



**POSITION PAPER** 

'Getting Progress on Poverty and Participation'

**EAPN Assessment and Proposals for Country-Specific Recommendations 2014** 

March 2014

#### **INTRODUCTION**

Europe 2020's poverty target is in tatters. Instead of progress towards reducing poverty by at least 20 million, 124.5 million people are at risk of poverty and /or exclusion (2012), over 6 million more than in 2010. However, the 'crisis' alone is not to blame. Poverty and inequality have increased because of the political choices made: prioritizing austerity through cut backs on social/employment rights and social protection systems; the failure to promote access to quality jobs and fairer re-distribution.

EAPN believes that the European Semester could deliver results. However, the process needs to be reformed to ensure meaningful engagement of stakeholders at all stages, particularly civil society most affected by the policies, and to ensure coherence between economic and social policies, with priority given to Europe 2020 targets. The Country-Specific Recommendations (CSRs) are an increasingly powerful tool. However, they need to set the pace for this 'balanced approach', by ensuring equal priority is given to Recommendations to reduce poverty as well as other social targets, and ensuring that the economic recommendations are not counter-productive, but contribute to supporting inclusive and sustainable growth.

In this document, EAPN builds on our members' previous proposals on the CSRs<sup>1</sup> and the NRPs<sup>2</sup>. We provide a synthesis of members' assessment of the CSRs and their implementation, as well EAPN's members' proposals for CSRs in 2014. An annex of full country fiches is available.

Written responses were received from: AT, BE, BG, CY, CZ, DK, EE, FI, FR, DE, IE, IT, LU, LT, NL, PL, PT, RO, ES, SE, UK, and 4 European Organisations in membership of EAPN: AGE-Platform, EuroChild, FEANTSA, EuroDiaconia, with some benchmarking input from Macedonia. These responses were discussed in a capacity building exchange between EAPN members from 30 national networks on the 7<sup>th</sup> February, including a dialogue exchange with representatives of the European Commission and the European Parliament.

# **Key Messages**

- 1. While there are more Social CSRs, negative CSRs still overwhelmingly outweigh the positive ones.
- 2. CSRs are being implemented, but more attention is paid to macroeconomic CSRs, and by countries who have higher deficits.
- 3. Austerity continues as the dominant strategy, although some positive developments are noted on national anti-poverty strategies, social investment and youth guarantee.
- 4. Individual positive recommendations are undermined by lack of overarching, integrated anti-poverty strategy and adequate funding support.
- 5. Civil society is not meaningfully involved in the CSRs or the European Semester process, undermining credibility, democratic legitimacy and effectiveness of policy solutions.

<sup>&</sup>lt;sup>1</sup> EAPN 2013 <u>Alternative Proposals for CSRs</u>

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<sup>&</sup>lt;sup>2</sup> EAPN 2013: Widening the Gap: EAPN 2013 Assessment of the NRPs.

# 12 Priority Areas for CSRs to Reduce Poverty

- 1) Ensure coherent economic and social policy: preventing austerity penalizing the poor.
- 2) Require a comprehensive long-term strategy to fight poverty with effective targets.
- 3) Tackle inequality, including through tax justice.
- 4) Guarantee Adequate Income Support across the life cycle, for all groups.
- 5) Promote quality of work and employment, through decent jobs and inclusive labour markets.
- 6) Mainstream integrated Active Inclusion into all areas.
- 7) Promote an inclusive education system, tackling segregation and ensuring equal access for all.
- 8) Implement Youth Guarantee and support Youth Inclusion, beyond employment.
- 9) Tackle Homelessness and promote social housing.
- 10) Ensure equal access to health to reduce rising unmet health needs
- 11) Require meaningful participation and stakeholder involvement, including civil society
- 12) Support effective use of EU Funds for Poverty Reduction through partnership approaches involving civil society

#### 1. EAPN MEMBER ASSESSMENT OF THE 2013 CSRS

EAPN National Networks and European Organisation members assessed the 2013 CSRs in terms of their positive or negative impact on poverty. They looked at the entirety of CSRs, including the macroeconomic and financial CSRs, as well as, more specifically, social CSRs related to employment, education, and poverty reduction.

# **Positive CSRs**

The majority of national responses found some positive CSRs, but most highlighted that the CSRs were highly ambiguous and overly generic in their language, (eg references to changing wage levels, instead of being transparent about request to lower wages). Although several networks agreed with the problem identified, they disagreed with the measures proposed to tackle the problem.

#### **Summary of Positive CSRs**

**Austria**: Increase labour market participation of women, by improving child and long-term care, employment of migrants and reducing school drop-out and support to early childhood.

Bulgaria: Review and reform judicial system and measures to fight corruption.

**Belgium**: Reducing disincentives to work and increasing the coherence of employment initiatives with vocational training, comprehensive social inclusion strategies for migrants, and the shift from taxes from labour to environmental taxes. However, concerns are raised about how these would be interpreted through penalizing the poor with hardened sanctions.

**Czech Republic**: Higher public investment in education and employment, progress on higher education reform, but insufficient on vulnerable groups, participation of women and disadvantaged groups in the labour market, query about employment offices role.

**Denmark**: Improving the employability of people at the margins of labour market and improving the quality of vocational training and apprenticeships, but underlined the lack of focus on job creation, reforming primary and lower secondary education.

**Finland**: Improving labour market position of youth and long-term unemployed, reform of municipal structures.

**Estonia**: Improving incentives to work, ensuring adequate social benefits, better social services and parental benefits for families, increasing youth and long term unemployed participation in labour market, linking training and education better, and effectiveness of local governments increasing cooperation.

**Germany**: Improving the efficiency of the tax system, but concerns that this will not mean more progressivity and redistribution. Reducing higher taxes and social security for lower wage earners, but this has to be refinanced somehow (reduction of social expenditures are unfortunately more likely than establishing a wealth tax). Facilitate transitions from mini jobs to sustainable employment, increasing minimum wage, although concerns that even after implementation not every employee will get it. Increasing childcare facilities and reducing disincentives for 2<sup>nd</sup> earners, keeping costs of transition of energy system to minimum.

**Italy:** Ensuring effectiveness of social transfers, and targeting for low-income families, reduction of costs of labour.

**Lithuania**: Implanting concrete targeted measures to reduce poverty and exclusion. Prioritising the employability of older people, tackling high unemployment and youth guarantee.

**Luxembourg**: Stronger focus on prevention, rehabilitation and independent living in care, diversifying the structure of the economy, reducing youth unemployment, and increasing the participation of older workers.

**Poland**: Tackling in-work poverty, limiting the excessive use of civil law contracts extended to permanent contracts, facilitating women's access to labour market, but concerns about quality of jobs, and the transitions between benefits and wages.

**Romania**: Recognition of poverty reduction as a major challenge, improve effectiveness of social transfers, particularly for children, youth employment and youth guarantee, Structural Funds absorption.

**Spain**: Tackling youth unemployment, with youth guarantee, and promotion of dual vocational system for education and training, increasing effective active labour market policies, including quality family support.

**Sweden**: Support to better labour market integration of low-skilled and young people, and migrants, with a focus on transitions and youth guarantee.

**UK:** Correct identification of UK's structural economic weaknesses, but overly generic solutions, social CSRs on youth unemployment and low income households, but with limited solutions, ie focus on employment when not sufficient jobs, hardening sanctions, and increasing participation of women in the labour market with more childcare as only solution.

#### **Eurochild**

**Bulgaria:** Ensuring concrete delivery of the National Strategies on Poverty and Roma integration and improving accessibility and effectiveness of social transfers and services, in

particular for children and older people. Adopt the School Education Act. Improve access to inclusive education for disadvantaged children, in particularly Roma. Ensure effective access to healthcare.

**Hungary:** Reduce the dominance of public works schemes within employment measures and strengthen activation elements. Continue to expand child care facilities to encourage women's participation. Ensure National Social Inclusion Strategy is mainstreamed, particularly among children and Roma. Implement a national strategy on early school-leaving and ensure that the education system provides all young people with labour-market relevant skills, competences and qualifications. Improve access to inclusive mainstream education, in particular for Roma children.

**Germany:** Increasing the availability of full-time childcare facilities (especially concerning the child care for children under three years of age), increasing the availability of all-day schools and raising the educational achievement of disadvantaged people.

**Poland**: Strengthen efforts to reduce youth unemployment. Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education, by ensuring stable funding and qualified staff.

**Slovenia:** Taking further measures to increase employment the low-skilled by focusing resources on tailor-made active labour market policy measures while improving their effectiveness is very relevant since the at risk poverty rate for children is the highest among those living with parents with pre-primary, primary and lower secondary education.

**UK: England and Scotland:** Relevant recommendations include increasing housing supply; reducing youth unemployment; tackling child poverty; and fair tax-benefit system.

#### Eurodiaconia

**Diakonie Deutschland**: CSR in line with economic objectives. But no vision to overcome poverty in the long term. There is coherence regarding the efficiency in the health and care system and the need for stronger competition in the sector of services. Call for broader base of taxes for state income.

**KofoedsSkole, Denmark**: All recommendations are in line with the priorities of ensuring financial stability, fiscal consolidation and growth and competiveness. The CSR points to tackling unemployment and the social consequences of the crisis.

Slezská Diakonie, Czech Republic: All CSRs are relevant, except one see below.

**Christian Foundation Diakonia, Romania**: They are appropriate, the most important being in the labour market participation, the better function of the educational and health system.

