**GROUP WORK – MEMBERS’ ASSESSMENT OF OWN NRP**

*Group 1 (Notetaker: Sian Jones)*

Attending: Slobodan Cvejic (EAPN SR), Paul Ginnell (EAPN IE), Graciela Malgesini (EAPN ES), Ryszard Szarfenberg (EAPN PL), Iris Alexe (EAPN RO), Johanna Lazslo (EAPN HU), Zuza Kusa (EAPN SK), Per K. Larsen (EAPN DK), Kiira Nauts (EAPN EE), Maciej Kucharczyk (AGE), Catherine Mallet (Eurodiaconia), Sian Jones (EAPN Secretariat)

1. **Do the policies in the NRP help reduce or increase poverty, social exclusion or rising inequality? What’s missing?**

**Spain** **/** Poverty Target – mentioned in the NRP, slight improvement in unemployment because of migration. It’s mentioned but not explained.

**Ireland /** Poverty target is addressed, poverty is still increasing, across all areas. At risk of poverty is increasing. 60% threshold has fallen by 15%, the biggest increase is in material deprivation – over 26%. Also for higher income groups, needs more focus. Government keeps repeating that despite increase in poverty, in a cross-country comparison in the EU Ireland is the most effective in using social transfers to reduce poverty. Not seen as a crisis – we’re doing better, they say!

**Serbia /** Not a member of the EU, and some of the policy frameworks are different. But we read the other programmes. As of 2014, we became a candidate country, and open the negotiation process, and it seems to dominate everything. Now we have political elections. Central Right has moved in. No one is talking openly so we are moving towards more neo-liberal policy, with a focus on completing the EU aquis, the chapters, - NGO sector is involved in writing chapters ie Human Rights.

There’s been some talk about poverty and inequality. The prime minister came out of with a type of NRP with 5 topics… so like 5 years ago with a 2020 strategy… introductory strategy. But appointed a new finance minister from Harvard, introducing 10% tax above 500 Euro… and will now withdraw it and introduce a general reduction of public sector.. However, EAPN thinks it does need to be reduced. Unemployment is huge – 25% with 52% of youth unemployment… this year, we’re doing a SILC survey for 2nd time, so we have comparable data. 2012 AROP – 24.6%, before transfers 31, SMD 27%. Hard to engage the network in this, as they are active in the preparation of the chapters, but if not we will try to do it ourselves, and send more comments.

Now we have changed our name and are EAPN Serbia, and try to re-arrange the board to focus more on internal affairs.. so hope to engage more.

We don’t have a target, major development, 2002-12 was a poverty reduction strategy… and we had targets with measurement, but now we don’t have this precise mentioning, only talk of alleviating poverty. Don’t use indicators.

**Maciej /** **AGE** So you have used SILC? Answer: Statistical office has done it but government doesn’t use it.

**Graciela /** **ES** The SILC are not updated quickly enough… provisional data from 2013, but the economic and employment.. we must do something about this.. It should be a key demand.

**Sian /** SPC and SPC indicator group are aware of the problem, but no investment from governments or the EU in a more timely process.

**Poland /** AROPE – very positive for last few years, because material deprivation was decreasing very dynamically, and low intensity of work. In recent years this stopped, and slight increase - ie SMD, 100.000 increase… The aim is to reduce it from 11 million to 9.91.. but it’s only a 1.5 million decrease – we propose to raise this goal to 3 million. Maybe we have more proposals in the Mid-Term review. We have AROPE for children, the combined indicator is very complex – so best proposal is AROPE.

**Maciej /** **AGE** The translation of the poverty target to capture poverty… should assess different populations.. with the different indicators?

Answer: Both relative poverty and severe material deprivation are important. Also the composite makes a big number, so this is useful.. for getting impact…with media and the public.

Goals for partnership agreement is different from EU2020.

**Hungary /** NRP mentions the target – 20% under the poverty line – 3 million…how to decrease it is more in the NSR. Main target groups are Roma, children in poverty and those with low education and families with children and rural. Not very ambitious… by 2020 – 600.000 reduce extreme poverty compared to 3 million.

**Romania /** Increasing poverty, the target is very low… 6000 people, 164.000 people out of poverty.. we have 42% AROPE… now the % has increased to 45%. We have strategies but no clear targets for groups – eg Roma, children, rural areas, children who are in the state system, single parents. It doesn’t give specific targets for these groups.. but does gives concrete numbers. Fighting against poverty has become very politicized, with a change of government… social democrats, so their political messages are to fight poverty. Issue of economic/fiscal policy…. A lot of the budget, will go to defence because of Ukraine.

**Estonia /** Same situation in Estonia regarding defence, neighbours to Russia so also increasing money for defence. Use AROPE… so our target for 2015.. 16.5%.. at moment is 18.7%. What is positive for EAPN is that the clear target groups are children and families, youth for youth guarantee, and re-employment for people with disabilities.

**Slovakia /** AROPE stagnates, under EU average, but purchasing power standard median is under the poverty threshold of our neighbours… DE, AT, UK… The government doesn’t use AROPE. All data is published but poverty is not addressed, only unemployment, youth guarantee related to unemployment.. and children’s situation related to employment – early education and care.

