



# GETTING RESULTS ON POVERTY AND THE SOCIAL PILLAR?

EAPN Response to the Annual  
Growth Survey Package 2018



do not want charity!  
want basic rights of  
work!!

na Santos, Portugal, 50 years old, unemployed



We work to live  
We don't live to work

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DECEMBER 2017



## INTRODUCTION

EAPN is the **largest EU network of grassroots anti-poverty organisations**, with over 10.000 organisations working to combat poverty at European, national, regional and local levels. As part of its strategy for supporting anti-poverty policy change through dialogue, EAPN engages with its national and European members throughout the European Semester cycle. Building on **EAPN's analysis of the National Reform Programmes 2017**<sup>1</sup>, EAPN wrote to President Juncker in September<sup>2</sup> following his State of the Union speech<sup>3</sup>, urging him to use the 2018 Annual Growth Survey to demonstrate his commitment to '*a Union of Values.... urging adoption of a strong European Pillar of Social Rights and proposing a European Social Standards Union*'. **EAPN called for 3 actions: 1) Use the AGS to launch a coherent, balanced EU Economic and Social Strategy. 2) Make Social Rights and Social Standards a priority, and 3) Give equal weight to civil society actors engagement in the European Semester.** Following the launch of the AGS 2018 in November, EAPN published an immediate Press Release: **Participation is key to making Social Rights a 'compass' for the EU.**<sup>4</sup> Whilst EAPN was pleased to see some progress on the first two demands, the lack of progress on the third was disappointing. This response now presents a fuller analysis of the Annual Growth Survey and the Draft Joint Employment Report, prepared in consultation with EAPN members.

**On 22 November, the European Commission adopted its 'Autumn Package', including the Annual Growth Survey (AGS) 2018 and the Draft Joint Employment Report (JER),** and a proposal to amend the Employment Guidelines to bring it in line with the European Pillar of Social Rights.<sup>5</sup> **The main message from the AGS 2018** is that the EU is showing **positive signs** of recovery, and that **structural reforms** have yielded tangible results, enabling an opportunity to improve growth and jobs, and promoting **economic and social convergence**. The **Pillar of Social Rights is said to be fully integrated**, focussed on skills, equal opportunities in the labour market, fair working conditions, increasing labour productivity to support wage growth and adequate and sustainable social protection. It is meant to be a '*compass*' for the Semester. However, as **the 3 priorities remain almost unchanged from previous years** - 1) boosting investment, 2) pursuing structural reforms and 3) ensuring responsible fiscal policies - with no mention of Europe 2020 targets including poverty reduction, concerns are raised about how far economic policies will be adapted to '**put social rights first**', or whether the EU will continue to prioritize growth, relying on 'trickle-down' to promote social rights and inclusion, despite strong evidence of the failure of this approach.

We call for **5 priorities for action**:

- 1) Ensure macroeconomic policies are coherent with social rights**
- 2) Set out a roadmap with EU funding to implement the Social Pillar and reduce poverty**
- 3) Give equal weight to adequate minimum income and social protection as a right, ensuring adequate financing**
- 4) Promote quality jobs, as part of integrated Active Inclusion approaches**
- 5) Make Civil Society equal partners in the Semester!**

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<sup>1</sup> EAPN's assessment of the 2017 National Reform Programmes, Social Rights or Social Plight? (Sept 2017)

<sup>2</sup> EAPN letter to President Juncker, with key messages to the AGS 2018 (16.10.2017)

<sup>3</sup> President Juncker's State of the Union Address (13.09.2017)

<sup>4</sup> EAPN PR on AGS 2018 (23.11.2017)

<sup>5</sup> The Autumn Package also includes The 2018 Alert Mechanisms Report, Recommendation for a Council Recommendation on the economic policy of the euro area; Assessment of Euro Area 2018 Draft Budgetary Plans.

## KEY OPPORTUNITIES

The new AGS clearly offers a **positive step forward for the European Semester**, with reference to **more balanced economic and social priorities**, and support to the **implementation of the European Pillar of Social Rights**. However, the low priority given to poverty, the question of policy coherence and consistency, as well as the missing participation of civil society and people experiencing poverty, are key concerns.