#### **Negative CSRs**

The majority of National Network responses highlighted a significant number of negative CSRs focused on macroeconomic governance and fiscal stability and consolidation, which were seen as undermining the poverty reduction target and the delivery on the Social CSRs. These mainly relate to cuts in social budgets, weakening of income levels – benefits and lower wages, regressive taxation, increased privatisation without assessment of impact on lower incomes.

An important reference is made to 'wilful blindness' of the overall CSRs, ie a perception by some national members of deliberate omission of concrete CSRs to reduce poverty or to assess impact of negative macroeconomic or other CSRs on poverty, which undermines the coherence and credibility of the overall package.

# **Summary of Negative CSRs**

**Austria**: Reducing budget deficit without reference to the need to defend welfare budgets.

**Bulgaria:** 'Wilful blindness' ie deliberate omission, in relation to impact on poverty. Most policies irrelevant or negative. No recognition of rising poverty and inequality, deep demographic crisis, and rising emigration. No comment on flat rate taxes, or assessment of impact of privatisation on poverty and inequality, nor the economic impact of growing inequality. Main priority given to fiscal stability, without assessment of impact of banking system on poverty. Specific CSRs reducing costs on health and educational systems which create further divergences. Focus on increasing energy competition, but no mention of energy poverty. No mention of role of regressive distributory role of use of Structural Funds.

**Belgium**: Almost all the CSRs can have a negative impact. Priority given to more austerity, weakening index-linked system for pensions and benefits (although CSR only talks of 'change', the real recommendation is implicitly negative), weakening collective bargaining negotiations that defend wage levels, priority to activation and increased conditionality without quality job creation.

**Cyprus**: CSRs are aligned with the Memorandum of Understanding of the Troika programme arrangements. No account is taken of poverty reduction. To the contrary they contribute to the increase of poverty through the reduction in wages, cuts in jobs in public sector, attacks on cooperative credit facilities which are mainly non-for profit, cuts to pension levels. The CSR to create a universal health care system, which is seen as potentially positive, is still in the process of being developed, although the current health care system has actually excluded a large number of beneficiaries.

**Czech Republic**: Priority is given to fiscal consolidation, growth and increasing competiveness, rather than poverty reduction. Improving efficiency of health care systems mainly by cost containment and market orientated systems.

**Denmark**: Priority given to deficit reduction, which could be positive but main focus is cuts to benefits to the poor, particularly under 30s and disabled. Tax reductions for enterprises and higher earners increasing inequality.

**Estonia**: Focus on fiscal stability implies cuts to social expenditure.

**Finland**: No proposals on poverty reduction.

**France**: CSRs to reduce unemployment benefit levels, increase retirement age when people can access their pensions without increase in employment, reducing minimum wage and sectors getting lower VAT rates which hits for example social housing.

**Germany**: Reductions on social insurance payments runs risk of no obligation for higher earners to contribute to social insurance. Priority to efficiency of health care not access. Requirement to increase competition in services, risks quality.

**Ireland**: As under Troika programme arrangements the only CSR was to implement the Memorandum of Understanding with the EU, so the commitment to poverty and other social targets is undermined.

**Italy**: Reduction of deficit priority, leaving no resources to fight poverty.

**Luxembourg**: Priority only to reducing fiscal deficit, austerity and selectivity of social transfers. Support to regressive tax measures ie standard VAT. Making long-term care more cost-effective potentially endangering quality of services.

**Netherlands**: Focus on austerity measures and reducing budgets.

**Portugal**: No CSRs. The only focus is the implementation of the Troika programme Memorandum of Understanding, although acknowledges some negative impact but recognizes no causal relationship between MoU policies and impact on poverty. Makes no policy proposals.

**Spain**: De-indexing benefits, increasing retirement age and lowering effective pension levels, simplifying capacity to carryout collective redundancies, restrictions on access and levels of unemployment benefit.

**Sweden**: Improving the efficiency of the housing market by phasing out rent control and increase freedom of contracts, which will result in higher rents, particularly for lower incomes.

**UK**: No direct reference to impact of welfare reform on current poverty, priority to fast fiscal consolidation focused on social budget cuts rather than increasing revenue through progressive taxation. (Ratio of deficit reduction measures: 85% expenditure cuts to 15% increases in taxes).

**Eurochild: Finland:** There weren't any child specific recommendations in the 2013 CSRs for Finland.

**Northern Ireland** and Scotland: there are no separate recommendations for the four nations. Also Deficit reduction measures will mean further reduction in public spending.

Scotland: Deficit reduction measures will mean further reduction in public spending.

**Eurodiaconia Germany**: CSRs have no vision to overcome poverty on the long term. **Czech Republic**: "The CSR to "speed up the increase of the statutory retirement age compared to current legislation" is not a solution for the situation." There are not enough working places for people of working age, so if there is an increase in the retirement age, there will be a lot of people over 50 or 60 unemployed and they will use social benefits.

#### What are the Main Gaps?

Members were asked to map explicit omissions, from their perspective in the CSRs. Most highlighted the overall coherence of the CSRs, ensuring that the economic goals delivered on the poverty and other social targets, highlighting concrete areas for improvement, in the economic, employment and social fields. Many of these were made more specific in the proposals of the CSRs at the end. Eurodiaconia members however generally found the Country Specific Recommendations coherent, as they are in line with the overall thinking of the European Commission, but lacked a poverty reduction perspective.

# **Summary of Main Gaps**

**Austria**: Adequacy of Minimum Income should be guaranteed. Implementing labour market inclusion for those furthest away from the labour market.

**Bulgaria**: Fiscal and Tax justice, with progressive taxation to reduce spiraling poverty and inequality, action to tackle indebtedness, tackle impact of petty crime and corruption, access to key services particularly energy poverty, support to social economy and use of ESF and Structural Funds to redistribute wealth, reduce inequality and poverty not to increase the gap.

**Belgium**: Tackling inequality through fiscal/tax justice. Guaranteeing an adequate minimum income, creating quality jobs and supporting access for those excluded.

**Cyprus**: Financial support to protect living standards, and to prevent austerity increasing poverty and inequality.

**Czech Republic**: Promoting inclusive education: ensuring access to post-compulsory education for vulnerable groups, particularly Roma, also pre-primary and primary. New priority to social housing, with need for integrated support to people suffering homelessness and housing exclusion. Support to non-for profit housing solutions.

**Denmark**: Renewed commitment to a progressive Flexicurity concept ie that guarantees income security with flexible labour market. Support for those who are furthest from the labour market – in terms of employment support but also adequate income support.

**Estonia**: Closing discrimination gaps for different national and vulnerable groups. More focus on disabled and older people's poverty. No focus on quality jobs. Lacking a systemic and preventative mechanism for poverty reduction. Need to ensure access to health care for all.

**France**: Increase in Minimum income needed. Increase in the number of young people accessing the youth guarantee. Increase in the amount of housing benefits. Merging minimum income and employment allowances to favour take up and access to minimum income.

**Germany**: Better measurement of employment sustainability and impact, particularly regarding participation and duration, and a real poverty target, not just long-term unemployment. Real use of ESF 20% for poverty reduction.

**Ireland**: The MoU should have taken measures to protect the most vulnerable and not just prioritising budget deficit reductions with little focus on the impact on poverty.

**Italy:** Change priority form only budget deficit reduction and liberalization, and focus on strategy to fight poverty and inequality, with particular reference to youth, women's support into the labour market and early school leaving.

**Lithuania**: Not aiming at social progress or innovation, or poverty but just small policy steps. Missing support to social partnerships to reduce poverty – public/private and NGOs and nonfor profit's role.

**Luxembourg**: Develop a strategic approach to poverty reduction with involvement of stakeholders. Consider all the target areas and their impact on poverty. Priority to development of affordable housing, particularly through social housing.

**Poland**: Need for a comprehensive antipoverty strategy, which should include integrated active inclusion, ie using the ex-ante conditionality requirement of ESF. Priority to affordable housing. Ensuring participation of people experiencing poverty in policy design, evaluation and delivery.

**Romania**: Need for a long-term integrated strategy to fight poverty. Evaluate impact of CSR and policy measures on poverty. Invest in quality public services, particularly health, education, social protection, employment services etc.

**Spain**: Insufficient and ineffective support for vulnerable groups, and to tackle 6 million unemployed and 1, 832, 000 jobless households.

**Sweden**: Tackling growing inequality that is threating social cohesion and increasing social and economic costs. Lack of a national poverty target.

**UK**: No concrete recommendations on poverty (compared to 2012 when CSR made that welfare reform shouldn't increase poverty) or evaluation of impact of CSRs. Missing a strategic approach to reducing poverty and inequality – particularly overall poverty, in-work poverty, severe or extreme poverty, rising inequality. Unfair burden of cuts and approach to fiscal consolidation supporting erosion of low and middle incomes and increase in benefits to top 1%.

# 2. IMPLEMENTATION OF COMMISSION/COUNCIL'S CSRS 2013

In this section, we asked members to assess how far the CSRs had been implemented and what the impact was on poverty reduction.

Most members highlighted that the CSRs have been generally implemented, with overwhelming priority given to CSRs on economic governance and fiscal consolidation (BE, BG, CY, DE, EE, IE, LU, LT, PL, RO, UK). The highest attention comes from the countries in the most vulnerable position, to excessive deficit procedures (CY, IE, ES, IT, BG, RO), but not always (UK). This is generally seen as having an immediate negative impact on poverty, due to cuts in benefits/services and wages. (BE, BG, CY, DK, IE, UK). Some networks have welcomed the fact that their governments have not (yet) implemented the most negative of the requirements, which would have contributed to generating increased poverty and inequality (eg, BG, BE, FR). The Troika countries highlight that they have CSRs submerged to the Troika programmes, which they say have been overwhelmingly implemented (CY, PT, IE).

