference is made to elderly people and long-term care. Only in the NSRs in the Czech Republic and Denmark were most priorities and groups mentioned: e.g. Active Inclusion, Child Poverty, Roma inclusion, Homelessness. In Denmark, although the priorities were mentioned, the instruments were seen as weak with no measurable aims.

**EAPN Czech Republic:** Active Inclusion is mentioned as part of activation for those on benefits. It suggests better targeting assistance to those who really need it and tightening conditions for people who are supposedly “deliberately avoiding work”, increasing their motivation to change their unfavorable situation, and develop their social and work habits for the transition to the labour market. On the other hand active employment policies are decreased! It also mentions Roma Inclusion and the 2010-13 Strategy, but the measures do not improve much, despite a number of projects financed by Structural Funds. Regarding child poverty, there are changes to the benefit systems, but not clear how they will help. Not much specifically on

homelessness, although it mentions a bill on affordable housing, and a planned concept on homelessness. But it is all virtual now.

**EAPN UK:** The UK NSR was published by DWP in May 2012. It is focused on ending “worklessness”, early years’ intervention (children) and early intervention to prevent family breakdown. Whilst many NGOs and anti-poverty organisations are very supportive of the idea of preventive approaches to addressing poverty, the conception of preventative approaches used in the NSR is a very limited one. It is possible to view a whole range of public services as preventative (for example, children care services which allow parents to participate in the labour market, or adequate welfare benefits which prevent individuals from being in poverty). “Worklessness” is dealt with through the Work Programme which was launched in June 2011 (NSR 2012:8). The Work Programme cannot be characterised as genuinely related to 'active inclusion'. The other key dimensions of active inclusion (adequate incomes and services) have been seriously undermined by other dimensions of UK Government policy, in particular by the increasing conditionality in the welfare system. In this respect OMC priorities are undermined rather than followed up by some of the approaches outlined in the NSR and NRP. The UK NSR refers to child poverty only in the new life chances context. It does not refer to the Black and ethnic minority groups at all. It refers to homelessness only in the context of tackling “rough sleeping” one of the elements of its strategy to “support the most disadvantaged adults” (NSR 2012: 8). This strategy is part of a narrowing of the concept of poverty to emphasize multiple disadvantage arising from poor behaviour rather than poor incomes.

### 7.3 Some actions to mitigate the crisis, but not enough

NATIONAL SOCIAL REPORT SCOREBOARD	SCORE: 1-10
3. How far are positive steps made to reduce the <b>social impact of the crisis?</b> (I.e. reduction in impact of austerity; social investment in quality jobs services and benefits? Increasing revenue through fairer taxation?	<b>3,37</b> out of 10

EAPN was interested to see whether the NSR would take more into account the social impact of the crisis, and propose actions to mitigate this impact, particularly on vulnerable groups, based on the Social Protection Committee's 3<sup>rd</sup> report on the social impact of the crisis<sup>37</sup>. The average score given was 3,37. Although most rated low or very low (DK, NL, SI, SE, CZ, UK), 3 gave more positive ratings – LU and PT (5) and FI (8). In most cases, the main focus in the NSR as in the NRP is on fiscal austerity measures and related actions. In the UK, austerity measures are seen as a deliberate strategy to undermine the expectations of a universal welfare state. In Denmark, a few growth initiatives are referred to, but not directed at the inclusion of the poor. In Portugal, attempts are made to reduce the social impact, but do not go far enough. In Sweden, however, the NSR distinguishes itself from the NRP, in focusing on more social questions, leaving the economic concerns to the NRP.

**EAPN UK:** There is no strategy to reduce the social impact of austerity. It could be argued that the effects of the social impact are intended to change and lower expectations of future wealth and state provision and protection.

**EAPN Sweden:** The focus is to maintain a stable economy; the crisis is not very visible in Sweden and primarily it is addressed in the NRP

**EAPN Portugal:** The overall proposals are made to try to reduce the impact of the crisis but not to solve the origin of the crisis.

<sup>37</sup> SPC (Feb 2012) 3<sup>rd</sup> report on the social impact of the crisis.

### Some positive steps

In Luxemburg, a will is noted to mitigate the impact, with some positive social initiatives. But it is in Finland that the most integrated approach is seen to reduce the social impact of the crisis.

**EAPN Luxemburg:** There is a will to create jobs for young people, and there is the announcement of increasing the housing costs subsidy. The minimum wage will also be increased in January 2013.

**EAPN Finland:** Some social allowances will be indexed, and basic unemployment benefits raised. The State's guarantee for youth - access to studies, jobs, practical training, rehabilitation or workshop for youngsters below 25 and jobs for unemployed graduates below 30. There will also be a lightening of taxes for people on low incomes.

## 7.4 Increasing retirement ages, but adequacy of Pensions not a priority

NATIONAL SOCIAL REPORT SCOREBOARD	SCORE: 1-10
4. How far does it ensure access to adequate and sustainable pensions?	3,75 out of 10

The assessments on pensions showed again a wide variation. With an average score of 3,75 out of 10,3 gave more favourable ratings (DK, CZ - 5) or very favourable (FI - 8), compared to low (PT, UK) or very low ratings (SI). In most NSRs, the focus is on "pension reform", which mainly translates into raising retirement ages (CZ, DK, NL, PT, SI). Whilst this policy is welcomed for those who are healthy, and wish to continue in well-paid jobs, for the majority of people on low incomes, currently in 'poor, precarious employment', this decision merely delays access to pensions. However, the issue of current or future adequacy is not addressed.