- **The AGS aims now to identify economic AND social priorities**, with the focus on economic and social convergence (rather than just economic), promoting growth, job creation and **social inclusion** and protection in the NRPs.
- **The European Pillar of Social Rights (EPSR) is highlighted** as essential for *‘fair and functioning labour markets and welfare systems’*, underlining the use of the EPSR as a *‘compass’*, recognizing that efficient and tax/benefit systems play a key role in ensuring a *‘balanced and comprehensive policy mix’*.
- **Investment and wage growth are seen as too low**, undermining *‘convergence and reduction of social disparities’*, stressing the need for **flexibility** in fiscal policy where possible and **greater investment in infrastructure**: education, training, health and active labour market policies, as well as **raising wages** ensuring living standards.
- **The distributional impact of reforms on tax/benefit policies is explicitly encouraged** in the design and implementation of reforms, including support for more progressive systems.
- **Attention is paid to increasing public revenue rather than cuts**, underlining support for fair tax systems to reduce **inequalities and poverty**, including increased transparency and coordinated EU approach to closing tax loopholes.
- **The risk of new non-standard and precarious forms of work is highlighted**, leading to weak job security, low earnings, poor quality working conditions and **exclusion from social protection**, underlining the need for new **labour and social protection legislation**.
- **Creation of good quality jobs is proposed, combining job security and accessible social protection**, whilst emphasizing the need for an appropriate balance between flexibility and security.
- **Tackling the barriers to employment facing disadvantaged groups is a priority**, including single parents, people with disabilities, ethnic minorities and migrant and refugees, **requiring social integration support** as well as labour market insertion (including childcare, access to healthcare and housing) and removing discrimination. Promoting **work-life balance for gender equality** is stressed.
- **Providing opportunities for jobs through working lives** and increasing skills with tailor-made employment services, as well as ensuring **quality and inclusive education and training accessible to all is highlighted**, with protection for those unable to work with **adequate social safety nets**.
- **Social protection systems are expected to provide ‘adequate and well-targeted income support’**, as **part of an integrated approach** fostering labour-market participation and ensuring access to quality services and promoting **social inclusion** in the labour market and society. Specific reference is made to the need for **adequate unemployment benefits** of sufficient duration, and the **right to minimum income benefits** for people lacking sufficient resources.

- **Affordable, accessible and quality services, are backed as essential for ensuring equal opportunities for all:** including childcare, out of school care, education, training, housing, health services and long-term care.
- **Adequate social housing and housing assistance,** and as well as protecting vulnerable people against forced eviction and foreclosures, and **tackling homelessness** is a welcome new priority.
- **Social partners are supported as essential stakeholders in the reform process,** with timely and meaningful involvement in the design, sequencing and implementation, backing new forms of social dialogue and collective bargaining, **but no mention of civil society.**
- **Effective justice systems are called for to fight corruption,** highlighting the negative impact on investment and fostering business uncertainty.

## KEY CONCERNS

Our main concerns are how far the economic and social priorities will work as a coherent whole, backing economic policies that **put ‘social rights first’** and supporting the implementation of the Social Pillar to ensure a concrete impact on poverty and inequality. We want to see a clear commitment to work together with civil society and people experiencing poverty to get results!