Social CSRs were given less priority, although some progress was seen, underlining the potentially valuable impact that positive CSRs could have. However, there is a recognition that these are too often one-off singular measures, lacking an overall strategic approach (EE). Furthermore, the measures themselves are inadequately targeted and their social impact under-assessed. Eg Austria and Romania: with obligatory youth guarantee to take up jobs/training, without sufficient quality training/jobs available, or in Sweden with the focus on improving access to housing, but by deregulating the housing market rather than investing in social housing. Most commented that the single positive social CSRs could not counter the overwhelming CSR drivers of fiscal consolidation and austerity.

Within social CSRs, the employment CSRs are prioritized. Implementation on action for long-term unemployed and vulnerable groups is generally welcomed (NL). However, concern is raised that rather than employing an integrated Active Inclusion approach (adequate income support, inclusive labour market and access to quality services), the primary focus is on activation and increasing employability mainly by increasing conditionality, lowering unemployment, minimum income and other benefits, and increasing sanctions, without increasing access to quality jobs for people who are furthest from the labour market (BE, DE,

IT, LT). Neither is action being taken to tackle severe discrimination in the labour market for key groups (CZ, EE). Lithuania welcomes more integrated approaches, but is concerned that the expertise of NGOs and non-for profit organisations in providing wrap around support to integration is not being used.

**Positive steps on employment** are noted particularly in Germany around increasing wage levels and agreeing a minimum wage, and on in-work poverty in Poland, although the measures themselves are too limited focused on restricting civil contracts, rather than integrated approaches and concerns that the implementation on minimum wage may not apply to all. Support to increase women's participation in the labour market, particularly through increase in childcare places is noted in DE, PL, although concerns about affordability, quality and implementation.

Youth Guarantee/ and action on NEETs is another priority area for implementation (AT, EE, ES, FI, FR, IT, LU, NL, RO) with the latter highlighting the positive use of ESF. Although comments are made about the lack of ambition or effectiveness of the schemes (EE, FR, FI). Estonia highlights concerns about services for Russian youth. Others highlight concerns about timing (LU) or budget for implementation (EE), particularly for youth at risk of poverty and exclusion.

**Education and lifelong learning**: concerns are raised about effective implementation and lack of comprehensive policy for inclusive education. Some positive steps are noted with overall of lifelong learning (NL and FR) and tertiary scholarships (IT), as well as in tackling early school dropout (DE) particularly focusing on migrants. Positive CSRs are noted in France supporting intergenerational pacts and reform of lifelong learning to improve access for all.

Active Ageing CSR's implementation are generally seen as unbalanced with focus on raising retirement ages are a key concern and appear to have been only partly implemented. (BE, FI, FR). This is seen as likely to increase poverty by delaying people's access to retirement pensions, without priority to increasing the employment of older workers, or sustaining them in quality jobs, making many dependent on low levels of inadequate income support.

**Implementation of National Action Plans on poverty and/or social inclusion** are highlighted by several networks (PL, EE, ES, RO) and is seen as a positive new development supporting the development of strategic, integrated approaches, but major concerns raised about lack of budget for implementation.

Important social CSRs are not yet implemented or only on paper, or without budget assigned, eg youth guarantees (EE, LU). Some other important examples of non-implementation include: a review of judicial system or attacks on corruption(BG); reducing tax and social security burden on low wage earners (AT); revising the bureaucratic administrative system (CZ); and revision of vocational training system (DK); ensuring the effectiveness of social protection systems (LT, RO). In Luxembourg, the review of minimum income levels, long-term care and housing are not implemented yet partly due to change in government.

# **Summary of EAPN Assessment of CSR implementation**

**Austria:** In general CSRs implemented. Main positive areas implemented was in the area of youth, progressing on the Austrian model of youth guarantee with youth coaching, extension of measures for NEETS. The obligation for 18 year olds to be trained/employed was considered negative because it was obligatory with sanctions without recognition of lack of quality work/training opportunities available.

Not implemented: requirement to reduce tax or social security burden on the low wage earners, nor any reduction of the gender pay gap. This is seen as negative.

**Bulgaria:** CSRs in general implemented, but also because the CSRs themselves where often very ambiguous and generic. The main focus was on the fiscal stability and consolidation requirements which were very negative increasing poverty.

Not implemented: CSR to increase retirement age or to marketize the energy supply. EAPN considers this 'non-implementation' as positive as both measures would have increased poverty. The CSR to normalize the judicial system is not so far implemented, this is seen as negative.

**Belgium**: CSRs partly implemented: Reducing disincentives work has been implemented, but not by raising minimum wages but making life more difficult for people on unemployment benefit, with increased degressivity of benefits, also negative reform to pension system is under way.

Not implemented: The Government hasn't followed such a strict austerity policy as required by the CSRs. This BAPN considers positive.

**Cyprus**: The Government has implemented the Troika programme Memorandum of Understanding, which EAPN Cyprus considers overwhelmingly negative for poverty.

**Czech Republic**: The CSRs have been partly implemented, with more priority given to the fiscal stability and consolidation and administrative reforms, but progress on poverty is slow and bureaucratic, partly due to the 'low effectiveness' of public administration.

**Denmark:** CSRs mainly implemented: Budgetary, fiscal requirements were implemented with immediate negative effect on benefit levels and pensions. An ambitious plan for growth is being implemented focused on infrastructure and redevelopment of social housing.

Not implemented: EAPN highlights that the commitments to reforming vocational training have not been decided politically.

**Estonia**: CSRs implemented: Youth Guarantee with a national action plan, new income support benefits, planned revision of coordination of municipalities, reform of the education system and strengthening state responsibility are all in progress. Most are considered positive by EAPN EE.

**Finland**: CSRs mainly implemented: Youth Guarantee was set in place in 2013, together with reform of the municipal structure and reducing early exit to access pensions for retired people. The former is considered positive and the latter two negative.

**France**: CSRs partly implemented: Positive CSRs being implemented: intergenerational contracts providing overlap/mentorship between youth and older workers; reform of lifelong learning with personal accounts, youth guarantee for 10.000 although 150.000 school leavers without diplomas.

Not implemented: France under pressure to cut social budgets, but so far Unemployment Benefit allowance is not yet reduced, nor increased retirement age, or reductions of minimum wage yet, but EAPN is concerned that this will be put in place.

**Germany**: CSRs partly implemented: Action to reduce long-term unemployment, to increase childcare places and early language learning, and to tackle the early school leaving particularly of migrants (which is twice as high). These are seen as positive. Wages rose last year, but the tax wedge on low incomes is still too high.

**Ireland**: Memorandum of Understanding for Troika programme has been fully implemented, with a generally negative impact on poverty with consistent poverty rising from 4.2% in 2008 to 6.9% in 2011. Only potentially positive recommendation is the broadening of the tax base, but unclear as yet its impact on poverty.

**Italy**: CSRs mainly implemented: with positive steps on resources for scholarships for Tertiary Educations, partial implementation of action on NEETs.

**Lithuania**: CSRs mainly implemented: Unemployed benefits combined with active inclusion, but not using best personalize support methods because NGOs who have experience of this approach are not involved. Some discussion on wealth and income taxes, and adequacy of social protection and child benefits, but no action as yet.

**Luxembourg**: Fiscal governance CSRs are implemented, with generally negative results.

Not implemented: previous government planned to revisit minimum income, long-term care, youth guarantee, but now new Government is revisiting the measures.

**Netherlands**: CSRs partly implemented: use of ESF for long-term unemployed and focus on education and training transitions for young unemployed.

**Poland**: CSRs partly implemented: CSR on increased childcare has been implemented with the first 5 hours free and limit to price for low income groups, but concern about how this will be implemented. Action on in-work poverty very limited.

**Romania**: CSRs mainly implemented. Positive measures include adoption of legislation on social protection, education and active labour market, youth and Roma inclusion, but concern about implementation.

**Spain**: CSRs implemented: Most of the macroeconomic and fiscal consolidation measures have been implemented. The positive measure of the support to national action plan on social inclusion has also been implemented, but unclear what budget support it will get for implementation.

**Sweden**: CSRs partly implemented: Highlight that although the diagnosis of the problem has been adequate – ie shortage of affordable housing, the solution is negative and likely to raise rents.

**UK**: CSRs mainly implemented in field of welfare reform; less so other policy areas: Government has designed and legislated for extensive reform agenda around deficits but unclear how effective it will be even in terms of its own objectives – ie reducing deficit and increasing growth. Very negative impact on poverty with overall central government spending cuts (2008-13) cut by 13.5% with local authorities bearing 50% of the cuts and a larger proportional share than central government. No assessment made of impact of over 43 areas of cuts since 2010.

CSRs mainly implemented: Government has designed and legislated for extensive reform agenda around deficits but unclear how effective it will be even in terms of its own objectives – ie reducing deficit and increasing growth. Very negative impact on poverty with spending cuts of 13.5% with local authorities bearing 50% of the cuts. No assessment made of impact of over 43 cuts since start of crisis.

**Eurochild-Hungary**: In terms of child rights, child protection, child well-being social exclusion the CSRs have had only slight/no impact or visibility. In contrast the recommendations on the economy, taxation, etc. appeared in the media and had impact on decision making as well.

**Eurochild-England:** There has been little progress on any of the issues raised in the CSR in the past year. Youth unemployment is down just 0.5% to 20% while both housing and child poverty have been made worse by the government's welfare reforms, particularly the benefit cap, below inflation uprating and the spare room subsidy.