In Slovenia, tightening of conditionality on pensions is seen as leading to increased poverty for pensioners, and reduced take-up. In Sweden, the NSR contains little information on pensions, more in the NRP, and focuses on reducing the market-sensitivity of Sweden's new pension system. In the Czech Republic, apart from raising the pension age, there are plans to diversify sources including private savings. Although low-income groups are currently protected, because of the complex calculations of income, the number of pensioners is likely to reduce in the future. In 4 countries (DK, LU, NL and UK), current levels are seen to be reasonably adequate, but fears raised about negative future trends. In Denmark, current levels are around the poverty line, but access is becoming increasingly limited, particularly for people with disabilities. In the Netherlands, current pensions at 65 are seen as sustainable and safe, but concerns are raised about the impact of raising the age to 66 in 2020 and 67 in 2023. For Luxemburg, pensions are very high, but concerns are raised that the system is not sustainable, as the Government's reform proposals are based on the assumption of an average economic growth of 3% across the next fifty years.

**EAPN UK:** Pensioners living on state pensions are in a stable position because of minimum income guarantees. State pension ages have been raised and equalized for men and women. There is now no compulsory retirement age, but increasing difficulties in accessing jobs. There are some proposals to increase state pensions, the number of qualifying years has been reduced and basic state pensions rise with average earnings, the consumer price index or 2.5% whichever is greater. Occupational pensions are suffering a rapid decline with final salary pensions mainly

replaced by money purchase schemes where employers make little contribution resulting in very small pensions, particularly for those on low incomes.

**EAPN Czech Republic:** It is oriented towards fiscal reform. So-called small pension reform strengthens the orientation on work and prolongs the age of retirement, the large reform plans to diversify the sources, including private savings. Low-income groups will continue to be protected against the risk of income poverty, but it is expected that due to the complex parametric changes relative to low-income, the number of pensioners will gradually decline. We see a slight upward trend of poverty in the households of individuals over 65 years.

### **Perspective of AGE Platform Europe**

AGE is concerned that suggestions of the NRPs to focus almost exclusively on fiscal consolidation and budgetary stability will further increase Member States' obligation to speed up public deficit reduction, aggravating the risk of poverty and social exclusion. This will impact in particular the most vulnerable population groups including older generations. Public authorities are already cutting back their budgets for social services and reducing access to minimum income, disability, sickness, family, employment and long-term care benefits. Such austerity measures are having a pronounced negative impact on an increasing number of citizens, in particular a significant number of older people who are already subsisting on limited incomes.

Subsequent cuts in public spending are undermining the overall role of social protection systems as both social and economic stabilisers. Europe is not yet recovering from the economic crisis and the social crisis is far from being over, whilst social inequalities are growing. The increasing trend to re-individualise risks such as ill health and dependency and to count on the private sector to cover these risks is having a negative impact, in particular on older people who lose access to adequate social protection. Recent research work in Europe has revealed the increasing importance of the questions regarding the loss of autonomy and of growing "dependency" when ageing. However, there is no joint reflection between different ministries responsible for economic and social issues on how to meet the increasing cost of funding services necessary to address this phenomenon, mainly long-term care.

Feedback from AGE Platform Europe's member organizations from their assessment of National Social Reports and National Reform Programmes highlighted in particular the following issues:

- The 2012 National Reform Programmes justify the on-going pension reforms but fail to analyse the impact of the gradual shift of responsibility from the state to individual citizens in terms of income adequacy.
- Considering the lack of adequate supervision of financial markets, one of the causes of the crisis, the NRPs fail to address the key issue of how better protect people's pensions and workers' savings, which, in turn, leave them at the mercy of economic fluctuations and financial markets speculations.
- From the gender perspective, the promoted shift from pay-as-you-go to supplementary defined contributions schemes to ensure adequate replacement rates will lead to greater risk of poverty in old age and greater gender pension gap. Without adequate compensation measures, affordable health and long-term care, as well as a deeper reflection on existing social patterns and gender roles in society the poverty risk among older women will only further increase. The gender dimension of poverty risk in old age is recognized in very few NSRs, but even then it is merely a statement with no concrete measures proposed.
- EU strategy on pensions does not recognise enough that today's reduction of pension benefits will result in the deterioration of the adequacy of income for future pensioners and, consequently, will increase the number of the so-called 'new poor'.
- The older population relies to a very significant degree on universal and affordable public services (in particular health and long-term care), while the 2012 NRPs, in line with country specific recommendations, announced reforms leading to further diminish the provision of

public services or to lift up the eligibility criteria to access them. This approach will have a very detrimental impact on older people and on health care systems as an increasing number of older people who can no longer afford to go to the doctor and/or buy medication to keep in good health will turn to expensive hospital care when their health will deteriorate.

### Some positive steps

In the assessments received, only in Finland and Portugal are pension levels raised. In Finland, an increase is given to those who have only national basic pension. In Portugal, the smallest pensions have been already raised, but not sufficient to ensure an adequate income, and other measures imposed by the Troika's Memorandum of Understanding undermine social rights and future pension levels.