- **Stability and Growth remain dominant, with the same 3 economic priorities, raising concerns of policy coherence and consistency.** Unclear mechanisms to ensure that existing economic priorities on liberalisation, promoting efficiency and reducing public expenditure to get balanced budgets will not undermine **‘social investment’** in social rights, adequate public services and social protection.
- **Europe 2020 is absent and the poverty target is not visible,** with only the decline in poverty mentioned, despite **118.7 million people still being at risk of poverty and/or social exclusion (AROE),** still 700.000 above the level of 2008, with no progress on the Europe 2020 target, and monetary poverty higher than at the start.
- **Although the European Pillar of Social Rights is a clear focus, there is no systematic mention of the 20 principles,** nor proposals made for how all will be mainstreamed and implemented. A **rights-based** approach to promoting inclusive and sustainable growth is not currently evident in the language used. An example of an omission is the principle on protection from child poverty.
- The **Social Scoreboard** is not systematically referenced, nor priority given to policy advice where **negative indicators are triggered.**
- The **overarching messages tend to emphasize growth first, rather than ‘inclusive growth and sustainable development based on rights’** relying overly on **trickle down** to deliver social inclusion. Investment is not sufficiently spelt out as social nor public investment, rather to **‘leverage’** public funding for private investment.
- **Employment is still put forward as the main goal, rather than an integrated Active Inclusion approach. There is no reference to growing in-work poverty** or safeguards around the need to ensure rights to **quality** employment for all groups, across the life course, combined with access to quality social protection and services. Although concerns are raised about **‘new forms of work’**, there appears to be an implicit support for **‘Flexicurity’**, rather than the recognition of the EU’s role in shaping the agenda with the regulation of social and employment rights.

- **Social protection is not given equal priority nor underlined sufficiently as a right** which prevents as well as tackles poverty and social exclusion, but rather as a lever for labour market participation. **Sustainability** is referenced more than **adequacy**, with no reference to **universal** social protection systems, with the risk that ‘reducing costs and targeting’ will be a main priority rather than an effective protection for all against all risks.
- **The right to adequate minimum income benefits** ensuring a life in dignity at all stages of life, and effective access to enabling goods and services, is a key principle in the EPSR. Although adequacy and coverage are mentioned, the emphasis appears to be strongly on **conditionality** and ‘incentives to work’, rather than supporting and empowering people who can work into quality jobs whilst ensuring access to minimum income and quality services for those who cannot work.
- **There is a worrying lack of priority given to adequate financing of social protection**, with emphasis on reducing tax and social security contributions, as ‘costs on labour’, despite the warning sign highlighted in the **main negative risk indicator** in the Social Scoreboard quoted in the JER - of the **declining ability of social transfers to reduce poverty in most countries** (critical in 5 countries: Greece, Romania, Bulgaria, Italy and Lithuania). The key role of **adequate, inclusive and progressive tax systems as effective redistributive instruments to finance social protection systems** and reduce poverty and inequality also needs to be emphasized.
- **Although access to quality, affordable services gets welcome support, they are less framed as rights, and more as flanking services to support integration in the labour market.** An explicit reference to the need for fiscal flexibility would be welcome, as well as support of EU funds. **There is a lack of consistency, particularly regarding health services**, where in other sections efficiency, and cost reduction is the main priority, rather than ensuring universal and affordable access.
- **The absence of a reflection on the use of EU funds is notable.** How well the Social Pillar is mainstreamed, will depend on explicit support through EU funds, particularly ESF. The role of EU money to fight poverty (the 20 percent earmarking in ESF and FEAD) needs clear support if progress on poverty and the Social Pillar are to be made.
- **No mention is made of the need to engage with civil society, or people experiencing poverty** only social partners, despite the promises made during the dialogues on the European Pillar of Social Rights and the pressing need to engage with citizens and convince them of the benefits of a stronger and deeper Social EU.
- **Circular Economy is highlighted and promoted** because it ‘can increase productivity and employment’ but with no mention of its possible **social risks and impact**.



## KEY MESSAGES

### 1. Ensure macroeconomic policies are coherent with social rights

- Ensure that economic policies put social rights first, and contribute to the Europe 2020 poverty reduction goals.
- Stop austerity and allow fiscal flexibility to increase social investment in social rights and standards as a firm basis for social and sustainable development.
- Mainstream distributional and social impact assessment of the 3 priority objectives for macroeconomic policy proposals at EU as well as national level, including tax/benefit policy.

### 2. Set out a road map including EU funding to implement the European Pillar of Social Rights and reduce poverty

- Clarify how the 20 principles of the Social Pillar and Poverty Target will be implemented and monitored through the European Semester at all stages (Country Reports, CSRs/NRPs).
- Ensure that negative scores in the social scoreboard (e.g. declining impact of social transfers on poverty) and benchmarking (e.g. minimum income and minimum wages) trigger policy analysis and recommendations in the Country Reports and CSRs. Support indicators for each principle.
- Support the effective use of EU funds supporting the implementation of the Social Pillar and the poverty target, including the 20% ESF earmarking, based on integrated active inclusion.