**Denmark /** Last year Denmark adopted an official poverty line – 50% of median income. Lower than EU, only applies to citizens who have had it for 3 years.. students are excluded. This meant 40.000 Danish – 2.5% but so far this has not been put to use and not mentioned in the NRP. It’s one of our criticisms… there’s another target in the NRP, in-work poverty where there has been a reduction from 80.000 to 46, 400. This helps to meet the 22.000. We point to the poverty threshold as an instrument. New in the NRP, are Social 2020 targets, they target socially excluded, children away from home, substance abuse, homeless… Targets for 2020: young people between 15 and 20 of age, want a reduction of crime rate by 25%; reduce the number of homeless people by 25%; 50% of socially excluded children and young people, should do youth education. We suggest to the government that they use more long-term instruments…and set out how they will reach them and what kind of reforms it will take. Inequality has risen notably, poorest 20% have a reduction of income of over a 1000 kroner on daily basis, while the richest increases by 13.000 kroner… so a widening of the gap.

**Graciela /** Rising inequality, we should refer to Thomas Pickett. This is a seminal work recently published which provides convincing evidence about the concentration on wealth/inequality and patrimonial capitalism. It’s also important to highlight the link between poverty and migration – EU citizens, and 3rd country.

**Active Inclusion**

Hungary, Spain Ireland, Poland, Slovakia, Romania, all have mentions, but doesn’t necessarily mean integrated active inclusion. In HU/SK it’s a clear misinterpretation, turning it into work fare.

**Spain /** We have an increase of minimum income.. we were interested in getting the NAP within the NRP to get better results.

**Ireland /** Ireland has a new child poverty target – specific number – reduce poverty by 70.000 by 2/3 – but this is the Irish consistent poverty indicator.

Active Inclusion – has specific sections on the 3 areas but doesn’t address them consistently – it highlights that those at the bottom have lost the least. But another report highlights the effect of tax and welfare measures showing the overall impact is that those at the bottom have lost the most (and this is looking at tax/benefits…. not even services). There’s nothing about adequacy or access.

Inclusive labour markets – lone parents, are focused on, but hit by cuts, it doesn’t deal with the negative sides. There’s an advocacy group on tax and welfare/transitions – this could be positive, but it’s been stuck because of internal conflicts. Nothing on decent work, but work is seen as the only route out of poverty, with priority given to action on jobless households.

Services – just mentions children..

Employment – focus on activation and specific groups, mentions barriers of discrimination, but doesn’t have a comprehensive approach.. doesn’t address quality work.

Bringing in private companies to do activation, some good experiences of Denmark, UK, so not necessarily negative. Not clear how NGOs could be involved.

**Serbia /** Very difficult to trace the policy influences in the Serbian Government. Big issue is the change in labour law. Before it wasn’t so bad. Trade unions stop foreign investors.. but now putting more and more pressure to talk positively about changes – employers have more rights, and employees less, undermining quality work. Change in taxation, they will introduce a flat rate tax also for pensioners.. who take 1/3 of the budget.. average pension is minimum but above the poverty threshold.. No concept of minimum income, but part of the survey. There’s a scheme of financial transfer to families in need – 2.3% of families.. so very low but good targeting. Mainly Roma.

**Poland /** Section on poverty reduction measures, with past and future actions. New activities but not very new…

2 strategic plans will be enacted by the government in 2014…. Anti-poverty strategy for Structural Funds to fulfil the requirement of the ex-ante conditionality, and a strategic plan for social economy and we have had a huge impact on this as NGOs.

Other reforms – the reform of social assistance is under threat, as the Minister of Finance wouldn’t agree to increase budgetary expenditure.. so we don’t know if the increase will happen. Another reform, on active labour market – introducing profiling of priorities – most vulnerable workers – envisaging specific schemes.. public employment should cooperate with social assistance, or outsource this to employment agencies (private). We haven’t seen much impact as outsourcing is not designed for NGOs, even though we have many NGOs with a long experience of working with people with disabilities and supporting them into work. The focus is on big companies eg RAND.

Another issue is raising carers’ benefits. This happened because of the vocal protest of parents who created pressure, but only for parents with children with disabilities, not those looking after parents. We established a round table on reform of support to disabilities.

The NRP as an answer to the CSRs… only 1: fight in-work poverty and labour market segmentation – government raised the minimum wage by 20 Euros, and there are some proposals to fight civil law contracts and social insurance. But it’s not a comprehensive approach. Still, the general assessment is that it is positive in some way…

**Hungary /** Adequate minimum income, access to rights, progress on social services is mentioned.. drastic change in state redistribution with revision of pension system and those with disabilities.. trying to integrate the private pensions into state. A big issue is increasing the employment rate of those with low education, mothers with small children, youth, older people.. Get work fare which is lower than minimum wage.. Concentrate on early school leavers – but doesn’t say how they want to support them.. Big change in income taxes.. 16% not progressive. Family tax benefits. We have a new labour code that cuts back on the rights of trade unions.

**Romania /** NRP looks positive, a lot of reforms, framework agreements on social economy and a law on inclusive labour markets. SFs is a big source of money to ensure that this might happen. Introducing a minimum income scheme and 2 rises in minimum wage, with different reforms for people with disabilities, ensuring that all people have access to medical care… But we do not see a clear correlation with tax policy. If there is no budget… they will stay on paper, but not implemented.