**EAPN Slovenia:** No changes are predicted in 2012, except temporary savings. The main pension reform is predicted for 2013, as the previous reform was voted against by 80% rejection in the referendum in 2011. The present situation is very difficult, especially for pensioners who have low pensions and live alone. They can receive social benefits, but with the new social legislation they have to give the state their property, or after they die their children must return it to the state. Because of this many pensioners decide to reject benefits, although they are living in poverty.

**EAPN Portugal:** In Portugal the minimum pensions for 2012 were raised by 3,1% by the Government, in December 2011. But, considering the estimated inflation rate for 2012 is 3,3%, this is not enough and the income of these pensioners will decrease in 2012 in real terms. The minimum pension values still only range from 195, 40 Euros (non contributory regime, the so-called 'social pension') to 379,04 (contributory regime, for 31 or more years of contributions). When you consider that the poverty line, established according to the National Statistical Office (INE), is 5.207 Euros per capita and 434 Euros per capita/per month, even considering the highest pensions, you can see we have a long way to go before having adequate pensions.

## 7.5 More focus on quality health and long-term care, but access reduced

NATIONAL SOCIAL REPORT SCOREBOARD	SCORE: 1-10
5. How far does it ensure access to <b>affordable, quality health services and long-term care?</b> ( <i>I.e. the priorities of the other 2 pillars of the Social OMC</i> ).	<b>4,2</b> out of 10

The average scoring across responses on health and long-term care are relatively more positive (4.2), but showing wide variations, from the relatively high and high ratings from SE, UK, CZ, NL, FI (5, 5, 6, 7 and 8) to very low ratings given by LU, DK, SI (0, 1 and 2), with low from Portugal (4). All the responses value some proposals put forward in the NSRs, and the recognition often given to the need to ensure access to disadvantaged groups, even if the main focus is on modernisation of services. However, the general concern is how far these will be implemented, and the contradictory trend restricting services, and particularly increasing prices, as a result of austerity measures. Other issues include increasing waiting times, cuts to user access to advice and preventative health campaigns. A key issue for several EAPN networks is the financial sustainability of non-for profit organizations involved in health services, especially long-term care (CZ and PT). However, for many, the increased privatization of services is also a concern, particularly with replacement of public services by profit-making providers. In the UK, this is resulting in a postal code lottery, whilst user monitoring has been reduced. There is a trend towards an increasing priority given to

increasing competition and “choice”, but often it appears to benefit the providers more than the users (SE).

**EAPN Sweden:** Good quality services are still accessible to all, but there are differences depending on where you live, and the differences are increasing. Also in this field the focus is more on the ‘free choice of provider’ than on increasing healthcare access itself.

### **Reductions in affordable access**

There is trend toward increasing payments on services, including co-payment for services and medicine, and in out of pocket payments. This has a particularly severe impact on people on low-income, who are then less likely to use services, increasing their chances of long-term illnesses. In Luxemburg, health insurance was reformed in December 2011, introducing more co-payment. In the Netherlands, the quality of health services is still high, but own contributions are being increased. This has nearly doubled in 2011 (2010 = 165 Euro a year, 2013 – 350 EU). In Denmark, there is recognition in the NSR of difficulties in access for poor people, and need for holistic services, but they are not seen as enough to meet needs. In Slovenia, some positive measures are already running or being implemented, but EAPN highlights concerns with proposals for rationalization and cuts to free health services policy. In Portugal, similar concerns are raised.

**EAPN Slovenia:** Some positive measures are being introduced: central urgent service organisations, rural ambulances, health networks on primary and secondary level, Internet applications for monitoring certain health system needs and monitoring of internet application for waiting lines. Also additional steps leading to more hospital staff and doctors and changes in the Government policy on regional hospitals, as previous Governments have tried to close sections which limited access to quality health services for people in certain regions. On the other hand we’re concerned with rationalization and cuts in free health services policy (the re-assessment of the basket of rights), which could meant that more health services, health insurance and medication will be accessible only for payment or extra payment.

**EAPN Portugal:** A large chapter is devoted to health and long-term care based on the National Health Plan, and measures proposed are quite positive. But the reality is quite different. On the one hand making access to health easier and better, and on the other hand raising prices (for instance to access general public hospital, we have to pay 10 or 20 euros). Reductions are provided for the most disadvantaged, but it’s clear that the gains from the past are at risk.

### **Some positive steps**

In Finland, unequal access to basic health services is a major concern, between different socio-economic groups and especially in areas far from population centres.

**EAPN Finland:** Differences in people’s welfare and health are large between different social-economic classes. Access to public basic health services is not equal in all parts of Finland. Especially in the areas far from the inhabited centers where it is very difficult to contact doctors. That’s why there are going to be big changes in the structures of social and health services and in municipalities as well, in the near future. A new law concerning health care (1.5.2011) has helped a little bit to increase access to non-urgent surgical operations and special health care.

### **Concerns about crisis in Long-Term Care service delivery**

New developments in long-term care received different responses from national members. Whilst an increasing role for NGOs and potential for choice for the elderly is welcomed by

some, several raise strong concerns about attacks on quality, access and coverage with an increasing trend towards privatization, and reductions to public services (SE, UK, SI). The Czech Republic welcomes the recognition in the NSR of the need to link health and social services and establish long-term care as a new category. This will be provided by social service providers and providers of health services. However, EAPN would want to see more detail on the supposed benefits and motivation for the change. In Portugal, civil society organisations are mainly responsible for delivery, and are facing strong difficulties in the crisis, to cover costs.