**Eurodiaconia-Germany**: Following on last year recommendation, the government has enforced the increase of all day kindergartens - but not enough.

**Eurodiaconia-Finland**: The CSRs of 2012 have been followed up, debated and to a certain extent implemented, especially as regards achieving cost savings in public service and structural changes and territorial administrative reforms linked thereto, and improving the labour market for young people.

# 3. NEW DEVELOPMENTS

Members were asked to highlight key new negative and positive developments in their MS, which might provide the basis and justification for potential new CSRs.

Many highlighted a continuation of **negative policies**, often closely aligned to the Commission's own CSRs, raising concerns about the coherence and priority given to the Europe 2020 goals and targets within the Semester. For example - the continuing negative impact of austerity measures with an unfair burden on the poor through cuts in benefits particularly minimum income and unemployment benefit, and public services; the narrow focus on activation rather than integrated active inclusion; the downward pressure on wage levels, and quality work, particularly with increases in precarious, temporary contracts with reductions in employment rights – e.g. mini jobs and 0 hour contracts; the increased pressure on privatisation and liberalisation of services without evaluation of their impact on access, affordability and quality of services, particularly for low income groups; the focus on increasing retirement ages, without increasing older worker employment and de-indexing of pensions attacking older people's living standards.

The full package of negative developments is seen most clearly in the countries under Troika programmes (CY, IE, PT,) and there are strong signs of social divergence across the EU.

**Some positive developments** were underlined particularly in the area of youth, with the youth guarantee and action on NEETs. (AT, RO). Some specific small actions for particular vulnerable groups.(BG, RO). Re-organisation of social and health services to tackle better inequalities in access to health and care (FI). Some better support for unemployed, particularly transitions to ensure adequate income (FI) or to support self-employed (IT). Extension of the social card (IT) and a new credit line for housing distress.

In a few countries a more positive integrated approach to social investment is notable ie France developing a positive programme for creation of jobs, increasing levels of minimum income and regulating rents for affordable housing, as well as improving access to social housing. Others saw some progress on social housing (CZ) and overall public investment. Some improvements on taxation (EE) and to improve child protection.

A major positive development in several countries was noted where new National Action Plans for social inclusion/and or poverty have been forged together with stakeholders: ES, LT, PT, RO.

However, in many countries the overall package of austerity undermines the positive tendencies.

# Summary of new national developments

# **EAPN National Networks**

**Austria**: Although positive programmes are planned for young unemployed and revision of minimum income is planned, there are no new overall policies on poverty.

**Bulgaria**: Small steps have been taken to improve the situation of vulnerable groups, but this doesn't reduce the most important drivers on poverty generation which are largely structural related to the distribution and redistribution of income and wealth.

**Belgium**: There is little that is new, but current emphasis on increasing activation, destroying quality jobs, social security, increased privatisation, downward pressure on wages including in the social economy sector continues. A negative new example is creating new mini jobs with vouchers for unemployed youth, which undermines quality jobs.

**Cyprus**: Mainly negative developments as implementing the Troika MoU programme. Eg reduction of wages by 15%, income from pensions by 30%, increase of fees for health care and transport, reductions in social benefits eg child benefit, university student sponsorship and child care, increase in precarious jobs. A positive element is increased use of EU programmes to fight unemployment.

**Czech Republic**: Positive developments in an increased human rights approach, and greater focus on social housing, with more emphasis on embedding an effective social security system, and public investment as economy recovers.

**Denmark**: A general negative development is the general attack to the Flexicurity model, with cuts in benefits and lack of integrated Active inclusion strategy to support people who are most excluded – particularly youth, families with children and disabled.

**Estonia**: Some positive developments with new focus on tax – ie draft laws on car tax and child protection Act, but this act could have a negative impact, with pressure on local government to deliver with no extra budget, therefore endangering quality of service delivery.

**Finland**: Positive developments in the reform of the municipal structure, on social and health services, aiming to decrease inequalities in health and well-being. Also improvements for unemployed – ie in 2014 unemployed can earn 300 Euros without losing unemployment benefit.

**France**: Positive developments in investing in new jobs for low qualified people, increase in minimum income from Sept 2013, the new housing law which will prevent rent increases. However this has to be measured against 50 million Euro cuts to public expenditure, reduction in housing benefits and less ambitious support than planned to enable low income groups to access affordable housing.

Germany: Increase for mini jobs from 400 to 450 Euros a month without paying social security. Concern about the lack of transitions to sustainable employment likely to exacerbate in-work poverty. Although employment is increasing, unemployment was increasing 2013 marginally as well, the problem being long-term unemployed who cannot get access to the labour market. No comprehensive strategy how to create or ensure access to quality jobs for excluded groups. Although new childcare places are welcomed the new subsidy for parents, providing childcare at home, is likely to create disincentives for women to participate in the labour market.

**Ireland**: Although Ireland is no longer under the Troika programme, further cuts will be carried out to social welfare, including for young people. The current structure of activation services is reinforced, but greater focus on compulsory engagement in work, raises issue of capacity to respond to clients multiple needs. There's also too much focus on the live register, with little support for other groups who are furthest from the labour market. There is no focus on creating quality jobs or ensuring adequate income. The reform of local government raises concerns about erosion of grass-roots community development and advocacy.

**Italy**: The Government has allocated more funding for self-employment, and an action plan for social inclusion and cohesion, and guarantee for NEETs. The social card will be extended to 425,000 additional families, particularly in the South. Other positive developments are proposals for a special credit line for those experiencing housing exclusion or distress. However, concerns about implementation of adequate minimum income, the extension of the retirement age and delay in accessing pensions, and the increasing prospect of low level of retirement pensions for young people

**Lithuania:** The main positive development is the development of the National Action Plan for Social Inclusion (2014-2020), developed with NGOs and social partners, involving EAPN Lithuania, but without budget allocated. Some positive declarations around steps on tackling inequality of income and wealth, child poverty and reinforcing social protection, but not reflected in concrete measures

**Luxembourg:** The main developments are austerity, using cuts in social budgets to fulfil fiscal governance CSRs.

**Poland:** Positive action being taken on civil law contracts to prevent abuse, but more is needed to tackle in-work poverty, also on youth unemployment and guarantee. Some steps on reform of public employment services, but weak on implementation. Social Assistance reform is welcomed, but needs to separate eligibility from social services support, and to ensure a guarantee for a 100% adequate minimum income (50% to come from national and 50% local authority).

**Portugal**: Continuing deterioration of the social situation. Decrease in employment to 66.5%, with reduction in job security, but has not resulted in its proclaimed aims of decreased unemployment rate. Big increases in forced emigration (14.2%), the 2<sup>nd</sup> highest in the OECD. Highest early school leaving rates. Inequality is increasing with poverty. The increase in the retirement age and delay in accessing pensions will increase older people's poverty. Some results are being seen under the Youth Impulse Programme and the National Implementation Plan for a youth guarantee, although queries are raised about the implementation. A recent report revealed that public organisations are using the measures to hire people for lower wages, in order to substitute the workers they lost under the MoU cuts. This risks replacing secure jobs by very precarious ones.

**Romania**: Positive developments include the reform of the social protection system, and commitment to a strategic framework for social inclusion on poverty (2014-2020). However, new taxes may increase poverty.

**Spain**: The major positive development is the new National Action Plan for Social Inclusion, which gives new visibility to social policies and who is responsible, uses the EU's Active Inclusion, Child Poverty Recommendation and Strategy for homelessness as a clear basis for policy with a link to Structural Funds. Particularly note to the new plan for social services and the national plan for childhood and adolescents (PENIA). However, concerns about lack of budget allocation and whether this will be reflected in the NRP.

**Sweden**: Lack of an overall strategy to fight poverty, with concrete poverty targets. The overall meaning and content of welfare policy is being systematically undermined.

**UK:** Major negative developments as a result of welfare reform due to unfair burden of austerity (with ratio of cuts to increases in revenue 85 cf to 15%). Continuing severe cuts in public spending (37% by 2020), and to public sector jobs (1.1 million by 2017/8), cuts to

benefit levels and eligibility but not increasing access to work, particularly for young people (ie 800.000 people sanctioned with their job-seekers allowance, 47% being youth, but no published evaluation of impact). Main cuts are to cash benefits and local especially social services, with education and health least cut. Poorest parts of UK hit hardest (Institute of Fiscal Studies). Regressive taxation and increasing tax cuts benefiting the wealthiest, with insufficient action to tackle uncollected tax (120 billion). Some limited positive developments with increase in personal tax allowances, extension of free school meals, removal of national insurance contributions for under 25s, removal of cap on university places, but no reduction of fees (up to 9.000 pounds sterling a year). Continuing lack of any kind of stakeholder engagement particularly civil dialogue in the design, evaluation or delivery of policy hampers productive understanding and action on social impact and solutions. (See full detail in country fiches).

**Eurochild-Bulgaria**: The Pre- School and Education Act mentioned in the CSR No.4 for 2013 was practically frozen following the change of government and a new piece of legislation is expected but neither civil society or state actors have been consulted. Another challenge is to formulate the CRSs in a way which stimulate the practical implementation of the existing strategies and plans which unfortunately often do not lead to positive changes in the lives of vulnerable children and parents. For example, 71 of 120 activities from the action plan for the implementation of the National Roma Inclusion Strategy are not budgeted.

**Eurochild-Slovenia**: Persons with low educational attainment are specified as a target group in some active labour market policy measures that are included in the AEP measures catalogue, valid from 7/2/2014. For example: encouragement of inclusion in formal education, encouragement for employees in terms of reimbursement of their contribution.