**Estonia /** Ageing society so focus on older people, and aiming to bring people with disabilities into employment. Still don’t mention in-work poverty, or social inclusion. We focus on child poverty and families, targeting education. We have maternity leave of 1 and half year, so it’s an extension of the system under the Soviet Union. Aim to bring talents to Estonia – inviting foreign students – it works a little bit, but it’s not so connected to poverty. Prevention of long-term unemployment and the youth guarantee – helping older people to get into employment. Government is now focusing on building kindergartens, which is very important. We have a lot of changes in the tax system – with Minimum Income benefits that will increase and child benefit.

**Denmark /** Lot of targets but no strategy. The Minister of work is dominant so focus on labour market inclusion, substituting the current activation approach (personalized support into work) with education and re-education, this is the trend. In the activation scheme, young people could choose between activation and education, so they chose education.

**Graciela /** We should be looking at the impact on social policy with the World Trade Treaty with the US – will this have an impact? In October, we can spend some time to look at it.

1. **Do the macroeconomic policies contribute to reducing poverty? Or are they likely to increase it? What’s missing?**

**Hungary /** They increase poverty, the problem of flat taxation and the focus on reducing deficits.

**Romania /** Our experience of fiscal/economic policy is that most of the time they are colliding. They have nice targets and strategies, but when put in practice, there is no money for it. A lack of social investment. Government submitted the NRP and Convergence programme – in the latter they will put other taxes, but they are contributing to poverty – taxing working people in liberal professions. The Prime Minister said that they are committed to fighting poverty, even if mass media shows the negative taxes that are put in place. Same with all Troika states. Government doesn’t take responsibility and isn’t accountable. They say we are forced by Troika to raise taxes.

**Estonia /** Macroeconomic is more supportive with the new government – but hard to read it in the NRPs. We don’t know what the impact on poverty will be – hard to understand. The Stability Programmes give more information so it’s important to look at these.

**Spain /** Worried that the government will reduce 1.44% of GDP of social expenditure by 2015. They will cut health expenditure – calling it rationalizing costs of health care. Rajoy said they would reduce income tax until 2016, all to pay 21% – with the exception of families who are earning less than 200.000 who won’t pay it which is good. The most worrying thing is the rationalizing of local administration – dismantling the proximity services, and grouping them into the capital of the provinces – so rural areas won’t have access, unless they have an urgent problem.

Regarding taxation – they are insisting on fighting against irregular work, but attack workers not employers.

Financial sector, the bad bank kept a lot of mortgages and buildings. They are now selling these to foreign investors and increasing homelessness. They’ve made a regulation of crowd-funding for social projects, capped at 3000 per project and 6000 for a whole project for a single person.

Stability Programme – decrease of 20 billion in 3 years.

**Serbia /** Facing the initiation of the austerity measures as a package. The idea is to cut the budget expenses to maintain social protection functions – ie pensions and lowest transfers – very targeted. But hard to calculate the costs of these measures. We are talking about introducing progressive taxation. Could alleviate inequalities, public employees will pay higher taxes that goes to the poor but can’t see what they are doing with the rich…strong doubts that these concerns are being taken on.

**Slovakia /** Not possible to give clear information. Our government has made substantial steps to deal with the deficit. One important measure was to increase the rate of the contribution of pension insurance in private companies – private pillar, before it was PAYE. This has caused an enormous deficit in public budgets so they now cut the contribution by half. Increase of income taxes but seen as a threat to growth.. so encouraged to increase only slightly.. and to companies, but a lot of high revenue companies don’t pay tax at all, so it didn’t bring in enough resources.

There is also a rationalization of state administration – eg statistical office by 5% and on the edge of surviving. Also municipalities have restrictive budgets. All projects on SF were stopped, because of co-financing. All investment policy was restricted. The rhetoric is to stop policy that harms economy, invest more. But in reality it is related to the new programming period on Structural Funds.

**Ireland /** Will get under 3% structural deficit next year and is out of the IMF programme. Now a new medium term economic strategy that continues the momentum.. but they’ve taken the foot off the pedal in the election phase. 122% of GDP – public debt (60 million is banking debt)… cycle of cutting will continue. 1/5 of revenue is paying the interest of the loans.. so it is not the end of the problems. They are trying to grow the economy, getting people back to work, standards of social services and addressing in equality, but the practical measures are not clear. The government began to say that they’ve taken a lot of pain – we have to give something back to people – so talking of income tax cuts – may look at increases in social welfare.. so there is positive talk. Increase in levels of taxation – Ireland has one of the lowest levels, so pushing for higher and more progressive taxes so we can have effective tax systems. They are being made more progressive – ie a water charge (before it was free) technical parts not clear – ie who will be exempt.. but talk of a poverty trap. Would be 240 Euros a year.

Question: what’s the charge? Under local taxation – but now we will pay tax. No property tax until last year, but now they will apply them and more service charges. How progressive are they? Water is a right – it can’t be cut off, they can decrease the supply.

**Maciej /** **AGE** Does this mean that there were no controls over the consumption of water? What’s the environmental impact? Charges as environmental control? Answer: Nobody talks about this. 40% of water leaks away through broken pipes, so issue is more to invest in infrastructure and privatize. Issue of linking environmental and social aspects… educating people on Minimum Income to manage the little money they have – the same company in France, has smart meters when you switch on devices – but charge for it – but in UK they are free and can help people to spend less. A positive measure is also to provide an amount of electricity or water for free – or agree that people under a certain level of income get it for free.