**EAPN UK:** Long-term elderly care in the UK is in crisis, especially in England, and a political ‘hot potato over who pays. Scotland has continued to provide more public financial support, whilst the Welsh government does not intend to transfer services to the private sector. In England there is a collapse in the private provider chain, deep cuts in local authority provision and in home care. Recent Government and independent reports’ recommendations, particularly on funding have been largely ignored. Reports in national newspapers of poor care, neglect and mistreatment are an almost daily occurrence

**EAPN Slovenia:** The major problem is lack of places and expensive services. New measures will give more support to home long-term care and introduce options for choice of services, which appears positive, but more detail needs to be given on the effectiveness in ensuring access. At the same time, austerity measures and rationalisations are also predicted.

**EAPN Portugal:** Some of the civil society organisations responsible for delivering long-term care are facing strong difficulties due to the fact that families are not able to pay for the services.

## 7.6 How far does the NSR influence the NRP?

NATIONAL SOCIAL REPORT SCOREBOARD	SCORE: 1-10
6. How far are the <b>proposals in the NSR picked up in the NRP?</b> Do you see this as positive?	<b>3,8</b> out of 10

Again the ratings vary widely, with Sweden, Netherlands, and Luxemburg giving very low or low ratings, whilst Denmark, Finland and Czech Republic give more favourable ratings (5, 8 and 9). As Portugal was not required to develop an NRP, as a Troika country, it is not possible to assess its impact. From the responses, it is obvious that the role of the NSR, and the relationship between the NSR and NRP, remain very unclear. The very different quality, breadth and focus of the different NSRs underlines the rather ad-hoc process, and lack of ownership over the guidelines drawn up by the Commission. There is also a lack of clarity over whether the NSR merely covers the same ground as the NRP, but with more detail (LU, NL, SI), follows its own broader objectives and then attempts to get them picked up in the NRP (CZ, DK), or only addresses areas that are not covered in the NRP (SE). Many seem an unhappy mix. In Luxemburg, half the measures in NSR are also in the NRP. However, it is pointed out that these were not new measures, as they were already in NRP last year.

In Slovenia, EAPN sees the NSR offering more information on the concrete themes of the Social OMC, but lacking detail. However, the main positive benefit of the NSR is seen in the more coherent coverage of the 2<sup>nd</sup> and 3<sup>rd</sup> pillars of the Social OMC: pensions, health and long-term care. The social inclusion pillar, being more present in the NRP, is also more narrowly interpreted, driven by the more explicit guidelines in the NRP. However, some members highlight that the two documents are really indistinguishable (UK), when they are driven by the same underlying ideology and approach.

**EAPN Sweden:** Proposals from the NSR are not picked up at all! – as they do not intend them to overlap. The NSR is dealing only with issues not covered in the NRP.

**EAPN Slovenia:** So far the NSR has more concrete themes than NRP social chapters and therefore it means exemplification of certain NRP topics (those connected with social policies and especially those connected with OMC). We see that as positive but in the same time we could find that NSR, as more concrete document is too general – we therefore believe and expect that documents which purpose is concretisation should be more specific and detailed

**EAPN UK:** The same ideological framework pervades them both therefore we do not see it as positive if they are picked up. The aim of welfare reform is to cut costs, shrink the state and reduce expectations especially of its role in achieving equity. There is very little social dimension in the UK NRP, but a much greater emphasis in the separate NRP produced by the Scottish government, which also has a chapter on equity and a target of increasing the share of income going to the three lowest income deciles.

### More positive assessments

The Czech Republic could see a definite interaction between the NRP and NSR (although the direction of influence may not be clear), but found the relevance questionable. For Denmark, the NSR is much more detailed, and gives some added social values which are valuable. For Finland, it is clear that some of the social focus is picked up, but only short mentions.

## 7.7 More formal stakeholder involvement, but low quality

NATIONAL SOCIAL REPORT SCOREBOARD	SCORE: 1-10
7. How far did stakeholders participate in the NSR, including EAPN? How meaningful was the engagement? ( <i>i.e. 2-way exchange, input taken in to consideration, feedback, part of an on-going dialogue.</i> )	1,8 out of 10

The scores on stakeholder involvement are extremely low, reaching only an average score of 1,8 with only Finland giving a ‘pass’, whilst 3 networks give 0 points (NL, PT and SE). This is all the more disappointing, given the expectations raised from the SPC Opinion on the OMC, on the commitment to strengthen stakeholder engagement. It is clear that this year was a very rushed affair, and the double work requirement on social ministries in a very short time period raises serious challenges to organizing engagement. However, the results are not encouraging.

Out of the 10 cases reviewed, 3 highlighted no consultation (SE, UK and PT). 3 were formally consulted, but in what they considered an insufficiently high quality process (CZ, LU, NL). Only Finland rated positively the current engagement. 2 highlighted low participation in the current round, but hope for a better process in the future (DK and SI).

**EAPN Luxemburg:** We were consulted, but for us the process was not a high quality one: we were heard but not enough, and not in a structured dialogue. The process is too limited – with some of the working groups put in place but have not yet met or just meeting now.

**EAPN UK:** Not at all. The stakeholder mechanism we had under Lisbon for the NAPS was formalized at the start of the new government and then dissolved on affordability grounds. It was argued that other forms of consultation would be used. This means consultation on existing policy. This is a long way from the notion of on-going, participative dialogue that was developing until 2010.