**Eurochild-UK-England**: Childcare provision in the UK is insufficient to meet demand and is expensive, with the introduction of the Universal Credit significantly increasing the cost for 100,000 of the poorest families. The Work Programme is also performing extremely poorly. Both of these issues act as barriers to parental participation in the labour market. The Universal Credit should increase work incentives for the majority of claimants, parents, particularly couples, seem likely to be badly served by the new system. The Department for Work and Pension's own impact assessment found that couples with children "are more likely to see an increase than a decrease" in financial barriers to taking on extra work. Similarly analysis by the Child Poverty Action Group has found that the lack of a disregard for second earners will act as a disincentive for them to return to work. The benefits cap and decision to uprate benefits below inflation for the next two years will have a significant negative impact on the lives of disadvantaged children, young people and families. Even taking into account the potentially positive impact of the Universal Credit, the Institute for Fiscal Studies estimates that the number of children living in poverty will rise by 800,000 by 2020/21.

**Eurochild-Scotland**: Though there are no separate recommendations for Scotland, the Scottish Government has taken action in several areas covered by the recommendations though they would likely have taken these actions whether the recommendations were in place or not. For example, the Scottish Government has taken active and (to some extent) effective measures against youth unemployment and in support of an increased housing supply and has made several announcements in respect of increased child care availability (eg all 3 & 4 year olds will get 600 hours per annum).

#### **Accession Countries**

**Macedonia**: The government undertakes small steps to increase the minimum wage, with a plan to increase it by 2%. However the Government has no operational plans and budgets for poverty and social exclusion.

#### 4. ALTERNATIVE CSRS: COMMON MESSAGES

In this section we provide a summary of the CSR proposals made by members, based on their assessment (provided in the Annex). Generally, the proposals for 2014 built on EAPN 2013 CSR proposals, incorporating the assessment of the 2013 CSRs and implementation.

# 1) Coherent economic and social policy: preventing austerity from penalizing the poor

Almost all members highlighted this as a key area, with IE, UK (also Eurochild Scotland) and Cyprus making concrete recommendations. The demand was to take on an investment approach which could prevent further social and economic costs, including on children. A social or poverty impact assessment of economic policies was crucial to ensure coherence and that the economic delivered on social goals.

# 2) Require a comprehensive long-term, anti-poverty strategy and effective poverty target

Again, although most underlined the importance of this as an overarching requirement to deliver on the poverty target, several (DE, FR, IE, LT, LU, PT, ES, Diakonie Deutschland-Eurodiaconia) gave specific CSR proposals, with Eurodiaconia's member Diakonie NL underlining the importance of persistent poverty. In France and Spain, EAPN national networks make the case for a multi-annual funding programme to back implementation of the National Action Plans on Poverty and in Spain the National Plan for children and young people, with an emergency anti-shock plan. Concrete CSR proposals were made on improving on existing poverty targets and implementation by ES, PL and UK, including requirements on sub-targets eg on children, and other groups.

### 3) Tackling inequality, including through tax justice

Reducing inequality is a notable priority. Although most proposals underline the importance of reducing income inequality through quality work and adequate income support, most CSR specific CSRs proposals highlighted need for progressive tax justice, shifting the burden from poor to the rich and away from indirect taxes which hit the poor worse and towards tackling environmental and social risk, including tax evasion and avoidance (BE, BG, CZ, DE, ES, PT, SE).

# 4) Guaranteeing Adequate Income Support to all, across the life-cycle

An overwhelming CSR demand by many members is to guarantee adequate income support. This is mainly focused on guaranteeing an adequate minimum income that can take people out of poverty. The agreed poverty indicator of 60% of median income is an important national reference for the setting of minimum income schemes but reference budgets could be used to test the robustness of the level of Minimum Income used and also of the 60% threshold. The proposals highlight the need to ensure adequacy is linked to purchasing power and effective transitions between the full package of overlapping benefits for income support

across the life cycle and for all household groups: children, families, older people – including tackling degressivity and threats/ action to cut back index-linking for unemployment, child benefit, housing benefit and pensions. (AT, BE, CY, CZ, DE, DK, FI, FR, IT, UK, Eurochild Bulgaria and AGE-Platform).

# 5) Promote quality of work/employment, through decent job & inclusive labour markets

An increasing priority is to take urgent action to promote inclusive labour markets, primarily through investing in sustainable quality job creation, and ensuring pathways to inclusion as well as tackling in-work poverty (BE, CY, DE, DK, EE, FI, IE, NL, PL, PT, RO, SE, UK, Eurochild Scotland/UK). Several underline the key role that NGOs and social economy organisations can play in providing jobs and integrated support.

# 6) Mainstream integrated Active Inclusion through all areas

This is still seen as the key missing integrated strategy, based on the 3 pillars (adequate income support, inclusive labour markets and access to services) to promote inclusion to sustainable employment, as well as inclusion for those who are not able to access quality jobs. (AT, DK, IE, PT, UK). In Denmark's case a core reference is made to restoring balanced flexisecurity which is being undermined.

# 7) Promote an inclusive education system, tackling segregation & ensuring equal access for all

This was a core CSR proposal for AT, CZ, DE, EE and FR, with particular attention to vulnerable groups, eg Roma, tackling segregation and promoting comprehensive system with equal access for all. Several members, including Eurochild members in Bulgaria Hungary and UK (Scotland and England) who underlined the importance of concrete actions on Early Childhood Education and Learning.

#### 8) Implement Youth Guarantee and support Youth Inclusion, beyond employment

Several members highlight priority for CSRs to implement the youth guarantee, with particular regard to at risk groups, and the need for creative, integrated and inclusive support, with better use of Structural Funds, (CZ, FI, LU, RO, UK as well as EAPN England).

# 9) Tackling Homelessness and promote social housing

A large number of members raised the alarm bells around inaccessibility of housing, proposing investment in quality social housing, to ensure affordable access for all. (FR, LU, SE, UK, Eurochild UK/England). In relation to tackling homelessness, FEANTSA proposes CSRs for 13 countries. (UK, HU, SE, NL, BE, CZ, LU, DK, RO, ES, LT, FR and PL). The proposals were focused on need to support integrated strategies to fight homelessness based on prevention, housing-led approaches, providing affordable pathways into rented accommodation for people at risk, particularly children and youth. FEANTSA took a pragmatic approach drawing

on the EC Communication on the 2013 CSRS<sup>3</sup> and focused on those countries where a link with existing CSRs/NRPs could be made, backed with sufficient data and where there was a realistic hope that the MS would be receptive in 2014.

### 10) Ensuring equal access to health to tackle rising unmet health needs

A growing concern was shown regarding the deterioration of access to universal health systems. EE, FI, FR and RO gave priority to taking concrete steps to ensure equal, and affordable access and better coordinated health systems, with Romania underlining the need for concrete actions to ensure equal access to all key public services.

# 11) Require meaningful participation and stakeholder involvement, including civil society

All EAPN members are concerned about the weak stakeholder engagement in the Semester process, but 6 called specifically for concrete CSRs (IE, IT, LT, LU, NL, UK). EAPN NL underlined that participation should go beyond policy dialogue, and promote bottom-up engagement of people experiencing poverty in services, but also as part of the solution in participative social innovation approaches.

# 12) Support effective use of EU Funds for Poverty Reduction through partnership approaches involving civil society

Several members underlined the need for specific CSRs on the role of Structural Funds, primarily in delivering on poverty, ie the 20% thematic priority of ESF promised, but also mainstreaming equality and gender concerns. (BG, DE, ES, IE, LT, LU, RO). The issue of better absorption/transparent implementation and fairer distribution is an obvious concern for Romania and Bulgaria. In Spain, a crucial issue was ensuring an adequate budget to deliver the new National Action Plan for Social Inclusion and the Plan for Children and Young People (PENIA), but also from national budgets. Many raise the concern of access of NGOs to SF to support bottom up solutions to deliver on poverty.

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<sup>&</sup>lt;sup>3</sup>EC COM (2013) on 2013 CSRs highlights homelessness amongst 3 other social inclusion priorities (child poverty, in-work poverty and over-indebtedness.