**Spain /** We have one of the most expensive rates for electricity in Europe – 45% of cost is tax. Same with water and health. Where does this money go to? Not to social investment! A lot of families cut off from electricity and water and go to use stand pipes.

* Issue of access to fundamental services – in Belgium you cannot lose your access, it’s a fundamental right.
* Important to have the 3 pillar approach.

**KEY MESSAGES**

1. Is the poverty target referenced and used? Target is often mentioned, but there is no information on the trends. The composition is a problem because of free choice. A recommendation could be made - we still want the target, but how they set the target and how they communicate on progress.
2. Key issue around democratic scrutiny – but no connection between what is discussed/ and what leads to impact. Monitoring is crucial.
3. Social v macroeconomic – NRPs don’t sufficiently address the social dimension, an extra to macroeconomic/fiscal reforms.
4. Access to services/little record of current changes that are impacting on population.
5. Employment is forced activation, otherwise no discussion of quality or sustainability of employment.

**Recommendations**

* Updating of data on the same basis is crucial;
* Be aware of increasing impact on migration/ and poverty;
* Impact of the TTIP treaty on overall social model and in particular on minimum income and labour conditions – links to the priority on competiveness;
* Fundamental right to utility services/ - needing monitoring;
* Increasing competiveness is related to internal devaluation – ie lowering;
* Genuine dialogue;
* Positive examples – sub target on child poverty, targets on specific groups. Positive developments/ use of structural funds.

*Group 2 (Notetaker: Vincent Caron)*

Attending: Vincent Magri (EAPN MT), Jeanne Dietrich (EAPN FR), Dag Westerheim (EAPN NO), Vito Telesca (EAPN IT), Elke Vandermeerschen (EAPN BE), Robert Urbé (EAPN LU), Sonja Leemkuil (EAPN NL), Kärt Mere (EAPN EE), Vincent Caron (Secretariat)

Chair: Vincent (MT)

Rapporteur: Elke (BE)

1. **Do the policies in the NRP help to reduce or increase poverty social exclusion and rising inequality? What’s missing?**

**Kärt/ EE:** poverty target in EE had little consideration when we had a right wing Government, we were preaching in the desert. But, we have new hopes with the new Government. There is more focus on individual approaches (children, families in poverty, homeless, working poor, different ways to help different groups).

**Jeanne/ FR:** there isno real progress on poverty target. In NRP, the target is to reduce poverty by 1,9 M till 2020 but poverty is almost rising. We have a plan to fight against poverty for 5 years but in this plan, there was one measure to raise Minimum income by 2% per year. There has been a huge debate in the past 2 weeks in the context of reducing expenditures of 50 billion in 2 years. Finally, the conclusion was to maintain the rise of 2% per year. But, it means 10 euros more per month for people experiencing poverty. To prevent poverty, there is a financial help to maintain people in their house (“housing allowance”). This is a kind of additional support to minimum income. This allowance will be maintained at same level till October 2015 against the will of NGOs who wanted to get it increased (so as to align it according to the rise of rents). So, the total will still be against people experiencing poverty. The Government tried to be fair with poor people. Minimum income for elderly people, disabled, long-term unemployed will be raised. There is a thinking about combining minimum income and financial help for people getting a new job after being unemployed for a long time. One of EAPN FR demand is that once a person gets a new job, to make sure that with taxation, he would not get less than they had as unemployed. But this is still not be done. There is a good a reform on life-long learning with rights attached to the person and not to the status of the person – Rights can be kept from one employer to another one. The person can use his/ her rights to training even when getting unemployed

**Dag/ NO**: new blue – brown Government with Conservatives and an extreme right party. They decided cuts in benefits, a cap for social assistance for the kids – but at the same time there is a target to decrease child poverty by 30%. A consultative body on child poverty exists. Cuts are being made for ideological reasons – unemployment rate is rising – for 10% of population, the welfare system does not work properly. Each office in municipalities provides social help – This is not an evidence-based policy but that is ideological. Now almost all politicians are doing the same.

**Kärt/ EE**: this philosophy is widely spreading.

**Vincent/ MT**: Minimum wage is so low that this does not provide incentives to work.

**Elke/ BE**: evidence is showing that a strong social security system is a much stronger tool to help people to find a new job – the less benefits the less possibilities to work and not the opposite like what our Government thinks.

**Dag/NO**: 80.000 euros for a family with 4-5 kids, you can be poor because of amount of living costs (including housing). The amount of social assistance depends on the part of the country where you live. There is a huge gap between the poverty threshold and the access to a decent life given the high living costs.

**Robert/ LU**: It is difficult to say who is poor because there is no definition.

**Elke/ BE**: In Belgium, there is a consensus definition between NGOs, politicians, academics since 15 years: it takes into account all different causes, consequences, aspects, facets of poverty. It is a network of different forms of exclusion – it is not only financial – there are different forms of exclusion – exclusion is caused by the structures in society – this entails the obstacles that a person cannot escape on his/ her own. It is not an operational definition that would allow us to make statistics.