### 3. Give equal weight to adequate minimum income and social protection as a social right, ensuring adequate financing

- Give priority to policy recommendations on social scoreboard negative indicators e.g. declining impact of social transfers on poverty, and require improvements in adequacy and coverage of adequate minimum income and social protection throughout the life course.
- Require adequate financing of social protection raising levels of funding in relation to GDP, supporting increase in tax revenues by tax collection, tackling avoidance/evasion, promoting progressive tax including, wealth, inheritance, property and corporation tax.

### 4. Promote quality jobs as part of integrated Active Inclusion approaches

- Support personalised, pathway approaches to employment and social participation, combining access to adequate income support and quality services and jobs.
- Explicitly combat negative, punitive activation practices, marred by sanctions and conditionality that make social protection an activation tool, rather than a right.
- Introduce quality indicators for existing and newly created jobs, with adequate wages effectively protecting against poverty, stable and secure contractual arrangements, working conditions, and employment rights.

### 5. Make civil society equal partners in the Semester!

- Give clear advice in the NRP Guidance Note and develop compulsory Guidelines to support meaningful engagement with civil society organisations in regular structured dialogue in the Semester at national as well as EU level, including with European Semester Officers.
- Provide equal resources on a par with social partners, to support NGOs and ensure the effective engagement of people with direct experience of poverty and exclusion in the process.
- Monitor the effectiveness of engagement, including through stakeholder surveys, and development of new quality indicators.

# EAPN Response: Draft Joint Employment Report 2018

## INTRODUCTION

The Draft Joint Employment Report (JER) from the Commission and the Council is an important Annex of the Annual Growth Survey, published annually by the European Commission as part of the Autumn Package. It aims to provide an overview of employment and social developments, as well as of reform action taken by Member States, and it draws on the Guidelines for the Employment Policies of Member States (5-8).

The structure of the Report this year is slightly different than in previous years, in order to **take full account of the recent adoption and Proclamation, on 17 November, of the European Pillar of Social Rights**. Similarly to the previous edition, it begins with an overview of the Key Messages of the findings. Also similarly, Chapter 1 is dedicated to an *Overview of Labour Markets and Social Trends and Challenges in the European Union*. While it covers the same two subheadings, namely labour market trends and social trends, it is somewhat reduced in size (8 pages as opposed to 12 pages last year).

A new Chapter 2 is introduced entitled *Snapshots from the Social Scoreboard*, and is dedicated to explaining this **new set of indicators which are part of the Social Pillar package**. Chapter 3 of this year's edition mirrors the previous Chapter 2, and is dedicated to *Employment and Social Reforms – Member States Performance and Action*. As always, this constitutes the bulk of the Report, dedicating **significant subchapters to each of the 4 Employment Guidelines**, each of them monitored through subsections on Key Indicators and Policy Responses.

The Introduction to the Report clarifies that Chapter 3 now also includes the new Social Scoreboard Indicators. The document ends with the usual Annex of Social Scoreboard Headline Indicators, as well as a Methodological Note.

As last year, there seems to be **increased consistency between the main Annual Growth Survey and the findings of the Joint Employment Report**. However, the latter continues to constitute **mainly a stock-taking exercise**, listing country statistics and policy measures, **without complementing them with an in-depth qualitative analysis, or policy guidance**. The reference only to the Social Scoreboard indicators does not currently constitute a systematic assessment of the 20 principles of the European Pillar of Social Rights.

We are highlighting below EAPN's perspective on the opportunities featured in this year's JER, as well as the concerns which, in our view, still mar the sustainable and inclusive development of Europe, as well as endanger delivery on the poverty and other social targets of the Europe 2020 strategy, and on the implementation of the Social Pillar.