# 5. PROPOSALS FOR 2014 CSRS FROM EAPN NATIONAL NETWORKS AND EUROPEAN ORGANISATIONS

Member State	Country-Specific Recommendations (National Networks)
Austria	Raise the amount of the means-tested minimum income, to introduce an independent minimum income for children and to include costs for housing.
	2. More labour-market measures and employment opportunities for people most excluded from the labour market, especially for people able to work only part-time.
	3. A reform of the educational system, which is highly segregating (full time school, common school for children from 10 - 14 etc.)
	Same as for 2013.
Belgium	All benefits (minimum income, living wage and others) should be raised immediately above the poverty threshold. (60 % + reference budgets)
	2. The increased degressivity of the unemployment benefits should be canceled again.
	3. The creation of long term high quality (in terms of health, wages, security, combination with family life) jobs should be a priority. The government itself should also take responsibility in this, by creating these jobs in different service delivering sectors.
	4. Belgium should set itself an ambitious sub target on reducing inequalities. Redistributive measures and a reform of the fiscal system (more fiscal justice) should make it possible to deliver on this.
Bulgaria	1. Normalization of the tax system (removal of the "flat" taxation system) and social security contributions (removal of the ceiling of healthcare contributions and lifting up the ceiling of pensions contributions).
	2. Radical changes of ESF regulation aimed at involvement of these resources in the fight against poverty through improvement of their absorption and distribution.
	3. Legal framework for social economy and ensuring enough resources for this sector.
	4. Implementation of participatory social impact assessments of policies and legal frameworks.
Czech Republic	Policy on inclusive education in practice and monitoring of educational and after educational employment success of vulnerable young people, especially Roma(success monitoring, individual support programmes, tracks, connection with services e.g. social housing – possibilities to

- leave socially excluded areas and not be forces to stay part of the "jointly assessed persons" for the social benefits purposes.)
- 2. More effective employment services, more proactive and flexible schemes also in cooperation with partners. Labour Offices responsible for producing proactive, effective partnerships. Creative focus on youth. Labour Offices should mediate more practical cooperation with non for profit community service providers and employers, helping them also more with social economy applications. New individual work scheme (e.g. paid traineeships in non for profit community services with further educational development) for unemployed /esp. vulnerable/ youth should be created and implemented.
- 3. The state and regions should no longer under-prioritize and discriminate against social service providers and change the attitude from: "only helping poverty more proactively when it runs from ESF money and when it is sole responsibility of NGOs, with all the administrative and financial project burdens connected". Increased public investment both on state and local level also for more quality social, educational, employment services and its sustainable network there is significant reduction of social, employment and educational services offered to (but raising) number of demanding groups and individuals due to interim interval in ESF calls (no open old calls, new calls expected in late 2015). Czech Republic used ESF money for this purpose (up to 60% increase compared with only state money approx. 40% of services) and many social NGO's offer less services and dismiss their staff, quality suffers as well. This system should be run more on state, public money, should be sustainable, not "only helping poverty when it runs from ESF money" attitude of, not only state, but more regional and local politicians! The state and regions should no longer discriminate social service providers which have accreditation. Although the State Act on Social Services claims standards and other requirements for registration, public quasi-NGOs have sustainable public budgets but very often much lower quality standards and overall service efficiency and still have favouring discriminatory financing as so called contributory organizations that does not need to go to tenders each year as others.
- 4. Social Housing Act and prevention of poverty business (debts, hostels etc.) Growing number of people that can afford only rental housing. High discrimination on private rental markets also high prices. No possibilities of people in social excluded areas to get out, no possibilities for future of their children (other integrated more quality environment). Lack of prevention social and indebtedness services combined with public housing, lack of public housing facilities, open markets to speculation. Fast development of substandard hostels (growing business with poverty), lack of assistance to small communities, villages, towns and general-benefit non-profit organizations to eliminate and integrate socially-disadvantaged

	neighbourhoods that are more often frequent targets of racially motivated protests and aggressions.  5. Taxation that does not burden the expenditure and living conditions of people, Indexation of senior pensions, and other relevant support.
Cyprus	Invest in growth for creating decent and quality jobs to fight unemployment.
	2. Support the vulnerable groups, stop implementing austerity measures on social state.
	3. Protection of employment and the rights of workers.
	4. Ensure of a minimum income for all as a means to preventing and fighting poverty.
Denmark	1. Economic and social inequality and social exclusion is growing in DK, even if nobody wants it. The social welfare system needs to be reformed and adapted to the new realities.
	2. What is missing is a genuine flexicurity bases on a decent minimum income for unemployed, quality services and holistic rehabilitation and jobs for poor and excluded and a labour market open for all.
	3. There is an obvious need for many more proper jobs for long term, low-skilled unemployed and socially excluded with complex difficulties
	4. There is a growing challenge in how to involve NGOs more in rehabilitation and job creation for those far from the labour market.
Estonia	Focus more on quality jobs (prioritize on social exclusion).
	2. Human Rights education.
	3. Access to health care and rehabilitation services must be guaranteed to all on an equal footing.
Finland	Reduce health and wellbeing inequalities.
	2. Enhance the purchasing power of low income families with children.
	3. Improve employment and ensure the implementation of youth guarantee addressing the risk of social exclusion.
	I.

#### **France**

- 1. A pluri-annual (5 years) law on financial programming to fight against poverty with clear objectives concerning the building and financing of social housing.
- 2. An increase of minimum income.
- 3. An increase of social allowance for access to housing.
- 4. A national Health Strategy is being built with the aim to reduce inequalities in access to health, to improve prevention, and to improve the rights of sick persons, which is great, but we would like this strategy to be led simultaneously with several well-coordinated Ministries.
- 5. To improve the access to the education system for youngest children to reduce inequalities in success at school because of social origins.

# Germany

- It is still important that the promotion of employment (especially for women, people with migration background and people with disability) must be accompanied with existence-securing wages and obligation to contribute to social insurance. Although the minimum-wages are going to be established in Germany soon, it is important to pay attention that no / or not too many exceptions are going to be allowed.
- Further on in poverty measurement transparent procedures must be found that for instance take participation and periods spent in the job market into the view. Beyond that, further factors (the at-risk-ofpoverty rate, material deprivation etc.) must be considered than only the number of long-term unemployed people.
- To promote the social integration of socially-disadvantaged target groups, appropriate financial means must be made available. Amongst other things this could be realized by the 20 per cent appropriation of payments of development funds from the ESF.
- A more extensive approach to fight poverty and to improve social inclusion must be implemented to decrease inequality.
- A reform of the tax-system, establishing a wealth-tax and a tax on financial transition would help to be able to make more and sustainable social investments.
- To avoid material child poverty, we suggest a basic-income for children (Kindergundsicherung) that guarantees a non-bureaucratic sufficient minimum subsistence level and simplifies an access to cultural and social offers.
- To avoid the dependency of social origin and educational success it is necessary to improve the school system.

#### **Ireland**

There are no major changes to the proposals for 2013 but mainly a revision of how they are presented. The Medium-Term Economic Strategy 2014-2020 was introduced by the Government following the exit of the Troika in December 2013.

Proposals for Country Specific Recommendations for Ireland 2014

- Ensure active and meaningful consultation with all stakeholders in the development and implementation of the NRP. This must be adequately resourced.
- 2. Implement a multi-annual strategy to reverse the growth in poverty and inequality, using taxation and redistribution and using public and transparent poverty and equality impact assessments as planning and evaluation tools for all policy proposals, including the annual Budget. Existing social inclusion, gender equality and anti-poverty targets and long-standing social inclusion and equality commitments should be clearly reflected within Ireland's newly developed Medium Term Economic Strategy
- 3. Implement an integrated active inclusion strategy, emphasizing:
- i. Welfare reform to ensure that everyone has access to the resources needed for a decent life
- ii. Appropriate activation services, supports and initiatives tailored to the very different starting points for individuals and groups, particularly those furthest from the labour market and those with low educational qualifications and literacy difficulties and accessible to those not on the Live Register, for example on Disability Allowance or One Parent Family Payment.
- iii. Activation policies should reflect a commitment to and assess the impact of large-scale activation of those with caring responsibilities, who are mostly women, parents, and lone parents in particular, and encompass an appropriate range of activation options with due recognition of caring responsibilities.
- iv. Quality and accessible jobs with a living wage as the focus of job creation strategies, with particular regard to the problems of in-work poverty, poverty traps and precarious work. The promotion of secure working conditions and income levels that support a decent standard of living should not be undermined by any political drive towards a 'low-wage economy'.
- v. Restoration of essential services for the most vulnerable, many of which have been cut back to skeleton levels, to adequate and sustainable levels, including services provided by community organisations with a large voluntary input.
- 4. Include social inclusion and equality, including gender equality, as cross-cutting goals for the Structural Funds Programmes for Ireland for the 2014-2020 period. NGOs, including anti-poverty organisations, must be key partners in the design and delivery of programmes.

#### Italy

- 1. Participation / civil dialogue
- a. Give the possibility to the stakeholders to contribute effectively to the elaboration of the National Reform Program and involve them in the implementation of anti-poverty policies and measure;
- Promote an active, meaningful, effective and structured dialog with the ONGs and other stakeholders engaged in the fight against poverty and social exclusion
- c. Assure that this contribution is reflected in the contents of the NRP and that of the NSR.
- d. Develop the National Social Report that is still due to this day (as a matter of fact, the Italian government has not yet presented its NSR), ensuring that this report reflects the proposals and recommendations of the stakeholders involved in the fight against poverty and exclusion and the people living in poverty and social exclusion.
- e. Shift the view on social inclusion policies, moving from the current "failure or partial assistance" to the promotion of active inclusion measures, and social inclusion, particularly for young people.
- f. Put in pace all necessary actions for understanding the phenomena of poverty and exclusion on the basis of experience conduct for the understanding of the phenomenon of homeless aware that the level of poverty has now reached the threshold of 13 million people at national level but that in the Southern regions , there is an unbearable level of poverty, reaching and exceeding 30% of the population;
- g. Effectively involve those network of organizations and structures that, at the local level, have been carrying out studies and awareness actions on poverty and social exclusion;
- h. Actively involve regional governments in the knowledge of the phenomenon and the elaboration of the National Reform Program and National Social Report;
- i. Encourage local governments on the basis of the good practices that are being developed at the regional level, to deepen the understanding of the phenomena and to develop plans and measures to combat poverty, since poverty and exclusion need to be addressed at the local level.
- 2. Social protection:

The expenditure for the fight against poverty, to social exclusion and unemployment is the lowest in Europe amounting to only 0.26%;

a. It is essential to improve the reclassification and to verify the effectiveness of spending on social protection and we need to reduce the incidence of incidental expenses (administration costs and others) that are in Italy 1, 74% compared to average EU 27, which amounts to 0.83%.