**Robert/ LU**: there is no possibility to quantify the number of poor people.

**Vito/ IT:** there is no progress on the poverty threshold – poverty in on the rise. At the moment, there is no integrated strategy to fight against poverty partially due to the governmental instability (4 Governments in 3 years). The new Government has been starting a new employment policy which targets families earning less than 25 000 euros. The majority of poverty affects young people. It is important to mobilize before the NRP is drafted (i.e. from Autumn). It is important to get support from EAPN to make pressure on Governments on the drafting phase. The group pressure is a powerful way to move forward with the use of social media, press conference…

**Vincent/ MT**: It is interesting for EAPN to have a common definition of what poverty is? This includes a work on indicators. That should be linked to EAPN’s work on Mid-term review.

**Sonja/ NT**: There are recent laws for social assistance, on shelters and for young disabled persons. A new law which will be voted in 2015 which will be the “participation law”, everyone should participate in society – when you can’t have a paid job, you have to do community work. This law should be implemented at local level. The unemployment benefits is at 75% of the income level during the 1st year. After the 2nd year, people fall into the social assistance system. The pension system is being reformed with a rise of the retiring age from 65 to 67 years.

Lots of people have part-time jobs, badly paid so they have to do several jobs in parallel. Lots of young people work for minimum income. A program for young below 27 years old has been initiated – they have to do something to get benefits. Some good examples: like extra money for people in debt, extra-curricular activities for children – but parents first should get help. For young disabled people, who are not able to work, they can get the disability allowance – if they can work even 5 hours, they cannot get that but only social benefits whose level is lower than the disability allowance.

**Elke/ BE:** the poverty target is at 380 000 but poverty is also on the rise - action plans on child poverty and homelessness are existing but there are not efficient. Nevertheless, there is one positive example: the Flemish Government has a poverty ex ante impact assessment for designing policies. EAPN BE is involved in the design of the EU roadmap on minimum income. EAPN BE will be focusing on that (one of the 5 pilot projects – project with Trade-Unions). EAPN BE is doing a big work to get the issue of adequate minimum income included into the Government agreement in view of the regional elections.

**Vincent/ MT:**  The new labour Government has designed a green paper on child poverty – Childcare centers for free for women who work have been created. The State pays for the maternity leave – The Government tries to do policies targeting poor people (including early school leavers) – this is important to try to encourage politicians to meet poor people.

1. **Do the macroeconomic policies contribute to reducing poverty? Or are likely to increase them? What’s missing?**

**Robert/ LU:** Until now, a big problem is that poverty is not considered in the macroeconomic policies**.**

**Jeanne/ FR:** in our macroeconomic chapter, it deals with 50 EUR billion cuts in public expenditures –the impact on poverty is quite clear – we will have social benefits for elderly disabled, long-term unemployed people will be maintained according to the inflation rate; the minimum income will be raised by 2% per year.All measures try to be relatively fair – but we can’t expect those measures to reduce poverty.

**Robert/ LU**: the stability and convergence programme is very central – the chapter on macroeconomic policies is done in the framework of stability and convergence programme. Budgets need to be balanced. Cuts will be announced once the elections will be passed. There is an economic model which tries to see the consequences of structural reforms – this model is not publically available – we don’t know how it is constructed. The GDP is not really answering the question of wealth of the nation or the way people are feeling good – it is just an economic indicator.

Focusing on growth is a mistake – it is using energy in a very big way and greenhouse gas is a big problem.

**Elke/ BE**: There is one page on macroeconomic policies which refers to the Stability Programme. We need indicators on equality – inequality as well as an impact assessment but it is totally absent.

**Vito/ IT**: There is one page on macroeconomic policies but for the first time, in the objectives, there is a programmation for a new instrument to combat poverty and social inclusion.

**Kart/ EE**: the issue of reliable State is here – who is responsible for what? Is it the State or municipalities? A special policy for rural areas has been set up with several ideas to make live in the countryside attractive. The Government also tries to promote entrepreneurship to ensure more activities and more jobs.

**Vincent/ MT**: The Government has developed a programme for young people who do not have enough skills is a view of strengthening long-life learning. The collaboration with the industry is encouraged as well as the use of ICT. The Government subsidizes energy and water bills. Water access is very important. Green energy is another priority with power plants to be constructed with direct cable with Italy/ Sicily. Banks do not lend enough to ensure a re-launch of the economy – the diversification of economy is key – tourism is really important but the economy should be strengthened.

**Sonja/ NT**: One page is dedicated to macroeconomic policies: debt reduction – economic recovery – fight against unemployment are listed as priorities for 2015 as well as reforms of the housing market and healthcare costs.

**Elke/ BE**: the content of CSRs is very related to the stability and convergence programme. CSRS are very economically oriented –The CSR on inclusion of people with migrant background is not reflected at all in the NRP.

**Key messages**

* We are far away from the poverty target;
* The change of Government plays a big role – political will is crucial to get positive reforms but the measures are still unclear;
* Inequalities are rising – some progress is noted but this is annihilated by more coercive measures on benefits;
* Poverty doesn’t get any place in macroeconomic chapter – it is all about stability and convergence programme;
* There are very little CSRs on poverty and most of them are not followed by Member States;
* Some points of discussion: some Members were questioning the way we are discussing NRPs – shouldn’t we focus more on the process before drafting NRP – shouldn’t we all work more pro-actively? Shouldn’t we take more time to discuss the strategy;
* Indicators: are we still willing to use the same indicators, are we on the same page regarding the indicators – shall we change them?