## MAIN TAKEAWAYS FROM THE REPORT

- **11 of the 14 indicators in the Social Scoreboard register progress**, while 2 remain broadly unchanged (i.e. gender employment gap and compensation of employees per hour worked) and one (**impact of social transfers on poverty reduction**) deteriorated overall.
- Problem areas are particularly seen in the area of **public support/social protection and inclusion**, where **negative indicators flash in 13 Member States**, with the impact of social transfers on poverty reduction, underlining reducing adequacy.
- **Employment rate stands at 72.2%** (second quarter of 2017), within reach of the 75% employment target of Europe 2020, and the highest rate ever reached in the EU.
- **Unemployment rate stands at 7.6%** (second quarter of 2017), the lowest since December 2008. Youth and long-term unemployment are decreasing, though action is still needed for these two groups.
- **High disparities remain between countries** – unemployment is 3.1% in the Czech Republic and 21.6% in Greece, while employment ranges from 82% in Sweden to 57.7% in Greece.
- **High disparities also remain between groups** – with the low-skilled, young people, migrants and people with disabilities still facing difficulties in accessing employment, while the access to the labour market of women and older workers has improved.
- **Involuntary part-time work has decreased but remains high, while wage growth is subdued**, lagging behind productivity. However, **full-time employment grew faster** over 2016 than part-time employment.
- **Household disposable income has risen at a steady pace**, though not all Member States have reached pre-crisis levels. This reflects higher employment rates, rather than wage increases.
- The **rate of people at risk of poverty and social exclusion has decreased** and reached its 2008 level, **though it remains unacceptably high at 118.7 million people**, or 23.5% of the total population (2016), far off-track in reaching the Europe 2020 reduction target. Groups most at risk are children (26.4%), young people (30.5%), the low-skilled (34.9%), people with disabilities (29.9%), and non-EU born (39.1%).
- Of the three components of the AROPE indicator, **monetary poverty remains the most relevant** challenge, while **material deprivation reached the lowest level ever recorded** (7.5%, or 38 million, in 2016), and there was a **decline in the number of jobless households**, though this latter remains elevated when compared to 2009.
- **Income inequalities slightly decreased, though the richest 20% are still five times better off than the poorest 20%**, which endangers fairness, social inclusion, and sustainable growth.
- **In-work poverty remains on an increasing trend**, standing at 9.6% of the working age population, due to the fact that **employment alone is not enough to lift people out of poverty**, with non-standard forms of employment playing an important role.
- Areas still requiring attention: tackling the **pay and pension gap**, promoting better **work-life balance**, guaranteeing access to **quality and inclusive education**, creation of **quality and sustainable jobs**, improving **coverage and adequacy of benefits** and the impact of social transfers on poverty including pension adequacy, providing better access to **affordable and quality health and long-term care**.
- **Social dialogue is a key pre-requisite** for achieving social fairness – while, regrettably, civil society is not mentioned at all.

## SOCIAL SCOREBOARD OF THE EUROPEAN PILLAR OF SOCIAL RIGHTS

The European Pillar of Social Rights, adopted on 17 November 2017, includes a new Social Scoreboard, to monitor performance and track trends in the Member States, around a number of headline indicators. The monitoring process looks at levels and yearly changes of the headline indicators, as compared to EU averages, and classifies Member States in one of seven categories: *best performers, better than average, good but to monitor, on average / neutral, weak but improving, to watch, and critical situations*.

The statistical results are to be interpreted in conjunction with qualitative analysis provided in Chapter 3 of the Joint Employment Report, as well as the Country Reports, to be released in February 2018, which will provide in-depth analysis and additional socio-economic background to qualify country-specific challenges in the context of the European Semester. This will underpin the Country-Specific Recommendations.