### **No Civil Society involvement, some role for social partners**

In Sweden, the NSR was completely a product of the Social Ministry. In Portugal, there was no formal process. However, social partners were involved, although without a clear process, neither were national parliaments involved.

**EAPN Portugal:** EAPN Portugal didn't participate in the NSR. As far as we know there wasn't any formal process of consultation or participation. The NSR mentions that some national organizations (Social Partners) were involved but again, as far as we know, they were not consulted or participated in a specific process for the elaboration of this Report. It is mentioned an agreement with the Social Partners concerning the "Compromise for Growth, Competitiveness and Employment" but National NGOs are not considered as Social Partners. It is mentioned an agreement with social economy organizations for the implementation of some emergency actions but this doesn't have anything to do with the elaboration of this Report. By the way, the NSR was not presented nor discussed in the National Parliament, which we believe was clearly a missed opportunity.

**EAPN Sweden:** There was no participation of stakeholders about the NSR as it was completely a product of the Social Ministry.

### **Some formal consultation, but no meaningful participation**

In several countries, EAPN was able to engage, but without a chance for meaningful dialogue, and input was not generally taken on board. In the Czech Republic, an electronic consultation was carried out between the Social Ministry and members in the Commission of Social Affairs, where EAPN is present, but no broader stakeholder discussion took place. In Luxemburg, some meetings were held regarding anti-poverty policy, but only received a draft of the NSR, by e-mail, with 10 days for comments. In the Netherlands, a similar e-mail consultation was carried out, with EAPN making several proposals, which were also not taken up. However, the NSR still claims that EAPN was consulted.

**EAPN Czech Republic:** There was a one way electronic appeal towards feedback from the Ministry of Labour and Social Affairs to its members of so-called Commission of social affairs, where EAPN members are present as well. But no broader stakeholder discussion, rather an informative emailing. The logic of the NSR was oriented towards governmental "Social Reform package", so there was not much space for other broader issues, these kinds of proposal would not be taken up to the higher political level.

**EAPN Luxemburg:** In 2011, we had some meetings with the Ministry of Family regarding anti-poverty policies, they are coming up again (a first meeting on the minimum income scheme). But the NSR was sent to us on the April 17 for comments, 10 days before it was sent to Brussels. Our comments did not change anything, except that there is no mention that comments were made.

### **Some more positive trends**

In Denmark, there was a hearing, including meetings with a contact committee, in which EAPN was involved, with potential for future impact. In the case of Finland although EAPN did not participate initially, the Ministry for Social and Health Affairs arranged an opportunity for Government and NGOs, including EAPN, to express their opinions. In Slovenia, in the initial process EAPN was not involved initially, nor social partners, but there will be the option for NGOs to comment on final draft and the comments will be included in a special chapter.

**EAPN Denmark:** There is a hearing process, including meetings in a contact committee, giving access to input from i.e. for EAPN. Proposals have no effect immediately, but might have some impact on coming plans and reports. We have proposed state support to a stronger OMC process including shadow reports, awareness programmes, local and national activities.

**EAPN Slovenia:** In the NSR-making process EAPN was not involved initially, the participation of other NGOs was also missing while some of the bigger trade unions are permanent partners in the State Committee for Economic and Social Affairs, but still didn't have the chance to co-develop the present draft. Still, now there will be an option for NGOs to give additional comments and proposals on the final draft – these comments will be included in a special chapter.

## 7.8 Iceland as a benchmark - an inclusive recovery is possible!

### **Iceland: Prioritising an inclusive recovery from the crisis**

- Inequality is the lowest in Europe (Gini co-efficient)
- Equal gender rights by law
- More economic equality through the tax system
- Priority given to child poverty, ensuring adequate child benefits, financial support for day care for single parents and students, and low-income families
- Right to unemployment increased from 3 to 4 years and social benefits raised, other support measures especially for young people
- Right to affordable health service and long-term care
- Civil society as partners – Welfare Watch to monitor the impact of the crisis, with a special focus on social impact on the poor, includes NGOs, ministers, employers, trade unions and councils, however...
- Problems still exist for people with disabilities who've never worked, as income support is very low and many struggle in poverty with no national legal minimum income.

## 7.9 What's needed

EAPN members highlight the need for:

- The NSR should be more specific, making proposals for concrete changes, highlighting challenges and providing detailed examples, not just a general description (CZ, SI, SE).
- A clearer focus on poverty reduction and the target, and the development of an integrated, strategic approach, and not just emergency actions (PT).
- What is still missing is a better understanding of poverty, as well as a commitment to implement realistic strategies, that deals with equality, retaining the principles of universality, equity and the ethics of public service at the heart of policy (UK).
- Governments should present a clearer analysis of how targets will be reached, the indicators used, with more open discussion on their effectiveness (NL, SI).
- Carry out social impact assessment of economic reforms and austerity, and defend the important role of social protection (CZ, PT, SI).
- A broader approach to social exclusion, beyond employment, is needed, including active inclusion, with quality jobs, more accessible quality health services, adequate pensions and minimum income, appropriate, affordable housing (SI, CZ).
- More focus on the role of social services and accessible funds for small NGOs (CZ and SI).