*Group 3 (Notetaker: Amana Ferro)*

Attending: Douhomir Minev (EAPN BG), Thorbera Fjölnisdóttir (EAPN IS), Katherine Duffy (EAPN UK), Loucas Antoniou (EAPN CY), Sophie Schwab (EAPN DE), Katarina Klamková (EAPN CZ), Marjatta Kaurala (EAPN FI), Kristijan Nushkov (EAPN MK), Amana Ferro (EAPN Secretariat)

1. **Do the policies in the NRP help reduce or increase poverty, social exclusion or rising inequality? What’s missing?**

**Bulgaria (Douhomir)**

The pattern is the same as everywhere. Official data show that 70.000 people are not in poverty anymore. The Government promised to reduce the number of poor people by 260.000 by 2020. But all these figures are bogus, the indicators are completely fake. Poverty is actually increasing, and we see clearly the consequences of lifelong poverty, including mental health issues, even in young people, as there is intergenerational transfer of poverty. Policies don’t really contribute to poverty reduction, because they are disconnected from reality. We are involved in an artificial world, where the real aims are very different, and so are the tools. There are these mechanisms in place, which actually redistribute wealth from bottom to up. Nobody speaks about this, and policies are just theater. Even if they accept all our proposals, I don’t expect any radical changes, because the structural problems are too deeply rooted, and no interest in fixing this. Policies are devised by those at the top, and it has nothing to do with what is happening at the bottom. Employment in itself can’t change the poverty situation, yet all strategies are based on this. “Employability” is the key word, but people are less and less needed in modern labour markets. Education in our country is a crime against humanity. The structure of knowledge transferred is corrupt, so young people are not equipped to deal with tasks in everyday life, to manage increasing risks and unpredictability. Social and emotional intelligence are destroyed by the schooling system.

**Iceland (Thorbera)**

We don’t have an NRP. We have a new right-wing Government since last year, which is going to abolish the Welfare Watch, as now we have social indicators, so it was deemed unnecessary. There is a big debate about housing right now, to make it more equal between those who rent and those who own, by giving housing subsidies to those who rent. There is a shortage of housing available for rent, which pushes prices up. This party which is now in power has promised to cancel the debt of those who can’t afford paying it, but after the election they explained how it will be done: by taking the money out of people’s pensions’ and other insurances’ funds. Unemployment is 5.8%, and 11.4% for young people. The GINI coefficient is 24.

**United Kingdom (Katherine)**

It is hard to say about the UK as such, because of the high level of devolution, and different things happen in the different regions. Politically, we have a coalition Government, but that means a watering down of the opposition, as the media triangulates on the three main parties, and two are in Government. In the meantime, the UKIP is at 38% in the latest poll. The NRP starts by saying that Government policy is a success, as unemployment is at 6.8%. They say that there are more people in employment than ever, but that is not put in the context that the population is increasing. There are a million young people who are NEETs, and 4.5 million of “entrepreneurs” (self-employed). It is almost impossible not to be officially in work, as they take one job and split it between 5 people, thus taking these people off the unemployment and benefit registry. However, this doesn’t leave people better off than when unemployed, sometimes even worse off. The zero-hour contracts also mean that people are considered as “employed”, but are actually living in poverty, waiting for a call from the employer. Real wages have been going down, and have been going down even before the crisis. It’s a low-scale, low-wage economy. People who miss one appointment with the unemployment registry, for whatever reasons (funerals, picking up children from school, even having a job interview), automatically lose their benefits. The definition of an “adult” has been changed (35+ years old), and before that you are entitled to one room in a shared house. The child poverty target will not be met, because of the welfare cuts. Poor families had their benefits reduced, and relatively OK families had the benefit cut all together – this undermines the principle of universal provision for children. There is now a consultation on the Child Poverty Act, as they know they won’t meet the indicators. There is no poverty or employment target, the UK refused to set national targets for any of the Europe 2020 objectives. People with a disability who can’t work get 30 pounds more a week than people who are considered fit to work. But the tests to determine the difference are terrible – if a person can walk across the room, even if they are terminal cancer patients, they are considered fit to work. The line between being in-work and out of work is so blurry. Under the new Universal Credit system, everybody is in a situation where the Government controls their income. You need a vote in Parliament to change welfare spending, but you don’t need one to cut taxes. This, in a country with no written Constitution.

**Cyprus (Loucas)**

We are behind on most targets, because of the situation in the country and the MoU. There is an increase of poverty since last year, but no actual strategy to tackle this. Social services are doing their job, but they are undergoing massive restructuring, to render them more targeted. There is money, but sometimes it goes to people who don’t really need it. People in poverty rely more on charity institutions, there are social supermarkets, with a registered list of customers. But there is no centralized register, so every community operates independently, which means many poor people register to several. We will have minimum income from the 1st of July, which is very ambitious, as we don’t have the money for it. We asked the Minister, in a public debate, where she will find the money, and they don’t have an answer. Another problem about minimum income is structural, as it is not accompanied by a national health system, a supporting vocational training system and other needed structures. Most pensions have been cut, so there is an increase of older people living in poverty, as well as other groups, such as people with disabilities. Youth unemployment is over 50%, and we have some schemes, but they only last for 6 month, and they only provide 500 euro per month, with no social insurance, no social contributions, and no commitment from the employer. So where is quality of work? We actually have an NRP, surprisingly, as we are not obliged to have one. There is also an increase in child poverty, and the policy response is providing breakfast in schools, which is a good measure, but not enough – additionally, it is a charity measure, not an empowering one.