### The headline indicators of the Social Scoreboard are:

#### *Equal opportunities and access to the labour market:*

1. Share of early leavers from education and training, age 18-24
2. Gender gap in employment rate, age 20-64
3. Income inequality measured as quintile share ratio - S80/S20
4. At-risk-of-poverty or social exclusion rate (AROPE)
5. Young people neither in employment nor in education or training (NEET rate), age 15-24

#### *Dynamic labour markets and fair working conditions:*

6. Employment rate, age 20-64
7. Unemployment rate, age 15-74
8. Participants in active labour market policies per 100 persons wanting to work
9. Gross disposable income of households in real terms, per capita
10. Compensation of employees per hour worked, in euro

#### *Public support / Social protection and inclusion:*

11. Impact of social transfers (other than pensions) on poverty reduction
12. Children aged less than 3 years in formal childcare
13. Self-reported unmet need for medical care
14. Share of population with basic overall digital skills or above

### Some Concerns

While the Scoreboard is a useful addition to the toolbox used for monitoring the social situation on the ground, some areas of concern remain. For instance, it is not clear how the indicators above relate to, and capture, the diversity of the 20 policy areas of the European Pillar of Social Rights. For example, while there is an indicator dealing with childcare, there isn't one on child poverty. Equally, it is worrying that the combined at risk of poverty and social exclusion indicator is placed under the heading dealing with access to the labour market. EAPN members also feel that most indicators are rather context-oriented, but don't quite capture what each Government is doing to achieve the agreed objectives of the Social Pillar, so they should be complemented with specific indicators, such as number of childcare facilities, healthcare facilities, homeless shelters created during a given year, number of social housing units built, indicators on social investment and social spending in general etc. In [EAPN's position paper responding to the European Pillar of Social Rights](#), we make a strong case for complementing the existing Scoreboard with more in-depth indicators on extreme poverty (i.e. persistence and/or intensity of poverty and homelessness), in-

work poverty, benchmarking of minimum income, adequacy of social protection and unemployment benefits, as well as child poverty, and the full integration of the EIGE gender equality index. Coherence with existing mechanisms, such as the Employment Performance Monitor and the Social Protection Performance Monitor needs to be clarified and ensured. Finally, clear procedures need to be put in place to trigger policy recommendations (including Country Specific Recommendations) on negatively performing indicators.

#### The main findings based on the Social Scoreboard are:

- Across the 14 headline indicators above, there are **50 critical situations (13% of assessments)**; the aggregated number of *critical* situations, *to watch*, and *weak but improving* is 129 (a third of the assessment).
- **Most problematic areas** per category are: social protection and inclusion (average of 11.8 cases, most salient: **impact of social transfers on poverty**, 13 cases); equal opportunities and access to the labour market (average 9 cases, most salient: **gender employment gap**, 10 cases), and dynamic labour markets and fair working conditions (average 8.8 cases, most salient: **compensation of employees per hour worked**, 13 cases).
- Overall **improving labour market and social situation** in Member States, but **great discrepancies between countries**, with most Member States being flagged at least once in the indicators, while some (Greece, Romania, Bulgaria, Italy) faring as *critical*, *to watch*, or *weak but improving* on 10 or more indicators.

#### Benchmarking

Benchmarking and the exchange of best practices are to be conducted on a number of areas, to support structural reform and upward convergence towards the best performers. Going beyond the comparison of general outcomes, it will also focus on specific policy levers that can lead to better results. One such benchmarking exercises has been conducted so far, on *Unemployment Benefits and Active Labour Market Policies* (findings presented in Chapter 3.3. of the Joint Employment Report), while one on *Minimum Income Schemes* is ongoing (state of play presented in Chapter 3.4 of the Joint Employment Report), but has already presented important proposals on different levels of indicators. These are meant to document adequacy, eligibility criteria and activation of social benefits. To measure adequacy, benefits are tested as share of the at-risk-of-poverty threshold (actually generally ranging from 50 to 80%) and as a share of the income of low wage earners (from 40 to 80%). With regard to the comparison of minimum income as a share of low wages, the European Minimum Income Network ([EMIN](#)) expresses concern that this could lead to the adoption of a benchmark for adequacy that is deliberately kept way below the level of low wages. We know from experience that improving one's income is not the only incentive for people to take up jobs. The fostering of inclusive labour markets with decent job opportunities, and access to quality social and employment services, are as important.