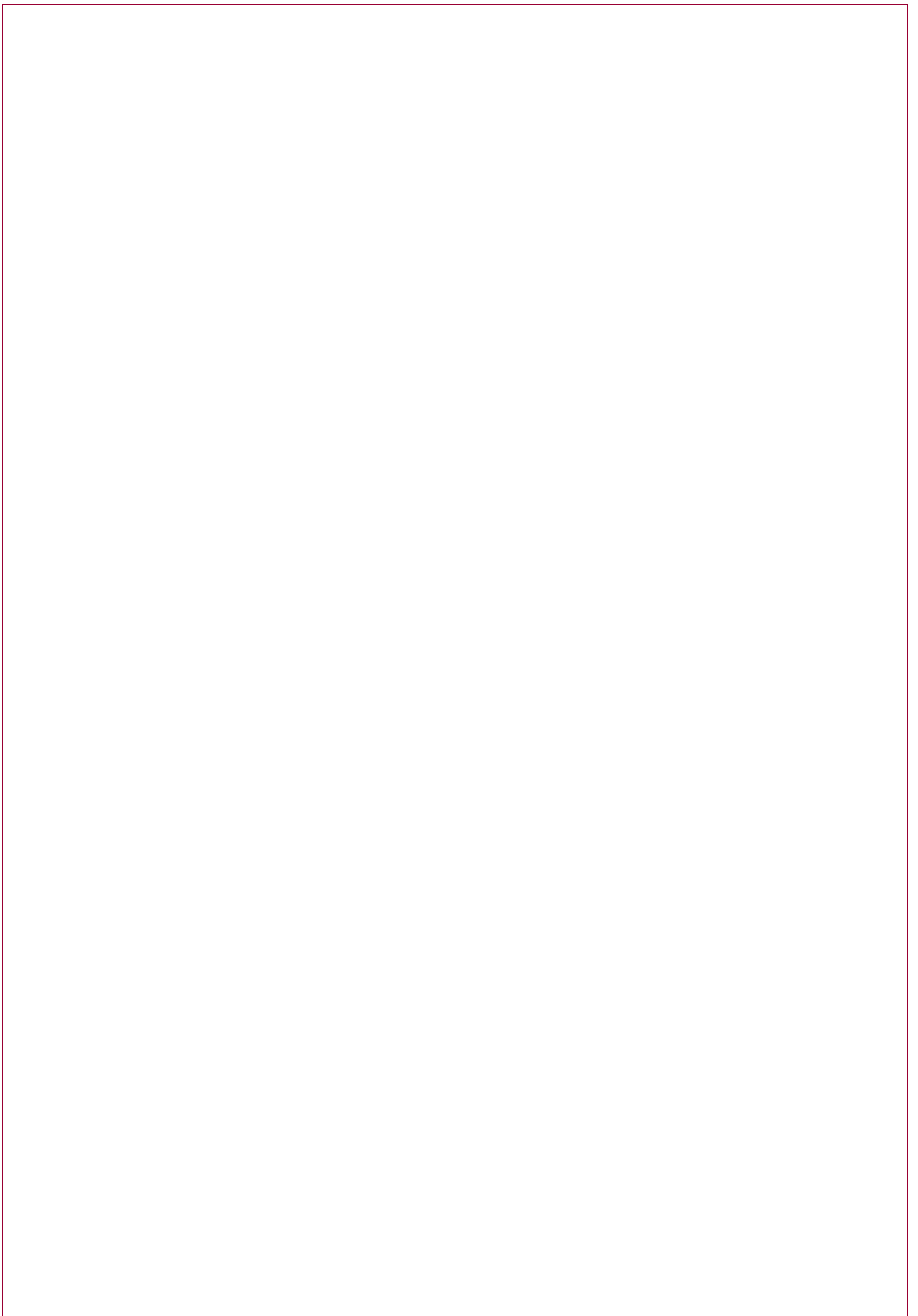
- Develop urgent quality employment creation proposals, particularly for younger people (LU, PT), ensuring access for other groups at risk, as well as policies to tackle in-work poverty and quality work (PT).
- The role of social economy must be recognized, but not by increasing the burden of 3<sup>rd</sup> sector as over-stretched and underfunded replacement of the welfare state (PT).
- OMC priorities should get a clearer focus – e.g. concrete proposals for an integrated strategy around child poverty or homelessness (LU).

## SUMMARY OF KEY MESSAGES

1. **Disappointing start for NSRs**, very few presented on time, generally skimpy with lack of clarity of role in relation to NRP.
2. **Little sign of understanding how to promote effective poverty reduction strategies**, based on integrated, rights-based strategies, rooted in the Social OMC Common Objectives.
3. **Missed opportunity to mainstream social impact assessment of austerity measures**, and to highlight and safeguard the benefits of effective social protection/security systems.
4. **Increased information on the 2 pillars – health and long-term care and pensions, but focus on fiscal consolidation**, and increasing privatization, rather than increasing access and affordability.
5. **The NSRs remain primarily Government reports, with stakeholder engagement as weak and low quality as in NRP**, although there are some signs of good intentions by some Member States, to recuperate better civil dialogue, building on the Social OMC.

## RECOMMENDATIONS

1. **Seize the opportunity of the NSR to prepare an integrated national strategy**, that sets out effective policies to combat and prevent poverty, based on the Common Objectives, and co-produced with stakeholders.
2. **Restore the focus on the benefits and value of a rights' based approach** to universal service provision, quality, affordable social protection and adequate minimum income, supporting access to quality jobs as social investment, rather than blaming the individual.
3. **Ensure impact in the NRP**, through earlier timing, clearer guidelines, follow up and monitoring, high visibility through stakeholder engagement, and joint monitoring with the European Commission.
4. **Make the NSR a vibrant example of high-profile, participative co-developed strategy**, involving stakeholders and national Parliaments, ensuring quality, timely engagement with regular dialogue, involving people experiencing poverty and their NGOs.