**Germany (Sophie)**

The German NRP has a massive chapter (some 20 pages) about macroeconomics. As you know, Germany will introduce minimum wage from 2015. Our criticism to minimum wage is that, for people coming out of long-term unemployment, the employer has the right to give less than minimum wage for 6 months. Young people under 18 are another exception. There are also some specific contracts, which may have some exceptions as well, and they are also not covered by collective bargaining. SMEs are also complaining a lot about this, and of course, different regions react differently to it. Many employers, due to their size or location, are afraid they won’t be able to make it once the minimum wage is introduced. The Youth Guarantee is mentioned, some partnerships are set in place between employers, schools and public employment services, to support transitions from education to employment. Regarding education, improving language competences is a big objective, especially for those with a migrant background. They are also trying to increase logistical accessibility for people with disability. Kindergartens and childcare are to be improved, to support women back into the labour market, especially women who have been unemployed for a long time. There is a great focus about getting people back to work, and the poverty target is all about that, too. There is no mention of homelessness. There is a plan for people with disabilities or burnout, preventing them from going to work, but I haven’t read it yet. If it’s good, it would be a huge success. There is also a reference to a pension for stay-home mothers. There are efforts to break the link between socio-economic origin and education success, by stopping the multi-level school system, but the federal Government can’t intervene much, as it is a Länder prerogative. Nothing is said about inequalities.

**Czech Republic (Katarina)**

The Government says that there are 18.000 less people in poverty, but we doubt their calculations. The target was not very ambitious in the first place - to maintain the 2005 levels, which meant 200.000 people in poverty; now it’s about 180.000 people. The NRP mentions a Strategy for Social Inclusion 2014-2020, which looks quite integrated, but I haven’t had time to read it thoroughly yet. We have the opportunity to send feed-back by the end of May, which we will. Accountability for it is weak though. Active Inclusion is mentioned, but not the pillars themselves, it is more about services and better targeting benefits. There are some sub-targets, but fewer than before. People with disabilities are mentioned specifically, but only in the reform of rehabilitation programmes. Homelessness prevention is mentioned, as well as seniors and ageing, and some sort of Youth Guarantee, but only for one region, which has over 25% youth unemployment, so it feels like some sort of experimentation. The NRP speaks generally about unemployment, not concretely about quality jobs or in-work poverty. It speaks of investment in new working places in disadvantaged regions, such as with high poverty and unemployment, but quality or anything else is not mentioned. Training is only addressed from the lack of employment perspective. Inclusive education is not mentioned at all. There is some information about integrating Roma in the main education process, but this is something very vague, as segregated schools are also part of this “main system”. Rising inequalities are not mentioned at all. Taxation and corruption are mentioned. Something new is the preparation of the Social Housing Law. They speak also of a law on Social Services, which is not, in our view, the priority for inclusive access, as it is more about the profession, regulating and supervising social work and social workers.

**Finland (Marjatta)**

Poverty is Finland is stable, and poverty of old people has decreased, as well as the percentage of children in low income families. Last year, the Government increased unemployment benefits, as well as pensions, and this helps a lot. In the same time, we have more poverty in big cities. The NRP mentions many activities to support the employment of older workers and the long-term unemployed. There is also the Youth Guarantee. These programmes should be helpful, but there are also a lot of difficulties. There is a creaming effect – these measures don’t reach those in deep poverty, and it is easy for these to be forgotten. Young people at risk of social exclusion need personalized support, and there is not enough of that, as the Government is making cuts.

**Macedonian EAPN (Kristijan)**

In the past year, the Macedonian Anti-Poverty Platform held public debates on minimum income in 15 cities. At the end of May, we will produce a report about this. We held a march for anti poverty, in front of the Government, but we have a right-wing Government, so the media reported us as “riots”, which meant less participation, only 2-3000 people, as they were afraid to come. Our Platform attended meetings on youth, also in Turkey. We have a meeting on young people and poverty coming up. We had elections last month, so a lot of our activities were not very visible. In June we’ll have a General Assembly, which means new President and new statutory bodies. We will also adopt the MASS, we see it as a very important document to structure our organisation. We don’t have an NRP, but we have a Strategy, which has no budget. So only theory, nothing in practice. We are preparing a PEP conference, with some short movies about poverty. SOS Children’s Villages is starting a Pride programme, regarding the training of future foster families. There are some good practices in the region, especially Serbia, so we are sharing experiences. The Government has a good PR team, which is telling the people what they want to hear. They promised, before the election, that debts of people on poverty will be cancelled, and that there will be tax exemptions for these people, as well as exemptions for some bills. But these are populist measures, addressing some symptoms, not the causes. In September, there will be a conference on minimum income, and we will make some suggestions about broader social issues on the occasion.

1. **Do the macroeconomic policies contribute to reducing poverty? Or are they likely to increase it? What’s missing?**

**Bulgaria (Douhomir)**

The answer is NO – they don’t support inclusive growth, they don’t reduce inequalities or poverty. One fundamental way to change this is to change the Regulation of the Structural Funds. Bulgaria is accused of abuses, and it is true, but the Regulation created the loopholes for such abuses. Social economy is an important aspect to be supported. We have the same flat tax rate at 10%. We don’t really know who proposes the CSRs, but it is not even a question of them being incomplete, it is a question of them being wrong!