## WHAT OPPORTUNITIES?

- This year's Joint Employment Report **explicitly acknowledges that the number of people at risk of poverty and social exclusion remains very high, and that the Europe 2020 poverty-reduction target is far-off** (pages 8, 17, 101), particularly for groups such as children (page 104) and people with disabilities (page 105).
- There is an **important reference to the Social Pillar principles and the Social Scoreboard**, as well as **summaries provided of the key benchmarking exercises**, which deepen the analysis of social impact and trends on poverty, exclusion and inequality – throughout the document.
- **Improving coverage and adequacy of benefits** is highlighted, including extending eligibility, also for the self-employed, **the introduction of national minimum income schemes** in Greece and Italy (page 8), and **improving pension adequacy** (page 9, 116).
- It acknowledges that **strict conditionality and eligibility criteria lead to fewer unemployed being covered by benefits** (page 83), that duration of unemployment benefits is generally lower than the contribution period (page 84), and speaks about **adequacy of benefits and low wage replacement rates** (page 85).
- It **highlights the role of wages** providing a decent standard of living and **preventing in-work poverty, which is rising** (pages 4, 107); there is explicit recognition that **employment alone is not always sufficient to lift people out of poverty** (page 17), while **wages lag behind productivity and wage growth has been underwhelming**, which undermines the sustainability of the recovery (page 33); wage increase measures are listed a positive in a number of Member States (page 41).
- It explicitly monitors **the creation of quality and sustainable jobs** (page 7), listing measures taken by Member States such as employment subsidies, promoting entrepreneurship, and reducing the tax wedge on lower incomes, but also reducing social security contributions, which is worrying (page 39).
- **Insecurity on the labour market and segmentation** are denounced as a threat (page 80), together with recognition that **poverty is higher among those in non-standard jobs** (including temporary and part-time workers) and the self-employed (page 107).
- It highlights the **increased risks faced by precarious workers and the self-employed**, and stresses the need to **adapt social protection systems to adequately cover new forms of work** (pages 7, 92, 108), and fight bogus self-employment (pages 33, 80, 92, 108); recognises that social protection systems are based too much on a fast-becoming obsolete definition of employment relationships as long-term, full-time, one employer (page 108).
- **Strengthening of collective bargaining measures** are praised, including more closely involving them in wage-setting mechanisms and reinforcing social rights (pages 41, 98).
- It mentions the **importance of tackling the gender pay and pension gap** (pages 7, 58); flags up that particularly **non-EU and Roma women** have a harder time in accessing the labour market (page 54), while women overall are **more likely to be in part-time jobs** (page 56); **supports better work-life balance** for women with caring responsibilities and older workers (pages 7, 56, 73), including flexibility in working hours and tele-working (page 93), as well as **better access to high quality childcare** (pages 54, 57, 74) and **long-term care** (pages 58, 115).

- While youth employment is improving, the Report points out that **young people are more often employed under non-standard and atypical forms of employment**, including temporary jobs, involuntary part-time work, and lower-wage jobs (page 51).
- It praises efforts to **tackle discrimination on the labour market** (page 77), while explicitly underlining the difficult situation some groups face, such as **non-EU born**, whose skills are underused (page 61), and people with disabilities (page 61).
- It stresses that **education is a key factor for social participation**, and favours stepped-up efforts to improve its **quality and inclusiveness** (pages 7, 61), and points to **socio-economic background of pupils** as the most significant factor for educational attainment (pages 45, 61); it highlights specifically **Roma pupils** as victims of school segregation and the extreme poverty of parents (page 63).
- **The level of digital skills is monitored for the first time**, as well as policy responses, given its inclusion in the Social Scoreboard of the European Pillar of Social Rights (pages 7, 23, 50, 65).
- It **explicitly monitors access to “affordable and high-quality” accommodation** and, while it notes improvements in access, it also acknowledges that **housing deprivation remains a critical issue** (affecting as much as 25% of the population in some countries), and that **housing-related expenditure accounts for a significantly high share of household disposable income** (page 108).
- It **recognises that affordability and waiting time are obstacles to accessing health services**, and that **unmet healthcare needs specifically affect low-income households**, with a high rate of out-of-pocket payments (page 112).