We therefore call on the Italian government to implement all efforts to rebalance spending on social protection also with an important

contribution of solidarity on the part of pensioners luckier who receive pensions than 7 times higher than the minimum pension, allocating proceeds to pay the costs for the fight against poverty, housing and to combat unemployment.

Finally, after far too long, the current government has proposed and announced a program of support for Active Inclusion with the activation of a form of minimum income even if, as since Italy finally comes closer to other EU countries even if it is only a first step in the right direction. Unfortunately, this measure has remained only on paper because the government did not have the courage to choose the right priorities and the proposed measure was not financed within the 2014 Stability Law.

- b. We repeat, therefore, that it is urgent to activate measures of active inclusion that can lift people out of poverty; a national system of adequate income support that is the first real step to fight poverty and 'social exclusion.
- c. To achieve this, it is important that the government shifts its priorities in public spending by increasing the availability of resources (at least 5% of GDP) to combat poverty and social exclusion, for the 'housing and unemployment.
- 3. Inclusive Labour Market

Urgently put in place an extraordinary strategy for employment by focusing on:

- a. developing high quality work through significant investments in research, development and innovation;
- b. putting in place all the necessary actions to attract more young people into scientific careers and increase the rate of graduates in sciences;
- c. encouraging local development through investments in new areas and promote the recovery of traditional activities and crafts which have been abandoned by young people but may offer new employment opportunities;
- d. reducing administrative costs and taxes on labour, both from the side of the employers and that of the workers, which in Italy are among the highest in Europe;
- e. increasing net wages which are very low and therefore increase the number of working poor.

#### Lithuania

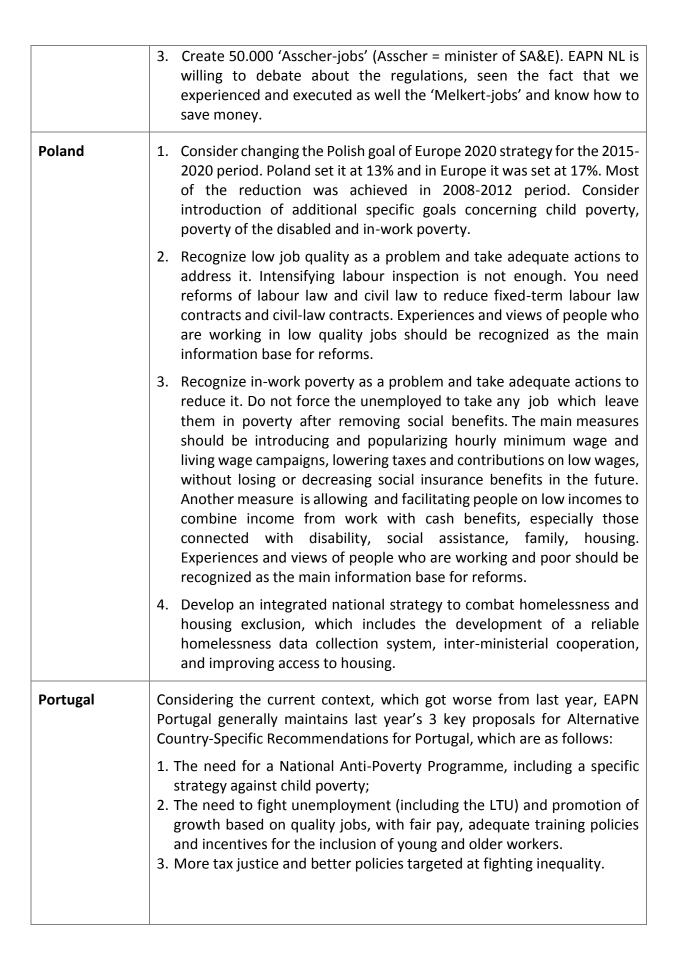
- 1. Include a clear definition of Social Economy and Social Clustering in Lithuanian law and National Program, and include in National Social inclusion program 2014-2020.
- 2. Include in National Law an obligation to have a permanent consultation with EAPN Lithuania and other umbrella stakeholders and NGO organization's before finalizing the NRP and NSR and prioritizing Structural Funds' needs: Process start with Social Affairs Ministry, but we still do not have practice to debate with stakeholders and NGOs National budget and EU Structural Funds priorities. Low-level of exchanges or order for social partnership and collaboration between Ministries and Networks of Civic Organizations.
- 3. National Government should make systematically obligatory for the organization of public Consultations with civil society organizations on main National and European decisions and budget priorities.

#### Luxembourg

- 1. Make out of the NRP an integrated strategic programme, involving all stakeholders in the drafting, implementation, monitoring and evaluation. Combine the employment, research, climate/energy and education targets related measures with the ones for reducing poverty and also evaluate for each measure its contribution to the poverty/social exclusion target and make sure that the sum of the effects of all the measures reaches the target.
- 2. Take strong action in the field of social housing, regarding both the provision of housing at affordable prices in general, as well as the provision of special social housing. At least as an intermediary measure introduce rent subsidies for those parts of the population that cannot afford the high lodging prices; such a measure should be accompanied by a strong control of rent prices in order to avoid that the amounts spent on the measure will not end up in the pockets of the tenants. And: implement the national strategy against homelessness!
- 3. Implement the youth guarantee and strengthen combatting poverty and social exclusion, use therefore structural funds!

#### **Netherlands**

- Start to accept the experience and knowledge that is available within organizations like EAPN NL and let them integrate their projects to attack poverty, to bring unemployment down and to give people more self-esteem.
- 2. Social innovation is, as participation is, a way to help our society to open windows for our future. To make people be aware of the value of democracy and supporting each other. Do not waste this by just looking at participation as only being paid work or as a tool to keep citizens to shut up. Use the development work and have EAPN NL, our members and other organizations in welfare working on this theme with citizens overall and the poor and socially excluded in particular, as full accepted partners in this field.



# Romania

- 1. Special attention should be given to the implementation level in order to deliver concrete results in the reduction of poverty and social exclusion while taking into account the long-term impact of policies, measures and interventions.
- 2. A real commitment of the Romanian Government to increase the Structural Funds' absorption (this can have a positive effect on national budget, infrastructure, social inclusion, labour market participation, quality public services, etc.)
- Education, healthcare, social protection and support for certain groups (youth, the Roma, children in the institutional care) should be considered as priority areas that need specific policies and sustained interventions at central and local level.

# **Spain**

- The way-out of the crisis should be redistribute more equitably, with a
  greater effort by the richest individuals and corporations. Austerity
  measures due to the adjustment policy should not touch the red lines of
  the welfare system, although the reforms to improve efficiency and
  effectiveness are welcome. Vulnerable people, families and children
  cannot be ignored any longer.
- 2. The social chapter and poverty targets of the Europe 2020 Strategy should be reinstated with all their political strength and as such reflected in the budget in the NRP.
- 3. As instruments to achieve the goals of poverty reduction, the National Action Plan for Social Inclusion (NAP) and PENIA (National Plan for Children and Adolescents) should be included and budgeted in this 2014 NRP. Additionally, An Anti-Poverty Shock Plan should be implemented, with the participation of all stakeholders, in order to address the 1.8 million jobless households and 12 million people living in poverty.

# Sweden

- 1. Address growing inequality. It is a process that is threatening social cohesion and increasing social costs. Sweden has gone from having the world's lowest income inequality to the 14th place among the OECD countries, and after all Nordic countries. A third of Swedes with the lowest incomes are falling behind more and more. This can be seen as an expression that the relative poverty in Sweden increases. According to SCB (Swedish Statistic Bureau) has the proportion of households with income less than half of the average income, has increased from 5.2 % in 2006 to 8.3 % in 2011.
- 2. An active job creation strategy is needed, which should not only focus on the labour supply side.
- 3. A more active housing policy which in itself can create new jobs, and reduce household debts due to non-affordable housing, and reduce social costs for segregation etc. There should be no more privatization of public housing.

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#### UK

- 1. Welfare reform (merges EAPN UK proposals made June 2013)
- The programme of welfare reform must be halted. Specifically we call for measures on the uprating of benefits below RPI prices to be abandoned; for a national (English) scheme to be introduced to replace Council Tax Benefit; for the introduction of Universal Credit to be further delayed until the labour market improves and for the increased sanctions associated with the benefit to be scrapped
- The UK must retain the child poverty reduction target and the four measures of child poverty in the Child Poverty Act of 2010
- The UK government should re-establish stakeholder dialogue with NGOs on the development of its anti-poverty policies. This should sit alongside the Commission on Social Mobility and Child Poverty, and would enable engagement on the development of strategy overall. Such mechanisms must also involve people with direct experience of poverty
- 2. Adequate income (new priority for 2014)

### Minimum wages

 Commit to a steady and progressive rise in the minimum wage for all ages including those aged 18-25.4 The aims are to put a floor under living standards and slow the falling share of wages in national income; to limit the employer subsidy embodied in low wages both through tax credits and other social costs and to drive a "high" rather than "low" road of increased productivity to support better wages

#### Guaranteed minimum incomes

- Commit to steady and progressive improvement in cash benefits to meet adequate minimum income. Specifically we call for the implementation of the JRF model of determining minimum income thresholds and its use to benchmark minimum incomes to progress to at least meet the MIS threshold for each group of benefit recipients.
- 3. Access to adequate, affordable housing (new priority for 2014)

# Rents and renters' rights

- Re-introduce rent controls and secure tenancies in the private sector
- Reverse the policy shift to fixed-term social rental tenancies, increases in social rents above inflation and cuts in housing support including an end to the infamous "spare room subsidy" – commonly known as the bedroom tax
- Launch an improved shared ownership scheme to improve transportability of individuals' equity stake

<sup>&</sup>lt;sup>4</sup> Low Pay Commission (2013) National Minimum Wage: low Pay Commission Report 2013, cm 8565, LPC, accessed at www.gov.uk/government/uploads/system/uploads/attachment data/file/226822/National minimum wage Low Pa y Commission report 2013.pdf

# House-building

- A substantial programme of social house-building aimed at low to middle income households financed partly by full removal of the housing finance cap. The aim is to increase housing supply at affordable rents, including for the rising proportion of young people unable to access home-ownership or secure suitable homes in the private rented sector.
- Financial support for innovative developments in cooperative housing schemes and self-build attached to green energy commitments.