## ANNEX 1 – Questionnaire

### Full Checklist/Scoreboard for Assessing National Social Reports and National Reform Programmes

1=negative assessment; 10= very positive assessment

Scoreboard/Checklist Question	Score 1-10
<b>NATIONAL REFORM PROGRAMMES</b>	
<b>MACROECONOMIC POLICIES</b>	<b>Score 1-10</b>
1. How far do the Macro-economic policies support <b>social inclusion and support a fairer response to the crisis?</b>	
2. How far do they promote <b>greater equality</b> , fairer distribution and redistribution of income and wealth?	
3. How far is there a <b>strong recognition of the need to deliver social inclusion</b> beyond employment and including through economic measures?	
<b>POVERTY AND SOCIAL EXCLUSION</b>	<b>Score 1-10</b>
4. How <b>adequate is the target</b> and the policies proposed?	
5. How far are measures taken to ensure an <b>adequate minimum income and social protection?</b>	
6. How far is <b>access to affordable, quality services prioritised?</b>	
7. How far are <b>integrated Active Inclusion approaches</b> promoted?	
8. How far are <b>effective policies</b> put in place to tackle <b>child poverty?</b>	
9. How far are policies promoted to tackle <b>homelessness and housing exclusion?</b>	
10. How far are policies promoted to promote <b>gender equality</b> and fight <b>discrimination</b> , particularly against people with disabilities, migrants (including undocumented) and ethnic minorities – Rom ?	
<b>Thematic coordination</b>	
<b>EMPLOYMENT</b>	<b>Score 1-10</b>
11. How <b>effective are the policies to support the employment target/reducing</b> unemployment and ensuring access for all?	
12. How much priority is given to <b>creating quality jobs</b> , which excluded groups could access?	
13. How far are strategies proposed to <b>increase job quality</b> and tackle <b>in-work poverty?</b>	
14. Are <b>social economy and social innovati</b> <b>oted, including through</b> <b>appropriate legislation, tools, as well as fund</b> <b>can NGO's easily access</b> <b>this funding?</b>	

15. How far is <b>access to work</b> for excluded groups prioritised through <b>personalized pathways</b> ?	
16. Is <b>Youth Unemployment and Exclusion</b> effectively tackled?	
<b>EDUCATION AND TRAINING/LIFE LONG LEARNING</b>	<b>Score 1-10</b>
17. How far are comprehensive supportive measures proposed to tackle <b>early school leaving</b> ?	
18. How far is <b>effective life-long learning backed</b> , with support to informal/non-formal methods?	
<b>STRUCTURAL FUNDS</b>	<b>Score 1-10</b>
19. How far are <b>Structural Funds used to support delivery on the poverty and other social targets</b> ?	
20. How far are <b>effective integrated approaches</b> supported i.e. Active Inclusion?	
<b>PARTICIPATION</b>	<b>Score 1-10</b>
21. How far were <b>stakeholders including EAPN/NGOs involved</b> in the preparation of the NRP?	
22. How far was the <b>dialogue/consultation</b> meaningful?	
23. How far was it <b>an improvement</b> from last year?	
<b>NATIONAL SOCIAL REPORT</b>	
1. How far does the NSR progress towards an integrated strategy to fight poverty and social exclusion, ensuring access to rights, resources and services for all?	
2. Are the OMC key priorities adequately and effectively followed up?	
3. How far are positive steps made to reduce the social impact of the crisis?	
4. How far does it ensure access to adequate and sustainable pensions?	
5. How far does it ensure access to quality health services and long-term care?	
6. How far are the proposals of the NSR picked up in the NRP?	
7. How far is the contribution of Structural Funds mentioned to promote social inclusion and support anti-poverty policies?	
8. How far did stakeholders participate, including EAPN in the NSR? How meaningful was it?	

## ANNEX 2: Table of EAPN Scoreboard Results – NRP and NSR

Table of EAPN Scoreboard Results on NRP Responses 2012

Area	MACRO ECONOMY			POVERTY & SOCIAL EXCLUSION							EMPLOYMENT						EDUCATION & TRAINING		STRUCTURAL FUNDS		PARTICIPATION		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
<b>Austria</b> (86.5 / 23 = 3.76)	3	2	2	4	5	4,5	1	5	1	2	9	5	6	1	4	10	6	4	6	3	1	1	1
<b>Belgium</b> (80 / 20 = 4)	4	4	4	4	4	4	4	4	4	2	4	4	4	3	6	4	5	5			3	4	
<b>Czech Republic</b> (11 / 5 = 2.2)	4	2	3																		1	1	?
<b>Denmark</b> (58 / 23 = 2.52)	2	2	2	2	3	3	2	3	3	3	2	2	5	3	5	2	2	3	1	1	2	2	3
<b>Estonia</b> (50 / 21 = 2.38)	2	3	1	1	1	2	1	2	1	1	7	1	1	2	3	3	4	9	3	1	?	?	1
<b>Finland</b> (147.5 / 19 = 7.76)	8	8	9	8,5	8	8	8	7	9	8	8	8	8	8	8	9	8	8			1		
<b>France</b> (63 / 18 = 3.5)				3	2	3	3	5	5	2	3	3	6	5	1	5	4	4			4	3	2
<b>Germany</b>																							
<b>Iceland</b> (121 / 19 = 6.36)	7	7	2	?	6	8	8	8	7	?	8	4	4	4	6	7	6	7			7	7	8
<b>Ireland</b> (43 / 20 = 2.15)				2	1	2	2	2	1	1	3	2	2	1	4	3	5	3	4	2	1	1	1