## KEY CONCERNS

- **No urgency around the need to tackle poverty and social exclusion** – while the unacceptable high levels are openly recognised, there is hardly evidence of a strong commitment to remedy the situation, which is interpreted in the positive spin that levels have decreased in comparison to previous years, rather than them still being at a historical high.
- **Poverty has a very low profile throughout the Report**, while employment continues to dominate the discourse, and appropriate links are not enough drawn between the analysis of employment, education, and other measures, and the risk of poverty; equally, the **situation of those unable to work are not effectively captured**.
- **There is insufficient systematic analysis of all the 20 principles of the European Pillar of Social Rights, and the Scoreboard indicators are not sufficiently clearly linked**. Important indicators are still missing, such as child poverty, persistence and intensity of poverty, in-work poverty etc, which appear in the broader dashboard of the Social Protection Performance Monitor.
- **Lack of clear policy triggers for negative Scoreboard indicators**, which raises concerns about the policy impact of the Scoreboard overall. A roadmap for follow up on the benchmarking exercises is also needed, to set out how the mutual learning on these crucial areas will lead to upward social convergence on key social rights.

- **Social protection is still not viewed as a right, but an activation tool** – there is no explicit condemnation of sanctions and punitive activation approaches, while even minimum income (which is last resort social assistance) is seen as a back-to-work lever; what is missing is also any sort of **analysis to whether such sanctions are actually successful** in getting people back to employment.
- **Reductions in social security contributions are still praised** as a lever for increasing employment, though the **sustainability of social protection systems in absence of this source of revenue is not discussed**, in contradiction with Guideline 5, which explicitly mentions “protecting revenue for adequate social protection.”
- There is **little analysis or priority given to the main negative results of the Scoreboard, nor are policy proposals** triggered to address shortfalls. For example, the **decreasing ability of social transfers to reduce poverty**, which highlights weakened adequacy and is a direct driver of poverty should have been one of the main policy areas tackled by the Report.
- **Not enough is mentioned about personalised, pathway approaches, nor about integrated strategies like Active Inclusion**, combining access to adequate income support and quality services and jobs, while the focus continues to be on one-stop shops, without a qualitative analysis. Nor is reference made to key thematic integrated strategies, such as the Investing in Children Recommendation, or tackling housing exclusion and homelessness.
- In discussing job creation, there is **no reference to the key potential of social economy**, nor an evaluation of new categories of employers, such as in the **digital or platform economy**.
- It is **unclear whether the fight against undeclared work would target abusive employers** who exploit labour, as opposed to poor workers trying to make ends meet.
- **The focus concerning refugees is chiefly on their integration in the labour market**, including compulsory measures and cherry-picking of the best qualified or those with a best chance of obtaining asylum, rather than on the broader social and societal inclusion of migrants (including undocumented).
- **There is no qualitative examination of the Youth Guarantee**, simply a reporting of the numbers of young people included in the programme, but no considerations about the quality and sustainability of the employment and education measures proposed, or about income support measures.
- Surprisingly **little space is dedicated to policy responses concerning issues like housing and access to healthcare**, particularly in what concerns their affordability, despite increases in homelessness, unmet health needs, and out-of-pocket payments.
- While socio-economic background as a key factor for educational attainment is mentioned, as well as fostering more inclusive education, and child poverty highlighted as a significant challenge, **nothing is said about addressing poverty in families, particularly supporting an Investing in Children approach, providing wrap-around support for parents, or tackling school segregation and bullying** – except for the case of Roma communities.
- **Education and training is still much of a numbers’ game** - while the Report mentions relevance of education, there is **no analysis of the potential of training offered as part of active labour market**



**policies to actually get people into quality jobs** and out of poverty – instead, just numbers of people undergoing training are reported.

- **The digital divide of adults is not adequately addressed**, despite a renewed focus on digital skills, but takes into account mainly children and young people still in formal education.
- While social dialogue and social partners are explicitly mentioned as key actors for delivering on the objectives of the European Pillar of Social Rights, **nothing is said about other stakeholders, particularly civil society organisations and people with direct experience of poverty.**

**For more information, see:**

- [Autumn Package](#) including the [Annual Growth Survey](#)
- [Draft Joint Employment Report 2018](#)

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



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*This publication has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>*

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