**Iceland (Thorbera)**

As I said, there are changes to the housing benefit system, and we will see what the outcome is. We have progressive taxation, on three levels.

**United Kingdom (Katherine)**

The macroeconomic context is the same all over the EU because of the Fiscal Compact. We have low interest rates, and printing money that goes into the economy, creating an asset bubble. This is very loose monetary policy, and the ECB said they will cut interest rates again. On the fiscal policy side, it is very tight because of the deficit. We have 85% cuts versus 15% tax rises, worse than the Troika (which has a 70%/30% ratio). This affects low income people the most. Cuts affect particularly spending on social benefits and services. VAT went up in 2010, which is a de facto flat tax for everybody, impacting specifically poor people. Corporation tax will be 20% by next year, for big businesses, compared to 40% in the US. All this does not help at all to reduce poverty, you reduce deficit as you cut spending, but your debt goes up, because of unemployment and slow economy – for instance, all Troika countries have higher debt right now. The top 1% in the UK gets two thirds of the wealth, and the other 99% get the rest. On the CSRs, there were a few interesting things, such as on the welfare reform, or on Universal Credit.

**Cyprus (Loucas)**

We are under a Troika programme, which means lots of cuts in public services, from social services to education, employment services etc. Another big problem is the recapitalization of the banks, which particularly affect small businesses. Unemployment is up to 17%, estimated to reach 19% by the end of the year. For the healthcare system, out of pocket payments are now in place, which seriously hinder access to healthcare for those on low incomes.

**Germany (Sophie)**

The CSRs for Germany focused on the current accounts, and recommended the increase of public investment and to create jobs. They also criticized the weak domestic demand. The German Government did not agree, and argued in the NRP that the situation is not so bad, and that what they are doing is the right thing. There was a suggestion to improve the tax system, but I haven’t seen anything yet. In any case, the idea is to reduce burden on low income earners, and fight tax evasion and tax avoidance. But the financial transaction tax and other measures are not mentioned at all. They are trying to change the fiscal pact between the federal level and the Länder, to improve the kindergarten and school systems. One big new law, called Prevention Law, is aimed at preventing illness, to save money on the healthcare system. It is also good for poor people, as well as the elderly who live in homes, and other groups. It is a good step against the fear we have that the health system will end up being a two-tier system, for rich and poor.

**Katarina (Czech Republic)**

The new NRP does take the CSRs into account quite precisely, it is more transparent than before – there is a paragraph for each CSR, detailing how it was taken onboard. For example, the retirement age will increase, as instructed by the CSR. The NRP is not about cuts in services and benefits, actually services received a bit more money. It is much more about more effective taxation – not more taxes, but better working ones. There are some changes in taxation of business. Some of these policies could reduce poverty, if the tools are to be effective. This is all still very new. There is reduced taxation on medicines, but the prices didn’t change, as sometimes the market operates on its own, regardless of policy. There is no talk about investment – in quality jobs, social housing, programmes for seniors etc. Corruption is a big issue, especially related to public procurement. We are now planning to join the Fiscal Compact, it is under discussion. The situation is not very bad, but the policies are not proactive enough.

**Finland (Marjatta)**

The Government decided to implement some cuts in March, and a number of reforms are ongoing. There is a structural reform in social and health services. In the future, we will have 5 big areas, organising social and health services. We don’t yet know the details. Municipalities are also being joined. The tax rate is very high in Finland, probably the highest in Europe, and the municipal tax is a flat one, but increasing, which is not great for poor people. People in Finland think it is not the right thing to cut from families with children. We worry about how to keep our social security in the future, because of our economic problems, but also pressure from other countries in Europe. More and more people are at risk of poverty and social exclusion, and they don’t get the services they need. It is an easily forgotten group. For the CSRs – we were told to reduce health inequalities, and there is the possibility now, with the new reform, but we can’t assess the impact yet. But the experts seems satisfied with this.

**Macedonian EAPN (Kristijan)**

The Government is starting great infrastructure projects, such as rebuilding the railway to Bulgaria, to try to attract foreign investment and create jobs. Some new laws make it attractive, at least on paper, for foreign companies to invest, and we also have qualified, cheap labour. The Government promised to decrease taxation on educational materials for school children, so that every average family will be able to save 100 euro per year. This is a populist promise, we can’t tell yet if it will happen. We are not really sure how much our national debt is, and we think it will increase.

**KEY MESSAGES**

* Change the indicators on poverty;
* Focus on key vulnerable groups, not just the long term unemployed;
* Inclusive education, especially for groups such as Roma children;
* Align budgets with proposals – clarify how different announced initiatives will be funded;
* Personalized support and pathway approaches for people at risk of poverty and social exclusion, particularly young people;
* Invest in the creation of quality and sustainable jobs, especially for young people;
* Tax justice, fair and progressive taxation, to restore income equality and support redistribution;
* Fiscal Compact should also support growth, not just stability;
* Ensure adequate income (whether from benefits or wages) to boost consumption and internal demand;
* Clarify and expose the real causes of the crisis, and those responsible.
* UK – do the necessary to meet the child poverty target!