#### **Candidate and Accession**

#### Macedonia

- 1. Effective active labor measures and employment programme.
- 2. To increase minimum income scheme that will guarantee income sufficient to live with dignity.
- 3. To increase access to high quality social services for vulnerable group by governmental support of CSOs and through introduction of minimum standards for delivering social services for different vulnerable group for governmental as well as CSO sector.

# **European organisations**

# Eurochild-Bulgaria

- 1. Improve the accessibility and effectiveness of social transfers and services (CSR from 2013 which wasn't implemented) through reforming the child protection and social assistance systems and development of universal ECEC with adequate parental support and more focus on prevention and early intervention (proposed wording to be added).
- 2. Adopt a School Education Act (CRS from 2013 which wasn't implemented) ensuring a clear vision and objectives for educational pre-school and educational reform are developed and consulted with civil society and other stakeholders (new proposed wording to emphasize the lack of long-term vision for the reform, the goal of education and clarity on the new piece of legislation developed by the new Government).
- 3. Ensure access to affordable permanent accommodation through the development of an effective national and local housing policy and encouraging measures(including supported with EU structural funds) to support the development of quality and available social housing to all groups of population prioritizing large families and families from ethnic origin.

# Eurochild-England

Reiterate the recommendations of last year regarding: enhanced efforts to reduce child poverty; step up measures to address youth unemployment; and take further action to increase housing supply to provide children with a safe, adequate housing and living environment.

# Prevention and early intervention services aimed at tackling child poverty Eurochildand strengthening support to the most disadvantaged families should be **Finland** improved. The cooperation between different sectors should be strengthened to support all children so that children experiencing poverty can access support as early as possible. As the subjective experience of poverty is often stronger for children; additional support is needed to address the risk posed by poverty to children's development and wellbeing. Eurochild-1. Allocate additional resources and give attention and needed assistance Hungary in order to ensure; the prevention of out of home care of children, the careful preparation and the proper transition of children from children's homes to their biological or foster families during the implementation of the new gate-keeping measures. 2. Reconsider the discriminatory exceptions put in the law concerning siblings and disabled children. Ensure the same opportunities to every child at risk of or in alternative care. Take the child's view into consideration when deciding on her/his new placement. Develop a comprehensive strategy for de-institutionalisation. 3. Invest in prevention and strengthen the local universal and targeted child welfare provision, family and parenting support and community based services. 4. Continue to invest in early childhood services and ensure high quality and accessibility. 1. Delivery plans should be put in place; policies should be strategically Eurochildlinked to the Ten Year Strategy for Children and Young People and a Northern way to monitor and evaluate how the policies are working and making Ireland a difference on the ground is established without further delay. 2. Recommend a strong childcare strategy and infrastructure and the development of an integrated early year's policy to include all children. 3. Targets should be put in place to end child poverty and separate NRP and CSRs should be developed for each region 1. Consider tackling child poverty and growing social inequalities for Eurochildchildren's well-being as a priority. **Poland** 2. Increase the minimum wage and decrease youth unemployment. 3. Improve children and youth accessibility to high quality services, including healthcare and education. 1. Ensure a focus on children who face an increased risk due to multiple Eurochilddisadvantages such as Roma children, children from migrant or ethnic Slovenia minority background, children with special needs or disabilities, children in alternative care and street children, children of imprisoned parents, as well as children within households at particular risk of poverty, such as single parent or large families.

# 2. Strengthen the use of evidence-based approaches through social policy innovation, making full use of existing statistics and administrative data to monitor the impact of policies on children and their families; reinforcing statistical capacity (including by disaggregating by gender), particularly concerning child deprivation, access to quality and affordable childcare, children's health and the situation of the most vulnerable children.

# Eurochild-Scotland

- 1. Affordable ECEC for all 0-5s with capacity to support children's healthy development, reduce inequality, and support parenting capacity as well as allow labour market entry.
- 2. Ensure that work pays half of poor children in Scotland are in a household where at least one adult is working by, at least, increasing the minimum wage and, preferably, setting it at 'living wage' level.
- 3. Overall fiscal policy (while there is a clear need to reduce the deficit) should not be about increasing restrictions in public finance. Expanding and sustaining services will not only increase tax revenue and consumption (thus stimulating growth) but will reduce the incidence and severity of social problems that can often require costly intervention as well as reducing the benefit.

# Eurodiaconia

**Austria:** Invest in Social Services.

Concrete measures would be:

- child care mainly for children below 2 years
- invest in early interventions and early preventions
- services for elderly people as well as people with disabilities, in the sector of long-term care (e.g. focus on semi-residential settings, acute care services for weekends and evenings, services for children caring their parents, etc.)
- education: investing in integrative schools
- disability: investing in harmonization of the existing systems for devices, assistive technologies, etc.
- using financial means from the ESF to invest in social services
- health professions: facilitate the recognition of diplomas (in order to increase the workforce)
- reform of the "personal bankruptcy": shorten the duration (today 7 years) and abolish the minimal quota
- improve frame conditions for non-profit-organization, to use the full economic potentials

**Denmark:** a CSR on tackling growing income inequalities and social impact of reforms. Denmark should be recommended to find a better social balance of the reforms. The Government should take notice of the growing income inequalities. The best off tenth of the population has had an income increase of 1.842 Euros annually in the period 2008-2012. The poorest tenth has had an income decrease of 144 Euros annually. Denmark is in top 5 among EU-countries with growing inequality. Denmark should be

recommended to take into account the long term impacts of this trend, among them lacking of social cohesion, a distortion of the economic development of the country, and growing social ghettoisation.

**France:** a CSR on prevention and particularly housing as it is a key to preventing social exclusion and to value the role of non for profit organisations and invest in them to foster innovation.

Romania: to address demographic decline and emigration.

**Netherlands**: to develop a broader stronger approach to support people in a long term situation of poverty.

**Germany**: CSR calling for a comprehensive and overarching approach to combat poverty. More points highlighted by the Staff Working Document should be visible into the final CSRs texts.

### **FEANTSA**

# **Proposal 1**

Member State: United Kingdom

The UK should enhance measures to prevent and address increases in child and family homelessness where these are occurring.

# **Proposal 2**

Member State: Hungary

Hungary should stop criminalizing homelessness and develop an integrated strategy that supports pathways into affordable rental housing for people experiencing or at risk of homelessness and housing exclusion.

#### Proposal 3

Member State: Sweden

Ensure that any measures taken to improve the efficiency of the housing market are complemented by targeted measures to support pathways into affordable rental housing for people experiencing or at risk of housing exclusion and/or homelessness.

#### Proposal 4

Member State: The Netherlands

The Netherlands should enhance measures to prevent and address increases in child and youth homelessness where these are occurring

#### **Proposal 5**

Member State: Belgium

Continue to develop homelessness and housing exclusion policies in line with the policy guidance outlined in the Social Investment Package, taking particular account of the vulnerability of people with a migrant background to homelessness.

#### **Proposal 6**

Member State: Czech Republic

Implement the announced "Concept of Solution of the Homelessness Issue in the Czech Republic 2020"<sup>5</sup>. In line with the Social Investment Package, place particular emphasis on prevention and early intervention to support pathways out of homelessness and into affordable housing.

#### **Proposal 7**

Member State: Luxembourg

Implement the announced "National Strategy to Counter Homelessness and Housing Exclusion". In line with the social investment package, place particular emphasis on prevention and early intervention to support pathways out of homelessness and into affordable housing.

#### **Proposal 8**

**Member State:** Denmark

Develop further provision to enhance access to affordable rental housing and support for young people experiencing or at risk of homelessness and/or housing exclusion.

#### **Proposal 9**

Member State: Romania

In order to support the ongoing social assistance reform; develop a homelessness data collection system so as to inform the planning and delivery of social services in this area.

#### Proposal 10

Member State: Spain

Spain should urgently develop integrated policies to confront homelessness based on prevention, housing-led approaches and reviewing regulations and practices on eviction. In a context of rising homelessness,

Ministry of Labour and Social Affairs (2013) Koncepce prevence a řešení problematiky bezdomovectví v ČR do roku 2020, available at: <a href="http://www.mpsv.cz/cs/16156">http://www.mpsv.cz/cs/16156</a>

there is a need to urgently address both the immediate support needs and the long-term need for an affordable rental housing market.

# Proposal 11

Member State: Lithuania

Invest in social services to promote the active inclusion of people experiencing poverty and social exclusion, particularly the most vulnerable. In this context, further develop homeless policies and services in line with the policy guidance contained in the Social Investment Package.

# **Proposal 12**

Member State: France

France should continue to make progress towards an integrated, housing-led strategy to tackle homelessness.

# **Proposal 13**

Member State: Poland

Poland should develop an integrated national strategy to combat homelessness and housing exclusion, which includes the development of a reliable homelessness data collection system, interministerial cooperation, and improving access to housing.

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



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

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