<b>Italy</b> (11 / 23 = <b>0.47</b> )	0	0	0	0	1	1	1	0	1	0	1	0	0	0	1	1	1	1	1	1	0	0	0
<b>Luxembourg</b> (79 / 23 = <b>3.59</b> )	6	3	3	2	2	4	3	5	5	0	4	6	3	0	6	6	?	6	2	0	4	4	5
<b>Netherlands</b> (51 / 23 = <b>2.12</b> )	2	0	0	3	<b>8</b>	7	4	2	1	3	4	2	0	0	0	0	7	5	0	0	1	1	1
<b>Poland</b> (47 / 23 = <b>2.04</b> )	3	2	2	2	0	3	1	2	4	1	5	0	0	0	3	4	0	1	2	0	5	2	5
<b>Portugal</b>																							
<b>Slovenia</b> (33 / 21 = <b>1.57</b> )	1	1	1	1	2	2	1	2	2	2	2	1	1	2	3	2			3	1	1	1	1
<b>Spain</b> (28 / 13 = <b>2.28</b> )	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	4	4	1	1	1	1	1
<b>Sweden</b> (48 / 21 = <b>2.28</b> )	4	2	1	2	3	4	2	2	1	3	4	1	1	3	4	1	3	5			1	1	
<b>UK</b> (44 / 23 = <b>1.91</b> )	1	1	1	1	3	3	4	2	1	3	3	1	1	1	3	3	2	1	3	3	1	1	1
<b>Total Points</b>	<b>48</b>	<b>31</b>	<b>30</b>	<b>37</b>	<b>44</b>	<b>52</b>	<b>38</b>	<b>44</b>	<b>40</b>	<b>32</b>	<b>60</b>	<b>37</b>	<b>39</b>	<b>30</b>	<b>52</b>	<b>53</b>	<b>51</b>	<b>59</b>	<b>26</b>	<b>13</b>	<b>27</b>	<b>23</b>	<b>22</b>
<b>Total Score</b>	<b>3</b>	<b>2,2</b>	<b>2,1</b>	<b>2,4</b>	<b>2,9</b>	<b>3,4</b>	<b>2,5</b>	<b>2,9</b>	<b>3</b>	<b>2,1</b>	<b>4</b>	<b>2</b>	<b>2,6</b>	<b>2</b>	<b>3,5</b>	<b>4</b>	<b>3,92</b>	<b>4,21</b>	<b>2,36</b>	<b>1,18</b>	<b>1,8</b>	<b>1,6</b>	<b>1,8</b>
<b>Nr. Responses</b>	14	14	14	15	15	15	15	15	15	15	15	15	15	15	15	15	13	14	11	11	15	14	12

**Table of EAPN Scoreboard Results on NSR Responses 2012**

Area	NATIONAL SOCIAL REPORTS						
	1	2	3	4	5	6	7
<b>Questions</b>							
<b>Austria</b>							
<b>Belgium</b>							
<b>Czech Republic</b> (38 / 7 = 5.42)	4	5	4	7	6	9	3
<b>Denmark</b> (22 / 7 = 3.14)	3	3	3	5	1	5	2
<b>Estonia</b>							
<b>Finland</b> (56 / 7 = 8)	9	9	8	8	8	8	6
<b>France</b>							
<b>Germany</b>							
<b>Iceland</b> (36 / 5 = 7.2)	8	4	8	?	9	?	7
<b>Ireland</b>							
<b>Italy</b>							
<b>Luxembourg</b> (12 / 7 = 1.71)	0	0	5	0	0	4	3
<b>Netherlands</b> (22 / 7 = 3.14)	2	4	0	7	7	2	0
<b>Poland</b>							
<b>Portugal</b> (18 / 7 = 2.57)	1	4	5	4	4	0	0
<b>Slovenia</b> (12 / 7 = 1.71)	2	1	1	1	2	3	2
<b>Spain</b> (7 / 7 = 1)	1	1	1	1	1	1	1
<b>Sweden</b> (9 / 5 = 1.8)	2	1			5	1	0
<b>UK</b> (15 / 7 = 2.14)	1	1	1	3	5	3	1
<b>Total Points</b>	<b>25</b>	<b>29</b>	<b>28</b>	<b>36</b>	<b>39</b>	<b>36</b>	<b>18</b>
<b>Total Score</b>	<b>2,5</b>	<b>2,9</b>	<b>3,111111</b>	<b>4</b>	<b>3,9</b>	<b>3,6</b>	<b>1,8</b>







## INFORMATION AND CONTACT

For more information on this publication, contact

Sian Jones – EAPN Policy Coordinator

[sian.jones@eapn.eu](mailto:sian.jones@eapn.eu) – 0032 (2) 226 58 59

See EAPN publications and activities on [www.eapn.eu](http://www.eapn.eu)

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



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